



Creating a
safer society



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Pages 49–95 in this report constitute VBG Group's statutory Sustainability Report in accordance with the Swedish Annual Accounts Act. The report pertains to the fiscal year from January 1 to December 31, 2025.

● Included in the Board of Directors' Report.

A safer society – for people, goods and infrastructure



VBG Group was founded in 1951 with the ambition of creating a safer society, which is still the main driving force behind us today. Our leading systems solutions – drawbar couplings, underrun protection, vehicle lighting, sliding roofs and automatic tire chains – together with our systems for mechanical power transmission and energy and shock absorption, as well as our climate control systems for various vehicle types, fulfill key functions in society.





BUSINESS OVERVIEW

Long-term active owner
and developer of industrial
companies



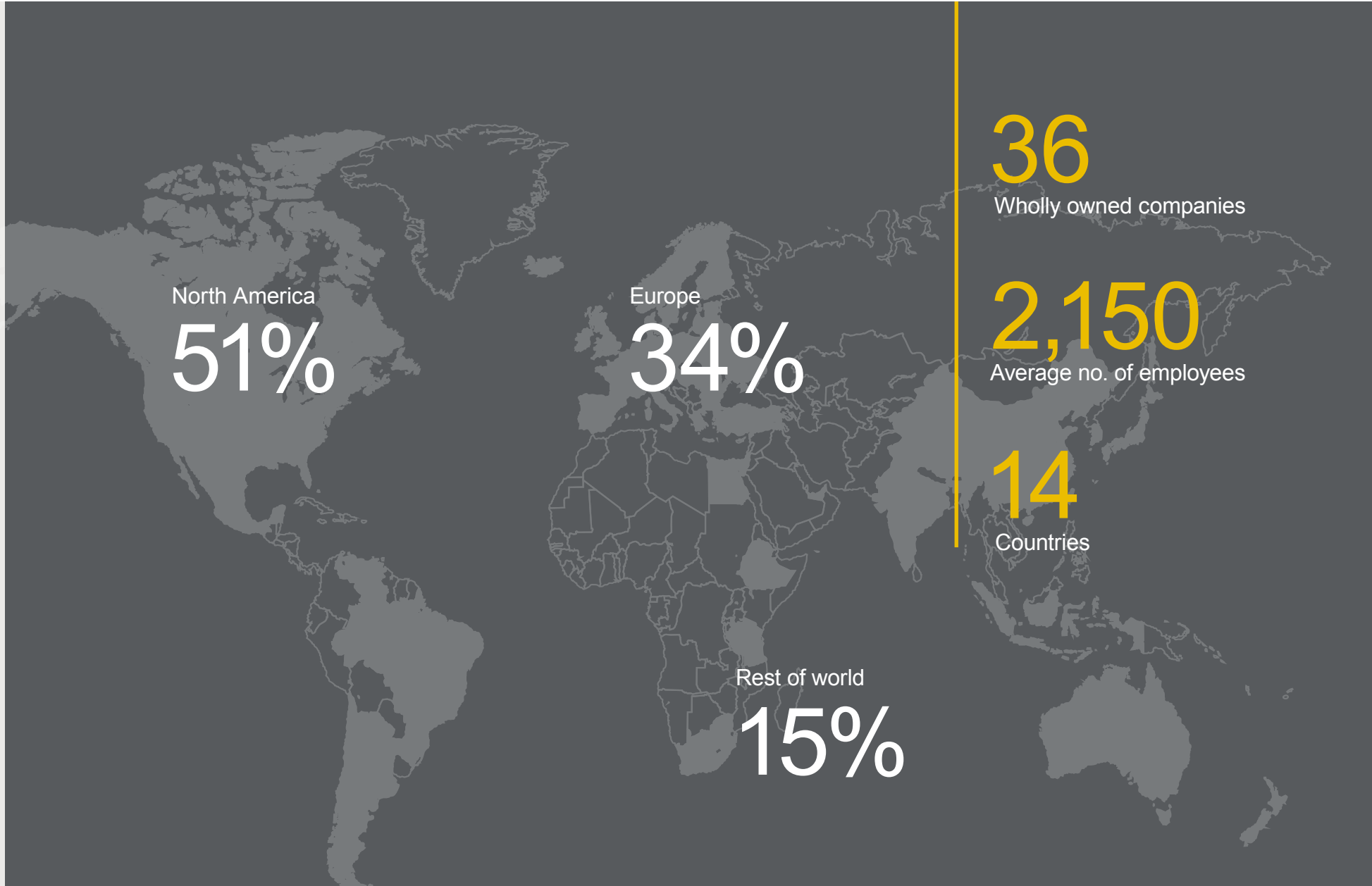
VBG GROUP IN BRIEF

A stable global industrial Group

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

The Group comprises three divisions: **Truck & Trailer Equipment**, **Mobile Thermal Solutions** and **Ringfeder Power Transmission**, which operate on a foundation of solid industrial expertise, strong values and financial stability.

Our brands



Global presence, proportion of sales (%)



VBG GROUP IN BRIEF

Net sales

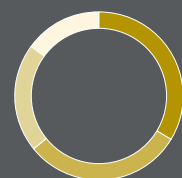
5,394 SEK M

EBITA

699 SEK M

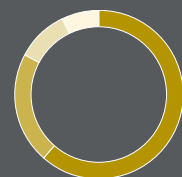
New sustainability target: 62% reduction in Scope 3 GHG emissions by 2040¹.

Areas of operation



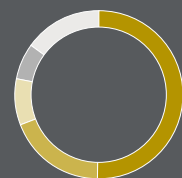
- Goods, 33%
- Off-road, 31%
- People, 21%
- Industrial, 15%

Channels



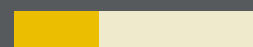
- OEM, 62%
- Distributors/importers, 21%
- Body builders/integrators, 10%
- Dealers, 7%

Markets



- North America, 51%
- Other European countries, 18%
- Germany, 9%
- Sweden, 7%
- Rest of world, 15%

Aftermarket



23%

¹ Base year 2024, including 5% annual organic growth.

Leading systems solutions

VBG Group's business concept is to create a safer society and profitable growth through acquisitions, long-term and active ownership of industrial companies, and strategic governance and further development of the business models of the operations. Through our three divisions, we offer consumers and end-users systems solutions that enable increased safety in society – for people, goods and infrastructure. Our product and service offerings target a broad base of industries and consumers. Continual product development, along with efficient purchasing and delivery procedures, promote a competitive, cost-efficient offering. The Group's customer base is reached through four main sales channels – OEMs, distributors/importers, body builders/integrators and dealers – with OEMs representing the largest channel with 62% of sales. This combination of several channels promotes a diversified customer structure and good market presence.

Considerable experience and industrial expertise

The experience and industrial competence that we have built up since the company was founded provides us with competitive advantages – both in acquisition processes and in operational development of our divisions.

High level of service

VBG Group's focus on service permeates the value chain and the customers' journey as a user. The aftermarket business plays a central role in the operation and accounts for roughly 23% of the Group's sales. Group Management supports the divisions in creating customer value throughout the process – from development to aftermarket.

Long-term financial strength

The Group's stable ownership model, together with good earnings performance, has built a strong financial position with a high equity/assets ratio. This financial strength allows us to continue investing and making acquisitions – even in periods of weak economic activity.

Strong international position and presence

The geographic spread of our three divisions' distribution networks gives VBG Group a strong international position

and a clear global presence. Continued expansion and globalization of the Group is a key element of our growth agenda.

Broad portfolio of brands in attractive niches

Through VBG Group's proactive acquisition and growth strategy, we have built up a broad and competitive brand portfolio. In 2025, we completed three strategic acquisitions – Italytec Imex Indústria e Comércio Ltda, Ledson Lights AB and M.A.T. Malmédie Antriebstechnik GmbH – that have consolidated our international position, strengthened our global footprint and expanded our customer offering.

Our brand portfolio now contains 14 strong brands that are market leaders in each of their industrial niches.



New construction in Toronto, Canada

Mobile Thermal Solutions is building a new modern facility where Mobile Climate Control's three facilities in Toronto will be consolidated. The new shared facility will be a hub for innovation and production efficiency. The plan is to start moving operations to the new facility in October 2026.

VBG GROUP IN BRIEF

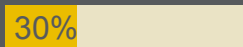
A diversified offering

Truck & Trailer Equipment



Drawbar couplings, automatic tire chains and sliding roofs

A common element of the division's products is that all of them enable safer transportation. Our new product category – vehicle lighting – and our automatic drawbar couplings for heavy trucks enhance traffic safety and provide drivers with a safer working environment. Our automatic tire chains for commercial vehicles help drivers arrive safely and on time in difficult winter conditions. Our sliding roofs for tarpaulin-covered trailers and tipper vehicles, as well as sliding bow roofs for railway wagons, permit faster and safer loading and unloading as well as more efficient transportation. Our products contribute to a better environment by enhancing logistical efficiency.

Share of net sales

Share of EBITA

[Read more on pages 100–102 >](#)

Mobile Thermal Solutions



Climate control systems for buses as well as construction, utility, off-road and defense vehicles

Our climate control systems create an optimal climate in vehicles in markets with widely differing needs. These systems create a better working environment for vehicle drivers, which promotes increased safety. Our climate control systems thus also ensure safe and comfortable travel for passengers. The innovative technology of these systems supports the electrification of vehicles and promotes lower fuel consumption, and thereby a reduction in negative environmental impact.

Share of net sales

Share of EBITA

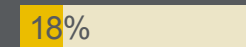
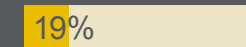
[Read more on pages 103–105 >](#)

Ringfeder Power Transmission



Shrink discs, shaft-hub couplings, and friction springs

Our shrink discs are used in applications such as transmissions for industrial use. The shaft-hub couplings consist of locking assemblies and shrink discs, and are often used in cranes and hoisting devices. Shaft-shaft couplings, used in freight handling, mining, energy production and motion control. Our friction springs are used, for example, in airplanes as damping components in the system for adjusting the position of the wing flaps, and as overload protection in emergency exit systems. They are also used to earthquake-proof buildings, bridges and power plants, which protects critical infrastructure and by extension can save human lives.

Share of net sales

Share of EBITA

[Read more on pages 106–108 >](#)



VBG GROUP IN BRIEF

Our products promote increased safety in society

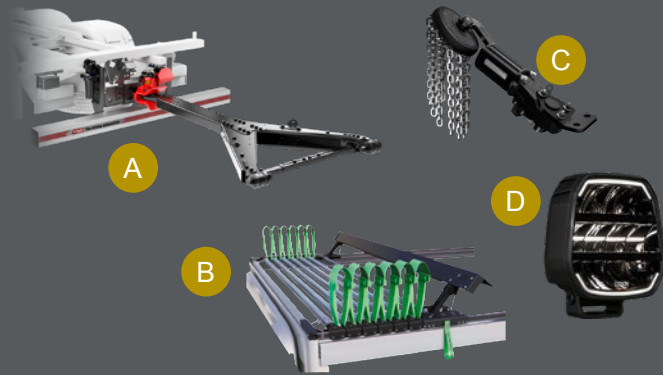
VBG Group's overarching purpose is to create a safer society. Through continual efforts to develop products and systems solutions that increase safety in society, the Group creates value for consumers and end-users – and for society as a whole.

Market leaders

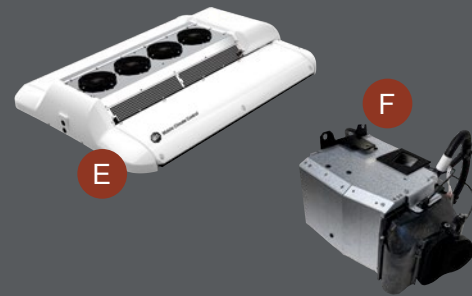
The VBG Group brands all hold leading market positions in their respective niches.



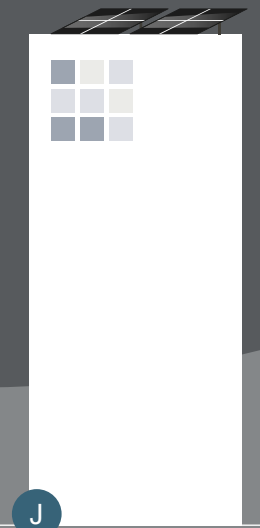
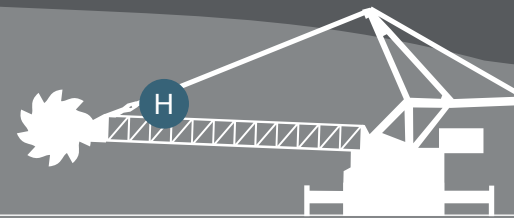
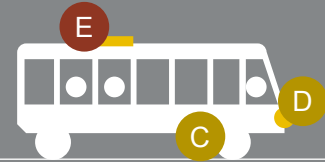
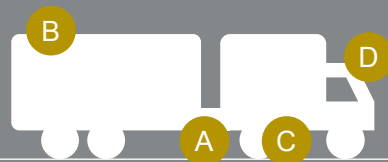
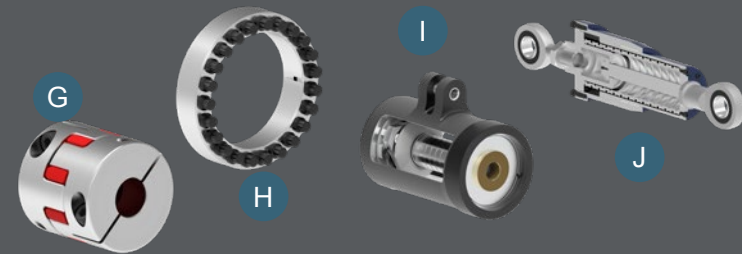
Truck & Trailer Equipment



Mobile Thermal Solutions



Ringfeder Power Transmission



The illustration presents examples of where our various products are used.



BUSINESS MODEL

A tried-and-tested business model

Through long-term active ownership and governance, VBG Group creates conditions for strategic development of industrial companies.

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

Using a tried-and-tested central process – niche identification, acquisition, integration and governance – more companies can be added to the Group. The common denominator is that VBG Group's products and solutions fulfill important functions for the customer while contributing to a safer society.

Read more about VBG Group's value creation on pages 15–18>

Earnings per share, SEK

16.88

SEK Dividend

7.25¹

SEK Re-invested

◀ 9.63

¹ Proposed dividend

Group	Divisions	Brands	Offering
<p>Platform for profitable growth</p> <ul style="list-style-type: none"> • Group Management • Parent Company 	<p>Decentralized divisions</p> <ul style="list-style-type: none"> • Truck & Trailer Equipment • Mobile Thermal Solutions • Ringfeder Power Transmission 	<p>Broad portfolio of brands in attractive niches</p> <ul style="list-style-type: none"> • VBG • Onspot • Ringfeder • Ringfeder Power Transmission • Edscha • Henfel • Sesam • Mobile Climate Control • Bus Climate Control • Carlyle Johnson • Rathi • Italytec • Ledson • Malmedie 	<p>Leading systems solutions</p> <ul style="list-style-type: none"> • Drawbar couplings • Automatic tire chains • Sliding roofs • Vehicle lighting • Climate control systems • Solutions for mechanical power transmission • Energy and shock absorption

A safer society

People



Off-road



Goods



Industrial





OUR SUSTAINABILITY WORK

Active efforts based on our sustainability agenda

Business conduct that safeguards the environment and people is a prerequisite for profitable growth. In 2025, VBG Group developed a climate policy including a transition plan, which provides guidelines for our sustainability program. With a deeper focus, we are accelerating and intensifying our efforts to achieve our sustainability targets.

Through the UN Global Compact, VBG Group has undertaken since 2022 to actively work on sustainability matters and report on its efforts to the UN. We are working to promote the UN's 17 Sustainable Development Goals (SDGs), and our sustainability targets are clearly linked to the SDGs where we have the greatest influence.



Environment

Our environmental agenda focuses on how VBG Group's own operation and value chain impacts the climate and environment.

Focus going forward

- Implement activities in accordance with the transition plan, in order to achieve a 62% reduction in Scope 3 GHG emissions by 2040.
- Conduct life cycle assessments for our larger product families in order to map their environmental impact – from raw material to production phase.

SDGs where we have the greatest impact



Read more about our activities in Environment on pages 65–73 >



Social

In Social, we report on targets, ambitions and approaches linked to employees, human rights and social conditions in the value chain.

Focus going forward

- Clearer focus on diversity, equal treatment and inclusion.
- Improved workplace safety through reporting, assessment, monitoring and action in the event of incidents and accidents in the workplace.
- Increase the proportion of women in our operations.

SDGs where we have the greatest impact



Read more about our activities in Social on pages 77–85 >



Governance

Governance describes how VBG Group ensures responsible and transparent business practices.

Focus going forward

- Ensure that we are in compliance with applicable regulations and reporting standards.
- Ensure compliance with our Code of Conduct, both among employees in the Group and among our suppliers of direct production materials.

SDGs where we have the greatest impact



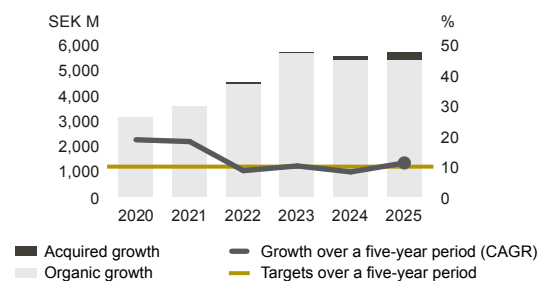
Read more about our activities in Governance on pages 86–88 >

OUR BUSINESS TARGETS

Strong position for continued profitable growth and sustainable development

	TARGET	OUTCOME
Growth	>10%	11.4%

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


Comments on 2025

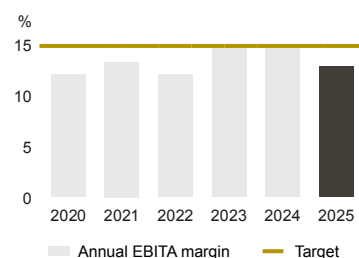
- In 2025, sales decreased by 3.4%. Organic growth totaled -2.4%. The reduction in demand, primarily in North America, in the first half of the year as well as low demand in the European semitrailer market contributed to the fall in sales.
- Our breadth in niches and industries contributed to stability for the Group.
- Average compound annual growth rate (CAGR) over five years totaled 11.4%, divided between organic growth (CAGR) of 9.1% and structural growth of 3.1%.

Focus going forward

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

	TARGET	OUTCOME
Profitability	>15%	13%

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


Comments on 2025

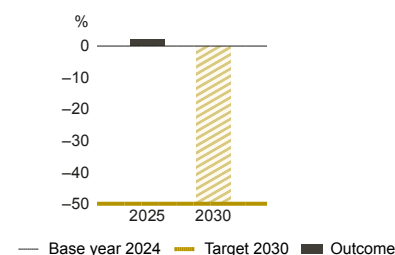
- The EBITA margin for 2025 totaled 13.0%.
- The lower profitability levels are a result of lower volumes during the first half of 2025, currency effects between years with the strengthening of the SEK against primarily the USD having a negative impact, product and customer mix variations between years and increased raw materials costs for primarily copper and aluminum.

Focus going forward

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

	TARGET	OUTCOME
Sustainability	-50%	2%

The Group's target is to achieve a 50% market-based reduction in Scope 1 and Scope 2 GHG emissions by 2030 (base year 2024).


Comments on 2025

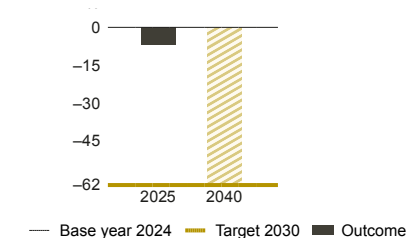
- In 2025, the Group's Scope 1 and Scope 2 GHG emissions totaled 0.7 tCO₂eq/SEK M, which means a slight increase in our emissions of 2% in relation to the base year 2024, with the increase being due to lower sales in 2025.
- In 2025, further investments were made in order to reduce the Group's climate impact.

Focus going forward

- Continued investments and activities to reduce the Group's climate impact.

	TARGET	OUTCOME
Sustainability	-62%	-7%

During 2025, the Group adopted a Group-wide sustainability target: a 62% reduction in the Group's Scope 3 GHG emissions by 2040 (base year 2024), including annual organic growth of 5%.


Comments on 2025

- The Group's in Scope 3 GHG emissions in 2025 totaled 28.4 tCO₂eq/SEK M, which means a decrease in our emissions by 7% in relation to the base year 2024.

Focus going forward

- Identify activities to reduce Scope 3 GHG emissions.
- Conduct life cycle assessments for our larger product families in order to map their environmental impact – from raw material to production phase.

FROM THE PRESIDENT

“Resilience despite geopolitical challenges”

It is with pride that I note that, despite a challenging market situation and unfavorable currency effects during the year, our organization showed great flexibility and resilience.

A turbulent business environment

Our business environment in 2025 was – to say the least – turbulent, driven primarily by increased obstacles to trade in the form of customs duties and tariffs from the US. The playing field was constantly changing and the unpredictability that emerged made it difficult to make decisions that looked too far ahead. Our organization displayed great flexibility and resilience in dealing with this volatile market situation, and I would like to sincerely praise all our employees who set an example in managing the administrative burden that resulted from changing customs duties and tariffs.

The strengthened SEK and generally negative currency effects during the year adversely impacted our growth while lower interest rates, infrastructure projects and the defense sector had a positive impact on demand during the second half of the year.

For VBG Group, 2025 was a year that could be divided into two parts, with the first half being characterized by flagging volumes, but with the second half displaying growth in income and a surge in order bookings. Order bookings were strong in the last quarter of the year, with the order book filling up ahead of 2026. All divisions saw growth in order bookings, and signals of a turnaround in Europe are creating confidence for 2026.

A stable, internationally growing business

VBG Group’s strength is our diversified and decentralized business, where the business units in each division and niche are fully responsible for their own operations. The core of the business thus lies in our strong brands and in our three stable divisions that, with a broad customer base, create strong cash flows for the Group.

In order to broaden our internationalization, we continued to take steps during the year in line with our strategic orientation of growing beyond the core markets of North America and Europe. Growth in Rest of World amounted to 20% during the year, with the strongest contributions from Brazil, India and Australia.

We are on a global journey of growth for the Group, with a clear strategy for that growth. The current geographical spread of our operation – with manufacturing units on each continent – creates stability and positions us well in the prevailing geopolitical turbulence, with trade barriers and increasing regionalization of the value chain.

We are growing structurally...

We completed three supplementary acquisitions during the year – one in each division: Italytec (Mobile Thermal Solutions), Ledson (Truck & Trailer Equipment) and Malmedie (Ringfeder Power Transmission) – which is positive and aligned with our growth strategy and desired pace of acquisition.

Italytec strengthens our position in the off-road segment, grants access to the agriculture and construction segments and – through a strengthened South American presence – is a crucial step for us in our journey to grow as a global industrial Group.

The acquisition of Ledson means that we are both strengthening our aftermarket business and expanding our product offering in existing channels, with a strengthened position in several customer segments as a result.

Malmedie, which is a niche acquisition in mechanical coupling technology, strengthens our position in the steel and crane segments in particular. At the same time, the company is also adding strategic value to the Group by strengthening our global footprint and our customer offering, and creating new business opportunities for other parts of our product portfolio.

The integration of the new acquisitions is proceeding according to plan, and it is satisfying to note that the companies contributed as expected in 2025.

...and organically

The Group’s performance in 2025 was impacted by a challenging first half of the year, which meant that sales adjusted for acquisitions and currency effects decreased by 2.4%.



“

Our organization displays great flexibility and resilience

FROM THE PRESIDENT

The first half of the year for Mobile Thermal Solutions was characterized by falling volumes, but the second six months showed underlying organic growth with an increase in the important side-by-side segment in North America.

It was also gratifying to note that demand in the European trailer market had bottomed out in the third quarter, with an expected gradual recovery ahead. Stable demand in the truck segment compensated for the weak market for semi-trailers.

Ringfeder Power Transmission had a challenging first half-year and high comparative figures for the preceding year, but reported improved operating profit and strong order bookings in the final quarter, which bodes well for future growth.

Continued focus on sustainable development – new sustainability target

During the year, we had a strong focus on the continued development of our sustainability program and related reporting. One further step taken in 2025 was our adoption of a new Group-wide sustainability target, with the aim of a 62% reduction in the Group's Scope 3 GHG emis-



sions by 2040 (base year 2024), thereby achieving the target in the Paris Agreement. At the same time, we are conducting activities to meet our Scope 1 and Scope 2 CO₂e emission targets.

Building further for the future

The geopolitical situation remains unpredictable and we are operating in an environment of continued high uncertainty. Our diversified operations, strong operational resilience and solid financial position provide us with both stability and agility, and put us in a good position to address future challenges and opportunities.

For 2026, we will focus on completing our new facility in Toronto, Canada, which will serve as a hub for innovation and production efficiency. In parallel, we are continuing to drive both organic and structural growth in our core markets and through greater internationalization. Our priorities for the future also include launching new products that create clear added value for our customers, as well as continued cost control and efficiency measures that enhance our competitiveness. We are also continuing to invest in safe and robust production units, with the aim of further reducing the accident rate and ensuring stable and sustainable operations. In addition, AI and digitization are areas that will play an increasingly important role in our operation and will be central to our continued development.

I would like to conclude by extending my sincerest thanks to all of our committed and skilled employees for your fantastic efforts during the year. I would also like to thank our customers, owners, partners and other stakeholders for your continued trust.

Together, we will now continue our journey toward a safer society.

Anders Erkén

President and CEO, VBG Group

2025 in brief

- Consolidated net sales decreased by 3.4% to SEK 5,394.2 M (5,583.1).
- Organic growth amounted to –2.4% (–4.6), adjusted for acquired sales and currency effects between the years.
- Operating profit (EBITA) amounted to SEK 699.4 M (796.2), with an operating margin (EBITA) of 13.0% (14.3).
- Profit after financial items decreased to SEK 572.9 M (735.6).
- Earnings per share amounted to SEK 16.88 (21.66).
- The Board of Directors proposes an unchanged dividend of SEK 7.25 (7.25) per share, corresponding to 43.0% (33.5) of earnings per share.

Key figures

Group, SEK M	2025	2024	2023	2022	2021
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Operating profit before depreciation/amortization (EBITDA)	829.6	899.6	933.7	632.4	562.4
Operating profit before amortization (EBITA)	699.4	796.2	833.8	526.4	484.1
Operating profit (EBIT)	650.5	749.3	800.7	496.1	456.0
Operating profit after financial items (EBT)	572.9	735.6	739.2	460.7	441.4
Profit after tax	422.1	541.6	545.0	342.2	337.1
Earnings per share, SEK	16.88	21.66	21.80	13.69	13.48
Cash flow from operating activities	531.1	797.4	724.2	236.2	187.3
ROE (cumulative), %	10.6	14.0	15.1	10.7	12.2
ROCE (cumulative), %	11.2	20.7	16.6	11.1	12.2
Equity/assets ratio, %	56.0	62.7	61.2	62.2	59.9
Interest-bearing net debt/EBITDA	1.2	0.5	0.4	0.9	0.8
Average number of employees	2,150	1,980	1,864	1,731	1,600
Number of shares outstanding ('000)	25,004	25,004	25,004	25,004	25,004



STRATEGY

Operational governance
on the basis of strategic
focus areas

TRENDS AND DRIVING FORCES

Continual development and flexibility in a changing business environment

VBG Group is meeting both new and increased expectations as a result of increased electrification, automation and digitization of our operations, as well as more stringent sustainability and safety requirements for us as a global industrial Group.

We are continually developing and adapting our products and systems to meet new requirements, customer needs and changing conditions in the business environment. Across the Group, we are also actively working to digitize our operations and adjust our processes to promote climate neutrality.

Areas of development

Reduced emissions

As an industrial Group with production operations, VBG Group is making a deliberate effort to reduce its GHG emissions in Scope 1, 2 and 3. New regulations,

climate targets and emission requirements are driving electrification and the development of more efficient transportation and refrigerants in our climate control systems.

Product development

We are engaged in continual strategic product development and are working with new technologies to meet increased sustainability, customer and user requirements as well as new regulations in the areas of safety and working environment.

Digitization

As more efficient systems, processes and solutions are developed, the demands for automation and digitization are increasing, both from our customers and from the Group's own operations. This is driving the modernization and digitization of our value chain.

New technology

Developments in AI technology are creating new possibilities and changing conditions in society. This requires VBG Group to make strategic decisions concerning how the technology is to be integrated and used to strengthen the competitiveness and efficiency of the operations.

Growing market

The need for transportation and infrastructure projects continues to grow, fueled by globalization and urbanization.

Sustainability

Increased focus on climate change, as well as new regulations and standards for sustainability reporting such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS), set more stringent requirements on the Group's sustainability activities and reporting.



STRATEGIC VALUE CREATION

Central role in the value chain

VBG Group's operation is organized into three divisions:

- Truck & Trailer Equipment
- Mobile Thermal Solutions
- Ringfeder Power Transmission

The divisions offer consumers and end-users a broad selection of systems solutions, with the internal value chain running from development to aftermarket. Our value chain comprises the operations of the divisions. All of the divisions are working to promote a positive impact both upstream and downstream subject to the conditions in the business environment. Each stage in our value chain generates value through our reliable systems solutions that increase safety in society.



STRATEGIC VALUE CREATION

We create value through strategic governance, active ownership and diversification

With VBG Group's mission – Creating a safer society – as a guiding principle, the core of our operation lies in acquiring, owning and further developing well-managed industrial companies.

Group Management and the Parent Company are jointly responsible for the overall strategic governance of the Group. This encompasses measures such as identifying and carrying out acquisitions, bringing resources to the divisions in the form of industrial know-how and capital, as well as monitoring the divisions' goals and strategies.

Value creation over time

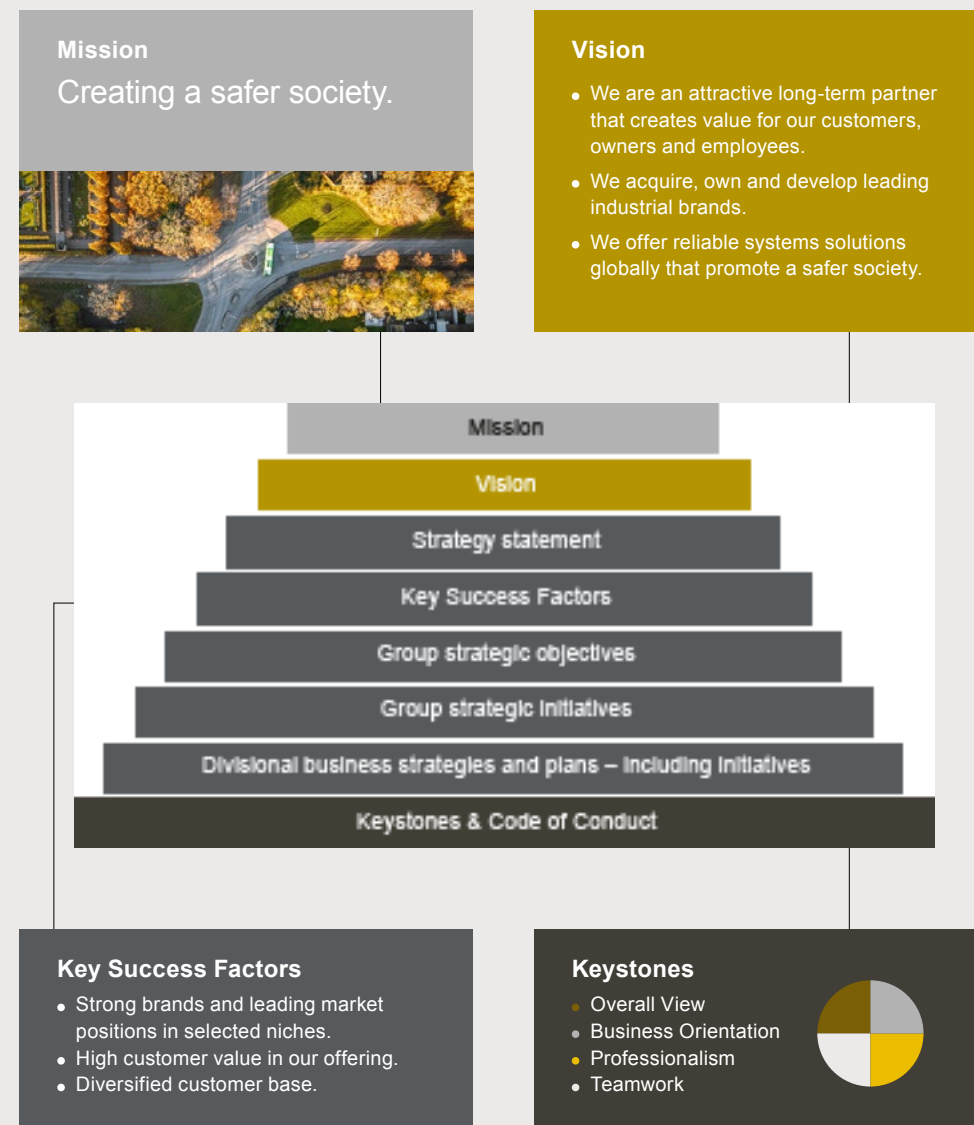
VBG Group is an active long-term owner with the goal of creating profitable growth. Its business concept is built on the active management and further development of the operations' business models in order to create value over time. In addition to defining the strategic framework for the Group, the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

Our values are our guide

The Parent Company and Group Management govern the organization on the basis of VBG Group's four values – our Keystones – and our Code of Conduct. Our Keystones – Overall View, Business Orientation, Professionalism and Teamwork – together with the Code of Conduct form the foundation for the Group's operations and procedures, and provide guidance for the entire acquisition procedure. A shared view of values and approaches is crucial when VBG Group acquires new companies.

Diversified structure with low business risk

Since the early 1990s, VBG Group has acquired a number of companies and thereby built a stable Group with a diversified business structure. This structure creates opportunities for synergies among the divisions – for

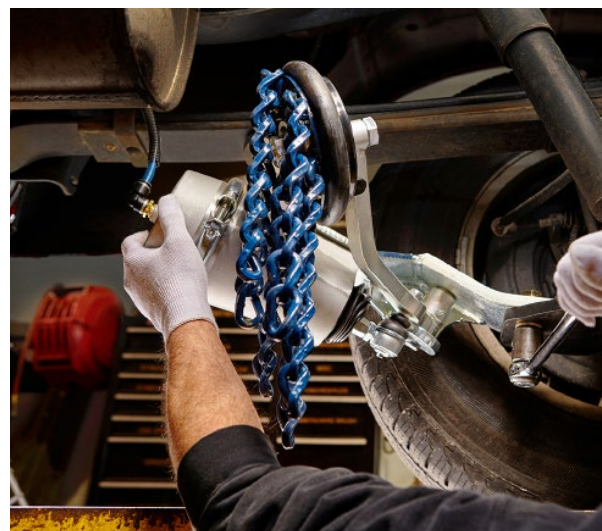


STRATEGIC VALUE CREATION

example, when establishing new markets – while promoting smoother, more stable development over time. In periods of turbulence in the business cycle or of reduced demand in individual industries, the Group's business risk is minimized through our broad international presence and customer base.

Decentralized business model

VBG Group's decentralized business model is one of the Group's major strengths. The Parent Company and Group Management are responsible for overall governance, while local decision-making in operating activities creates better customer dialogue, shorter decision-making paths and greater flexibility. This business model creates value for both our customers and our Group. The three divisions are fully responsible for their results, developing operation-specific targets and strategies based on the Group's overall strategic framework. The divisions work closely



with their customers and offer customized solutions that meet their customers' specific needs. Through its divisions, the Group offers a broad range of products and systems solutions for customers in carefully selected niches.

The Group provides a fundamental platform

While the divisions and brand portfolio create competitive advantages for the Group, the Parent Company contributes important resources. The Parent Company offers its operations financial stability with access to capital and financial resources, with its balanced portfolio providing strength in an uncertain business cycle. The Group offers the operations:

- Financial stability with access to capital and financial resources.
- Thorough industry competence and exchange of best practices.
- Strategic governance and centralized acquisition management.
- Platforms for international expansion.
- Synergies in IT, HR, brand development, sustainability, corporate governance, finance and IR.

Our strategic focus areas – Key Success Factors

With the aim of creating a safer society while pursuing profitable growth, VBG Group has defined three strategic focus areas: strong brands and leading market positions in selected niches, high customer value in our offering, and diversified customer base. In these areas, the Group carries out priority initiatives linked to growth and profitability. Strategic activities and continual adaptation in our three focus areas are, and will remain, key for strengthening the Group's development and long-term success.

[Read more about our three strategic focus areas on pages 20–23 >](#)

Group
Niche identification

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

Acquisitions

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

- Complementary companies that strengthen existing divisions in terms of product range, production, logistics and geographical coverage.
- Companies in new fields of operation that can form the foundation for a new division.

Integration and governance

Completing acquisitions is a key element of the Parent Company's and Group Management's overall governance. Acquired companies are integrated into the Group's established divisional structure, with expertise and resources being provided to ensure efficiency and success, and to identify synergies and development opportunities. The Parent Company and Group Management define the Group's strategic framework within which the divisions produce their operation-specific targets and strategies.

The divisions

The divisions offer customers and users a broad selection of systems solutions in which the internal value chain runs from the development phase to aftermarket. Product development and purchasing are pursued in close collaboration with our customers and suppliers, creating the conditions for technical leadership and customized comprehensive solutions at a competitive total cost. Production takes place in modern, highly automated facilities on the basis of Lean Management – optimized processes and flows for maximum efficiency and value creation. Sales and aftermarket services are built on close and long-term customer relationships, a high level of service and a broad offering of products and services. This promotes strength in both the core and aftermarket business.





STRATEGIC VALUE CREATION

Our operation creates value for:

Employees

The just over 2,000 employees of the Group are our most important resource, and a high degree of well-being is crucial for achieving our mission and vision. The Parent Company and Group Management work continually to offer competitive conditions for employment and ensure safe and satisfactory work environments.

1,244

SEK M in salaries and social security contributions

Customers

The diversified business structure that we have built up provides the Group with a broad, stable customer base. Through a high level of service and offering customized systems solutions with a high technology content, we are creating the conditions for consumers and end-users to feel a sense of security in their operations while increasing their productivity and profitability.

Security and profitability

Shareholders

The Group's overall objective is to create profitable growth. This lays the foundation for positive share price performance and stable, competitive dividends. The share price performance of VBG Group's Series B share over the last five years totals 157.4%, while an average of 35.7% of net profits was distributed over the same period. The proposed dividend for this year corresponds to a dividend yield of 1.8% based on the closing price at year-end.

181

SEK M in proposed dividend

Suppliers

Close, functioning supplier relationships are crucial for being able to deliver a competitive offering. We have established lengthy, healthy relationships with our suppliers, which has allowed them to accumulate in-depth knowledge of our needs. Our business creates income and employment for our suppliers while our Code of Conduct sets stringent requirements for responsible conduct among all of our suppliers of materials for direct production.

3,510

SEK M in goods and services purchased

Society

Our systems solutions are used globally in a large number of industries and fulfill essential societal functions. As an employer, we also contribute to the local economy in many communities around the world, which creates both direct and indirect employment.

In 2025, we paid SEK 220.0 M in social security contributions, SEK 37.1 M in pension expenses, and SEK 150.9 M in income taxes – all together, SEK 408.0 M. In addition, we pay fees and expenses such as customs duties as well as property and energy taxes.

Through our stable dividend yield, the Herman Krefting Foundation for Allergy and Asthma Research owner foundation facilitated grants of SEK 343 M to research and related initiatives aligned with the purposes of the foundation. Most of this support has gone to the Krefting Research Centre, but it has also encompassed activities in collaboration with Universeum.

408

SEK M in tax



WITH SAFETY IN FOCUS

Safety in focus – a driving force since 1951

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

VBG Group's history

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



VBG Group
1.0 1951–1996

Establishment and growth in drawbar couplings and towbars

Commercial vehicles, Nordic expansion, acquisitions and listing.



VBG Group
2.0 1997–2010

Internationalization and expanded offering

Acquisitions and more brands, European expansion and consolidation of manufacturing.



VBG Group
3.0 2011–2020

Acquisition-driven growth and expanded internationalization

Strong brands in attractive niches, international expansion and an expanded offering.



VBG Group
4.0 2021–2025

Global expansion and reliable systems solutions

- Global presence
- Industrial group
- Structural growth
- Digitization
- Systems solutions
- Focus on sustainability



STRATEGIC FOCUS AREAS

Our strategy is built on three distinct focus areas

Our ambition is to create a safer society while continuing to pursue profitable growth. With this as a starting point, we have defined three strategic focus areas: the Key Success Factors. Strategic initiatives and continual adaptation in these areas are, and will remain, key for the Group's continued development.

#1

Strong brands and leading market positions in selected niches

[Read more about focus area #1 on page 21 >](#)

#2

High customer value in our offering

[Read more about focus area #2 on page 22 >](#)

#3

Diversified customer base

[Read more about focus area #3 on page 23 >](#)



STRATEGIC FOCUS AREAS

#1

Strong brands and leading market positions in selected niches

Over time, VBG Group has built up a broad and competitive portfolio of brands with strong positions in attractive niches. Well-managed companies with clear and established brands have always been a key criterion in the Group's identification and acquisition process. New companies that are added to the portfolio must have a clear identity and good conditions for innovation and continued market development. The same requirements apply to our existing companies, which are routinely evaluated. The ambition is for every company to establish and maintain a position as first or second in their respective niches.

Strong brands are a distinct competitive advantage in customer relations. In combination with the Group's long-term ownership model and our focus on safety, they create value for both consumers and end-users. The high level of service in the divisions further promotes positive customer experiences and long-term relationships.

VBG Group's 14 strong brands and leading market positions are, and going forward will continue to be, crucial for achieving the Group's business goals. Our focus is on both managing and developing the portfolio – safeguarding each company's unique strengths while enhancing their brand identity, offering and position in each niche through targeted initiatives.

Performance in 2025

- Strengthened market position in the steel and crane segments for Ringfeder Power Transmission through the acquisition of Malmedie.
- Improved position in several customer segments for Truck & Trailer Equipment through the acquisition of Ledson.
- Strengthened market position in the agricultural and construction segments for Mobile Thermal Solutions through the acquisition of Italytec.
- Implemented digital marketing through the inbound marketing concept in Mobile Climate Control and Bus Climate Control.

Focus for 2026–2028

- Integrate and position the acquired brands Malmedie, Ledson and Italytec into the Group.
- Continue development of digital marketing in accordance with the concept of inbound marketing for more brands.

Three new brands strengthen VBG Group's brand portfolio

In 2025, VBG Group's brand portfolio continued to grow through the acquisition of three leading industrial companies: Italytec, Ledson and Malmedie. These strong brands complement our portfolio and strengthen our position as a global industrial Group. Italytec expands our offering for agricultural and off-road vehicles, Ledson's vehicle lighting products add a new product category in accessories and aftermarket, and Malmedie strengthens our offering in the steel and crane segments.

As of this writing, our brand portfolio contains 14 strong brands with leading positions in their respective industrial niches.

VBG Group's development from a supplier of drawbar couplings to a global industrial Group with systems solutions in several niches worldwide continues. Creating a safer society is, and will remain, our driving force and the factor that unites all of our brands.



Ledson's products add a new product category in accessories and aftermarket.

STRATEGIC FOCUS AREAS

#2

 High customer value in our offering

VBG Group's three divisions offer customers in various industries a broad selection of products and solutions that meet stringent requirements for safety, functionality and reliability. The driving forces that characterize the markets in which the Group operates – such as electrification, digitization and safety – are increasingly impacting VBG Group's role and responsibilities as a supplier and partner. Demand for integrated and complete solutions, rather than individual products, is growing.

In recent years, VBG Group has broadened its product portfolio, added new technologies and increased the degree of automation in both solutions and processes. In parallel, existing system offerings in all divisions are being developed with the aim of strengthening customer value and creating distinct competitive advantages.

Product leadership and high customer value are crucial for the Group's continued organic growth. Through close, active dialogue with customers, end-users and integrators in the value chain, needs and insights are captured that – together with innovation and continual development – form the basis for a competitive offering.

Going forward, the Group's focus will be on further developing and expanding its offering in all divisions, both organically and through acquisitions. The trend toward integrated and end-to-end systems solutions enhances customer value through improved functionality, increased efficiency and reduced complexity for the customer.

Performance in 2025

- Enhanced product offering through the acquisitions of Malmedie, Ledson and Italytec.
- New product category in accessories and aftermarket for Truck & Trailer Equipment through the acquisition of Ledson.
- Strengthened product offering in the agricultural and construction segments for Mobile Thermal Solutions through the acquisition of Italytec.
- Continued development of customized solutions for electric vehicles.

Focus for 2026–2028

- Shift from component supplier to systems supplier.
- Continual development of the Group's technical support.
- Supplementary acquisitions of niche leaders.
- Implementation of AI and digitization for greater efficiency.

EvoHoist creates long-term value for customers

In 2025, Malmedie launched the EvoHoist product offering – a system developed to meet the highest demands in modern container crane applications. By decreasing the mass inertia by around 25% in the main hoist, EvoHoist significantly reduces mechanical stress, resulting in lower energy consumption, less wear and tear and a longer life cycle for the entire system.

Integrated safety functions such as overload and snag protection increase operational reliability and minimize unplanned downtime. For customers, this means greater efficiency, more rapid response times and lower costs for maintenance and spare parts.

With EvoHoist, Malmedie sets a new standard for efficient, safe and economical lifting solutions – and creates long-term value for our customers.



Scan the QR code to watch a video about how EvoHoist works >



STRATEGIC FOCUS AREAS

#3

 Diversified customer base

VBG Group has a broad and diversified customer base with customers in several industries and areas of application such as transportation, infrastructure, industry and off-road. This breadth, in combination with presence in several geographical markets, promotes stability and reduced exposure to individual industries, customers or business cycles.

By operating in different niches with various market drivers, the Group creates a balanced business model in which variations in demand in one area can often be met by strength in another. This yields good resilience over time and strengthens the conditions for long-term profitability and growth.

The trend towards broader system offerings and an increased element of comprehensive solutions further strengthens VBG Group's position among both new and existing customer groups. Alongside active portfolio development, both organic and through acquisitions, this promotes a gradual expansion of the customer base and creates new opportunities for growth.

Performance in 2025

- Enhanced global presence and expanded customer base via the acquisitions of Malmédie, Ledson and Italytec.
- Enhanced product offering in Brazil and the rest of South America for Mobile Thermal Solutions through the acquisition of Italytec.
- Continued growth outside Europe and North America for the Group.

Focus for 2026–2028

- Supplementary acquisitions in all of the Group's divisions.
- Expanded customer offering in the after-market business.
- Increased presence in Brazil, China, India and southeast Asia.

VBG Group continues to grow outside Europe and North America

In 2025, VBG Group's sales outside Europe and North America increased by 20%, which marks an important step in our global growth strategy. This development is driven by our capacity for meeting various customer needs in many different industries and regions.

A central element of this growth came from Mobile Thermal Solutions, which strengthened its offering in Brazil and the rest of South America through the acquisition of the Brazilian company Italytec.

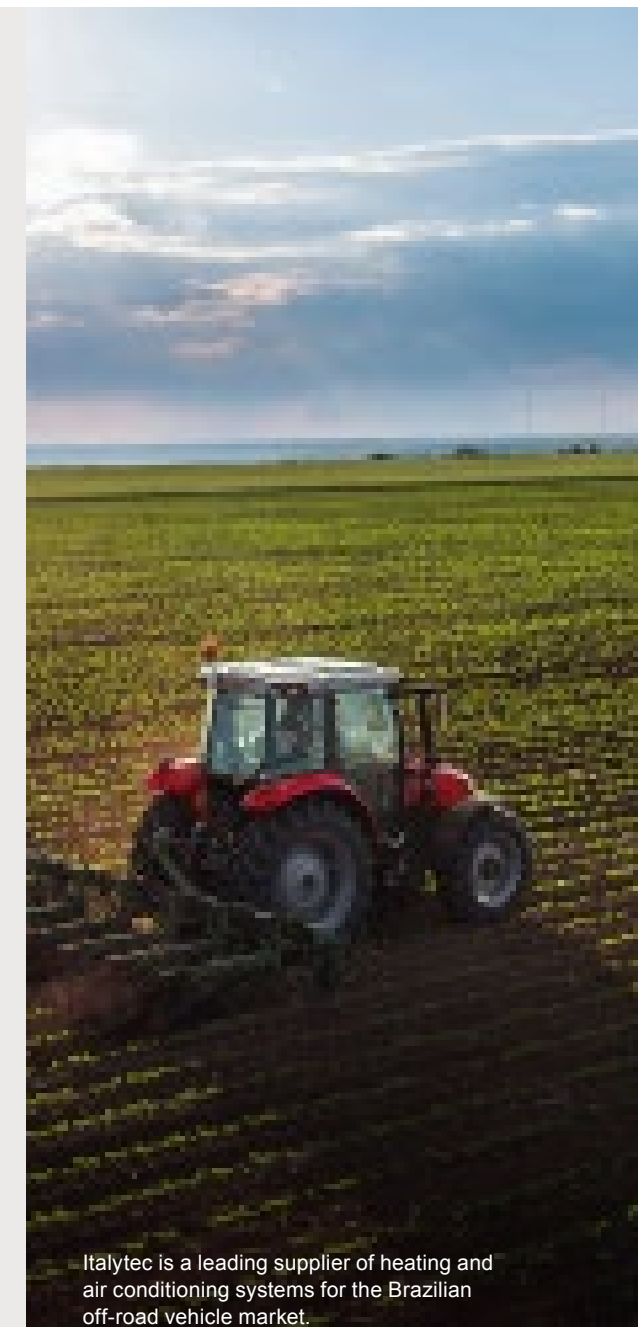
Italytec brings expertise in and products for agricultural and off-road vehicles, supplementing the division's existing product range and presenting new business opportunities. This acquisition expands our product offering, and allows the division to meet a more diversified customer base with solutions that are customized for various applications and markets.

The expansion is a clear example of how VBG Group continues to develop as a global industrial Group with systems solutions in several niches worldwide.

We see great potential in growth markets and will continue to invest in strategic acquisitions and local initiatives that enhance our global position and our offering to an increasingly diversified customer base.

20%

growth outside Europe and North America



Italytec is a leading supplier of heating and air conditioning systems for the Brazilian off-road vehicle market.

OUR FOCUS IN ESG

Foundation of our sustainability agenda

Business conduct that safeguards people, society and the environment is a prerequisite for being a successful company over the long term. This is important to us and to our stakeholders.

VBG Group works actively in the three areas of Environment, Social and Governance (ESG). In 2025, we carried out a number of activities and investments to reduce our climate impact and ensure that we are in compliance with applicable legislation and regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS). Our Climate Policy sets the framework for these efforts and we have our Code of Conduct and our Keystones as a basis, which guide us in our business decisions and our actions.

KEYSTONES
CODE OF CONDUCT

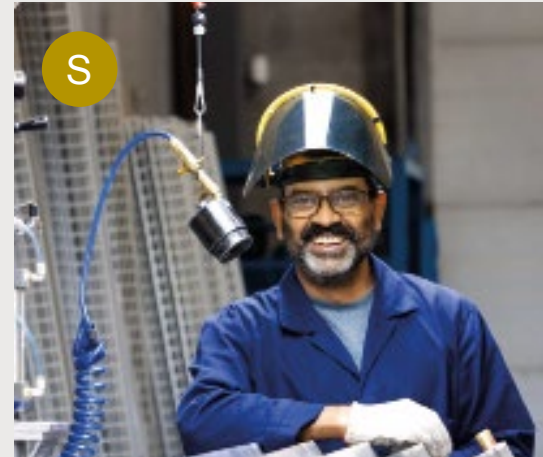
97% of VBG Group's emissions originate from Scope 3, via indirect emissions from the life cycle of the business, such as the purchase of raw materials, shipping of products and waste management.

In 2025, we adopted a new Group-wide sustainability target: a 62% reduction in our Scope 3 GHG emissions by 2040 (base year 2024). One focus point in Environment is conducting activities in line with the transition plan that we developed to reduce Scope 3 emissions.

For example, we will conduct life cycle assessments for our larger product families in order to map their environmental impact – from raw materials to production phase.

Reduce Scope 3 GHG emissions

↓ 62% by 2040



Safety is a key area and a priority in VBG Group. We have a zero tolerance vision for workplace accidents, and take incidents very seriously. All workplace accidents are investigated by management. With a root cause analysis (RCA) as the starting point, an action plan is developed to prevent the same type of accident from happening again. As a step in this process, in 2025 we developed a Personal Protective Equipment Policy that sets the framework for workplace safety, and is intended to ensure that all of our employees have a safe and secure workplace.

“ Our target is
zero work-related
accidents

In 2025, we internally audited sustainability reporting in all of VBG Group's divisions to ensure that it is in compliance with all applicable laws and regulations.

The purpose of our internal audits was to verify the existence of documentation and evidence that confirms the reporting. Where discrepancies were detected, we took action and corrected the errors.

“ Our internal
audits ensure
accurate sustainability
reporting

OUR FOCUS IN ESG

E



New packaging reduces GHG emissions and waste

VBG Group Truck Equipment AB is working to improve the environmental performance of the company's transport activities. To maximize the number of products that can be sent on the same shipment, optimized packaging was developed in 2025 for shipping Ringfeder couplings to customers in Australia and New Zealand. With this new packaging, a further 80 couplings can be packed in each container, reducing the number of transports to both countries.

The new stackable packaging is adapted to use the entire volume of the containers. At the same time, the choice of packaging materials was reviewed, and the need for the use of protective plastics and interlayers was eliminated. This packaging now consists solely of wood and corrugated cardboard, and the amount of waste has decreased.

The streamlined transports reduce the shipping costs for the customer while also reducing VBG Group's climate footprint through reduced GHG emissions, decreased consumption of plastic and reduced waste volumes.

Cleaner air in Jaboticabal

Ringfeder Power Transmission has installed an air filtration system at Henfel's facility in Jaboticabal, Brazil. This system removes particles, sulfur oxides, and hydrocarbons from the factory's processing air, enabling a reduction of the operation's environmental impact. All emissions measurements that are prescribed in local environmental legislation have been implemented with validated results, and lie within established threshold values. The air filtration system reduces particle content by 87% and the total amount of hydrocarbons by 26%.



Compressors with heat recovery

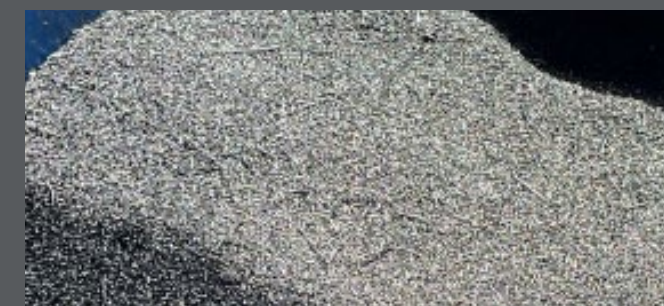
In 2025, VBG Group Truck Equipment AB installed two compressors with heat recovery at its facility in Vänersborg, Sweden. At the current volume of compressed air, this investment saves approximately 140,000 kWh of electricity and 146,700 kWh of district heating per year due to variable-speed compressors, and lowered system pressure from 8.2 to 7 bars. The surplus heat is now used to heat the pre-treatment bath, which reduced consumption of district heating from 158,000 kWh/year to 11,300 kWh in 2025.

Reuse of materials for reduced environmental impact

During the year, Ringfeder Power Transmission invested in more efficient resource use and to reduce waste volumes at the Henfel facility in Jaboticabal, Brazil.

A new silo has been installed to increase the facility's storage capacity for the molding sand used in production. Consumption of molding sand has been reduced by more than 25%, due to the new silo that allows the sand to be reused multiple times instead of being discarded.

A machine that presses metal shavings from processing into compact briquettes has also been installed at the facility. The new briquette press reduces the need for new raw materials, which promotes sustainable production and reduced material costs. Reducing the volume of waste simplifies management and transport while enhancing recycling efficiency. This helps reduce the environmental footprint and increase resource efficiency in production.



OUR FOCUS IN ESG

S

Diversity training for VBG Group's Group Management and division managers

Diversity, equal treatment and inclusion are central elements of VBG Group's social sustainability agenda. In 2025, we conducted a training course for Group Management and the division managers to strengthen skills and create a more inclusive working environment. The training course comprised two steps:

1. In-depth workshop on diversity and inclusion, as well as brainstorming of possible activities.
2. Follow-up where the proposals were prioritized and a number of measures were selected for implementation in coming years.

In addition to these activities, we are continuing our efforts around zero tolerance toward discrimination and on increasing the proportion of women employees and managers in the Group.

This diversity training course was the starting point for our expanded focus on leadership development and our continued efforts to address diversity, equal treatment and inclusion that will continue in 2026.

We are convinced that diversity creates more perspectives, a better dynamic and a working environment that fosters innovation.



G

VBG Group's new companies receive sustainability training

Acquiring industrial companies with strong brands and good growth potential is a central element of VBG Group's business strategy. In 2025, we welcomed three new companies to the Group: Italytec, Ledson and Malmedie. Intensive efforts are now underway to integrate them into our shared culture and working methods.

One important element of this integration is training. To ensure that work in line with our sustainability goals can begin quickly, representatives from the new companies completed VBG Group's sustainability training course. The focus of the course is on compliance with applicable directives, laws and regulations such as the CSRD and the ESRS as well as our Code of Conduct and our Keystones.

Participants received a thorough presentation of the Group's overarching sustainability goals and the work that is

required to achieve them. To conclude, a practical session was conducted in which those responsible for sustainability reporting in each company were trained in VBG Group's reporting systems, approaches and routines.

The initial sessions were attended not only by reporters, but also by management and representatives from HR, Production, Purchasing and R&D – to create a broad understanding and internal alignment around the sustainability agenda.

A shared foundation for sustainability

Through these training initiatives, we are laying a common sustainability foundation throughout the Group. This will enhance our ability to deliver the highest quality reporting and to drive progress toward a more sustainable future.



100%

of the employees invited underwent our annual Code of Conduct training



FINANCIAL PERFORMANCE

2025 – Stable earnings despite volatile business environment

- Good EBITA margin despite challenging business climate
- Stable cash flow
- Lower equity/assets ratio, profitability and equity

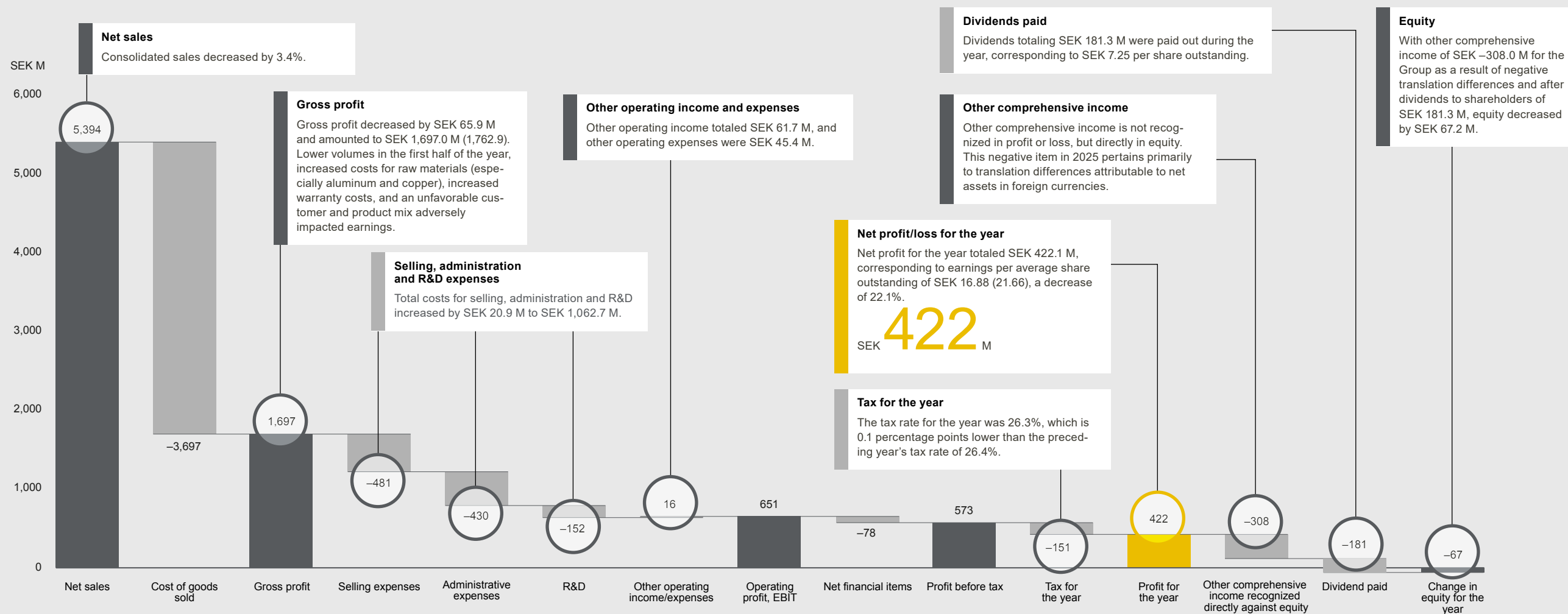
EARNINGS PERFORMANCE

2025 – good EBITA margin despite challenging business environment

For VBG Group, 2025 was marked by weakened demand for the Group's products – particularly in North America and in Mobile Thermal Solutions – in the first half of the year. Market performance improved in the second half of the year and the Group returned to underlying organic growth. Organic growth for the full year amounted to –2.4%.

Compared to 2024, earnings were negatively impacted primarily by lower volumes in the first half of the year. Additional contributing factors included negative currency effects, increased raw materials costs – especially for aluminum and copper – as well as higher warranty costs and a less favorable customer and product mix.

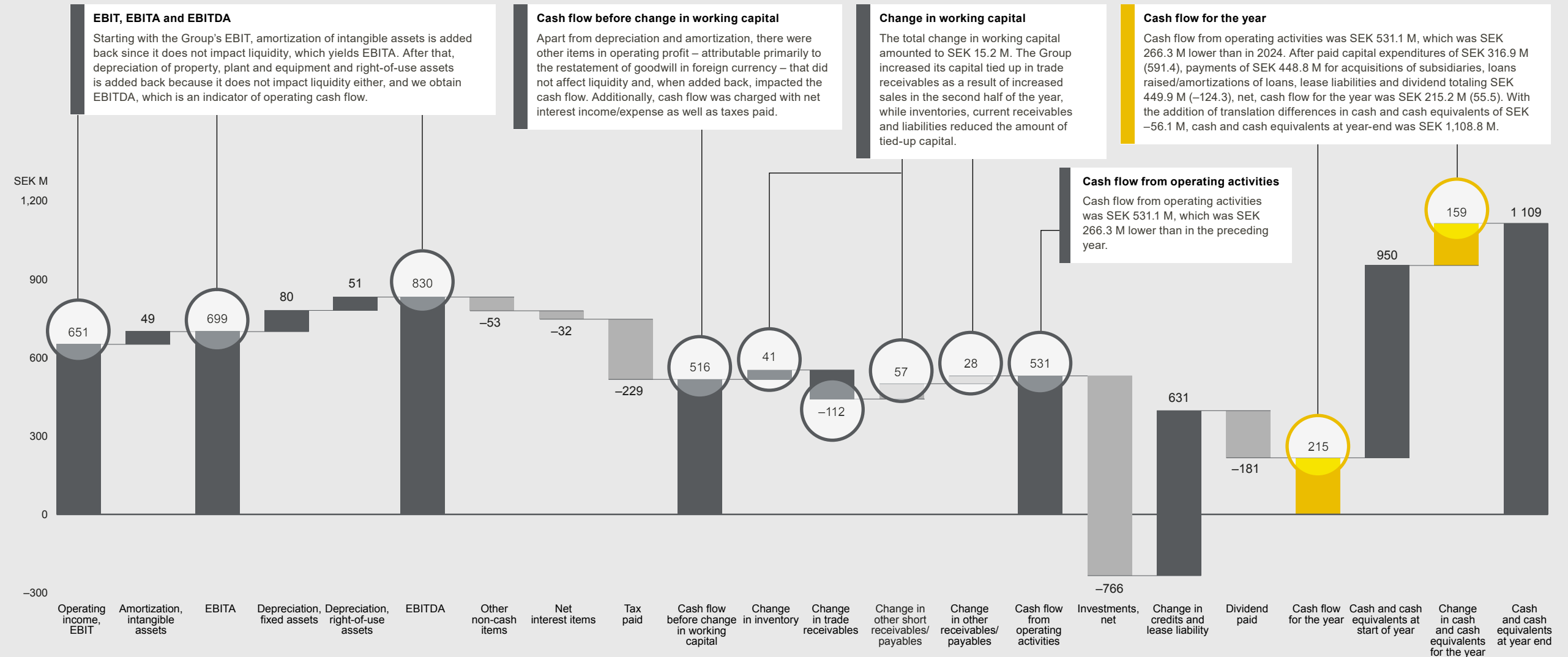
Through cost adjustments and maintained operational efficiency, the Group was nevertheless able to attain an EBITA margin of 13.0%.



CASH FLOW PERFORMANCE

Stable cash flow for 2025

VBG Group summed up 2025 as another year with a high level of investments. Much of this pertained to the construction of the new production facility in Toronto, Canada for Mobile Thermal Solutions, but investments were also made in efficiency and capacity in several of the Group's operations. Despite this, the Group could report a stable cash flow in 2025.


EBIT, EBITA and EBITDA

Starting with the Group's EBIT, amortization of intangible assets is added back since it does not impact liquidity, which yields EBITA. After that, depreciation of property, plant and equipment and right-of-use assets is added back because it does not impact liquidity either, and we obtain EBITDA, which is an indicator of operating cash flow.

Cash flow before change in working capital

Apart from depreciation and amortization, there were other items in operating profit – attributable primarily to the restatement of goodwill in foreign currency – that did not affect liquidity and, when added back, impacted the cash flow. Additionally, cash flow was charged with net interest income/expense as well as taxes paid.

Change in working capital

The total change in working capital amounted to SEK 15.2 M. The Group increased its capital tied up in trade receivables as a result of increased sales in the second half of the year, while inventories, current receivables and liabilities reduced the amount of tied-up capital.

Cash flow for the year

Cash flow from operating activities was SEK 531.1 M, which was SEK 266.3 M lower than in 2024. After paid capital expenditures of SEK 316.9 M (591.4), payments of SEK 448.8 M for acquisitions of subsidiaries, loans raised/amortizations of loans, lease liabilities and dividend totaling SEK 449.9 M (-124.3), net, cash flow for the year was SEK 215.2 M (55.5). With the addition of translation differences in cash and cash equivalents of SEK -56.1 M, cash and cash equivalents at year-end was SEK 1,108.8 M.

Cash flow from operating activities

Cash flow from operating activities was SEK 531.1 M, which was SEK 266.3 M lower than in the preceding year.

1 Including gains from sale of property.

FINANCIAL POSITION

Stable financial position

Equity and the equity/assets ratio decreased in 2025 as an effect of the lower underlying earnings, negative currency effects that impacted primarily the remeasurement of assets in underlying operations, as well as major investments that did not have an effect on earnings in 2025. However, VBG Group has maintained a highly stable financial position, which means security and creates scope for future development and investments.

Land and buildings A

Increased by SEK 74.2 M to SEK 771.7 M. The increase pertains largely to the construction of a new production facility in Toronto, Canada for Mobile Thermal Solutions.

Trade receivables B

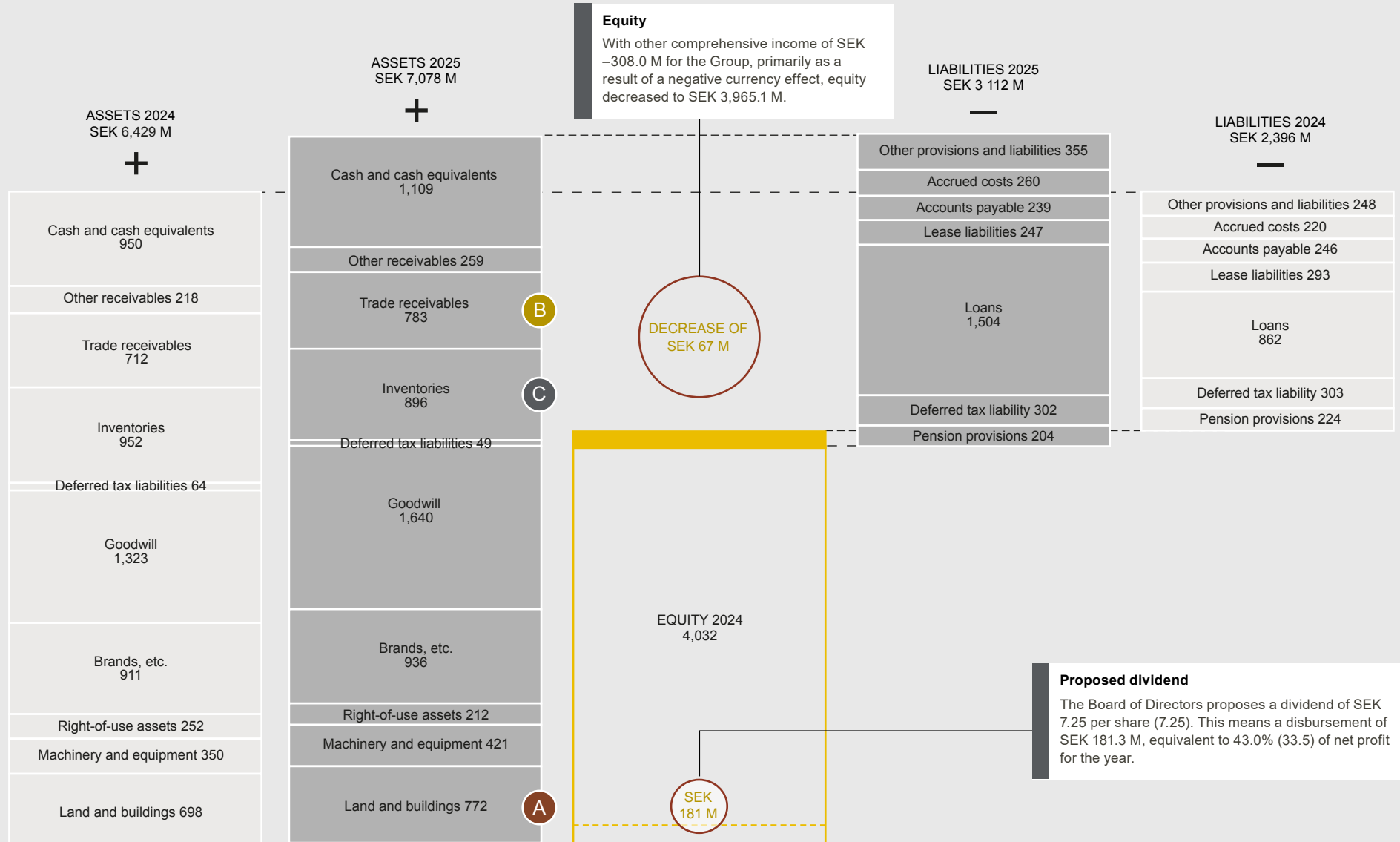
Trade receivables during the year increased by SEK 71.3 M, which is an effect of increased sales in the latter half of 2025.

Inventories C

Inventories during the year decreased by SEK 56.1 M as an effect of good stockkeeping as well as activities to reduce tied-up capital in general.

3,965

SEK M
Equity at the end of the year





RISK

Established process
for identifying and
managing risks

RISKS AND RISK MANAGEMENT

Diversification promotes risk spread

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

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

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

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

ity. Risks are assessed, evaluated and managed in each division. The Division Management teams and Group Management are in close continual dialogue concerning changes in the risk landscape for the divisions.

Group-wide risks

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

- Strategic risks are the external factors that could impact the Group's operations such as changes in new technology, fluctuations in the business cycle and politics.
- Operational risks are risks that VBG Group can largely control and prevent on its own, and concern primarily our relationships with customers and suppliers, our facilities and our employees.

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

[Read more about financial risks in Note 3 on page 120 >](#)

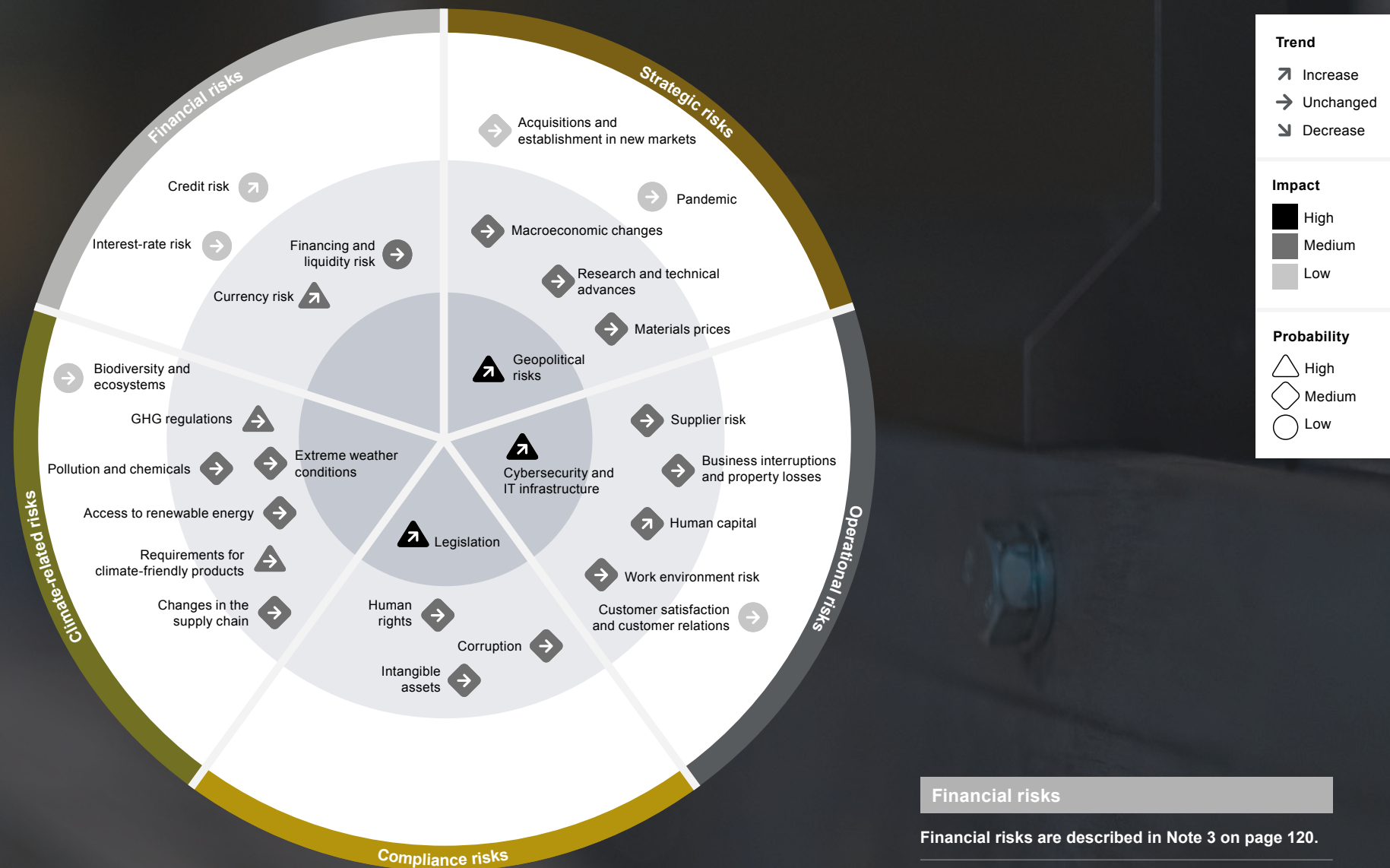
The Group's risk management process

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



RISKS AND RISK MANAGEMENT

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



RISKS AND RISK MANAGEMENT

Strategic risks			
Description of risk			How VBG Group manages the risk
<p>Materials prices The Group's production is dependent on a number of raw materials and intermediate goods. The most important raw materials are steel, cast iron, plastic and aluminum. Price increases or raw material shortages can have an adverse impact on consolidated profit.</p>			Price agreements with the Group's raw material suppliers normally extend over six months. The VBG Group strives to establish long-term relationships with its suppliers in order to ensure continued deliveries during times of shortage. We avoid lengthy customer contracts. Through our strong brands and products with high customer value we can distribute price increases onward to our customers.
<p>Research and technical advances Rapidly changing technology can create new solutions for meeting customers' and partners' needs, thereby changing the market.</p>			VBG Group works closely with its customers and partners to capture changes in requirements. We work continually with research and development, investing approximately 3% of sales in technical advances. We participate in local and global collaboration projects in research and development, and we are active in new legislation to understand developments and to be part of influencing them. We have strategic initiatives in place to increase the digitization of our operations and our marketing and sales channels.
<p>Macroeconomic changes Fluctuating demand can lead to limitations on capacity or underutilization of resources, which could have a negative effect on earnings and financial position. One part of VBG Group's products is oriented on traditionally cyclical industries such as heavy commercial vehicles as well as various industrial segments such as the steel and mining industries.</p>			VBG Group manages these risks by conducting own operations in 14 different countries and sales in a further 50 countries, which results in a broad customer base in both the private and public sectors. After-market sales account for approximately 23% of Group sales, which helps dampen the fluctuations. To cope with the variations in demand, the Group tries to increase flexibility in its production. Our order backlogs with standing orders from customers are normally short, but thanks to close customer relationships the VBG Group is well informed about its customers' long-range plans.
<p>Geopolitical risks Political instability, armed conflicts, sanctions, trade wars and/or social unrest can impact the Group's opportunities for conducting business and damage the Group's operations.</p>			VBG Group endeavors to identify and monitor vulnerabilities and changes. Suitable measures are implemented to prevent, alleviate or avoid the effects. We are careful with establishments in high-risk countries. Geopolitical risks in the Group's primary markets in Europe and North America remained at high levels in 2025.
<p>Pandemic The outbreak of global pandemics such as COVID-19 could lead to extensive disruptions of the global economy and change both circumstances and business conditions.</p>			VBG Group is working actively on scenario planning. By being prepared for various scenarios, we can act rapidly and implement activities that protect both our operations and our employees.
<p>Acquisition and establishment in new markets The risk of unsuccessful evaluation and integration of acquisitions, and establishment in new markets.</p>			VBG Group has an active acquisition and internationalization strategy in which the acquisition object and new markets are carefully evaluated in a tried-and-tested procedure involving external advisers. Both Group Management and the Board of Directors are involved in the acquisition procedures from the start, and the evaluations are conducted on a stand-alone basis and contain no synergies. Through its representatives in Group Management and the Board, VBG Group has solid, documented experience in industrial acquisitions and establishments in new markets.

Trend

- Increase
- Unchanged
- Decrease







Impact

- High
- Medium
- Low




Probability

- High
- Medium
- Low




RISKS AND RISK MANAGEMENT

Operational risks	
Description of risk	How VBG Group manages the risk
<p>Business interruptions and property losses Damage to production plants caused by fire, for example, can have negative consequences in the form of both direct property damage and business interruptions that make it more difficult to meet customer obligations.</p>	 <p>Continuous efforts are being made in preventive maintenance and improvements to loss prevention. Investments are made where risks are found, and the Group carries full insurance cover against both business interruptions and property losses.</p>
<p>Cybersecurity and IT infrastructure Threats to the company's IT environment via cyberattacks. Increased proportion of digitized operations increases vulnerability.</p>	 <p>We continually test the efficiency of our protective mechanisms and invest in new solutions to meet changing threats. We are boosting information security awareness and training our employees. We protect internal systems by having practices and procedures in place that are designed to protect networks, computers, information and software against attacks, damage and hacking. We carefully evaluate risks when choosing new solutions.</p>
<p>Supplier risk Limitations and disruptions in the supply chain that interfere with our operations.</p>	 <p>Suppliers are continually evaluated, and proactive measures are implemented in order to establish a stable, flexible supply chain.</p>
<p>Work environment risks Employees' risk of physical or mental injuries.</p>	 <p>Active prevention is in progress to make the work environment safe. All incidents and accidents are reported and monitored, and remedial action is taken. We partner with employer organizations and have a zero-tolerance vision for accidents. Our workplaces must be associated with physical and mental safety.</p>
<p>Human capital The capacity to attract and retain employees with the right competence.</p>	 <p>We work actively on being an attractive employer. We have clear, established recruitment procedures. We believe in diversity and inclusiveness. We offer personal development through training. Through our partnerships with schools and universities, we secure know-how and future skills. We actively review how we localize our operations so that we have the possibility of recruiting personnel.</p>
<p>Customer satisfaction and customer relations Our customers choose other solutions.</p>	 <p>We protect our market position by working closely with our customers and offering products with high customer value. We have strong brands in distinct niches. We work to have a diversified customer base.</p>




Trend

-  Increase
-  Unchanged
-  Decrease

Impact

-  High
-  Medium
-  Low

Probability

-  High
-  Medium
-  Low

RISKS AND RISK MANAGEMENT

Compliance risks

Description of risk

How VBG Group manages the risk

Human rights

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



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

Corruption

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



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

Intangible assets

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



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

Legislation

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



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

Trend

- Increase
- Unchanged
- Decrease

Impact

- High
- Medium
- Low

Probability

- High
- Medium
- Low

RISKS AND RISK MANAGEMENT

Climate-related risks

Description of risk

How VBG Group manages the risk

GHG regulations

More stringent sustainability and climate-related regulations, including carbon pricing mechanisms, mean increased compliance costs and require rapid adaptation of procedures and reporting structures. VBG Group continually monitors and interprets regulatory changes to reduce compliance risks and ensure long-term competitiveness.



VBG Group maintains a structured approach to regulatory compliance through centralized and local monitoring of new and amended legislation. The Group regularly measures, reports and reviews its GHG footprint to ensure transparency and progress. A transition plan has been adopted to reduce emissions, with the strategic objective of achieving climate neutrality by 2043.

Changes in the supply chain

To manage the risk that rising material prices in the EU may create incentives for sourcing from countries with larger carbon footprints, VBG Group systematically conducts comprehensive supplier audits, as well as life cycle and value chain analyses, to identify and manage climate impact.



The Group prioritizes efficiency improvements and nearshoring strategies to reduce dependence on suppliers in regions with high emissions levels. Full compliance with the Carbon Border Adjustment Mechanism (CBAM) is secured, while pricing models and contractual frameworks are developed to promote low-carbon sourcing and ensure long-term sustainability throughout the supply chain.

Extreme weather conditions

Production facilities in vulnerable areas face increasing risks from floods, extreme weather conditions and temperature fluctuations. These risks can cause business interruptions, property damage and delivery delays, as well as burdening operations and safety.



VBG Group manages these risks through comprehensive risk plans, protective measures and pertinent insurance coverage. Regular emergency drills and production redundancy secure continuity, while infrastructure is reinforced with climate-resilient standards and preventive maintenance. Operational adjustments and strict safety procedures protect personnel.

Access to renewable energy

Limited access to renewable electricity and volatility in energy prices increase production costs and impact progress toward Scope 1 and Scope 2 emissions targets.



The VBG Group actively secures access to green electricity through long-term electricity trading agreements, and invests in energy efficiency measures as well as smart energy management systems. Local capacity planning and cooperation with building owners and energy suppliers are prioritized, while opportunities for renewable solutions are explored where feasible.

Pollution and chemicals

Process emissions and use of regulated substances such as per- and polyfluoroalkyl substances (PFAS), substances of very high concern (SVHC) and microplastics create compliance and brand reputation risks as well as potential remediation costs.



VBG Group applies a uniform framework for chemicals management that includes materials declarations, supplier engagement and substitution plans. Preventive measures such as regular inspections and maintenance of critical equipment, in combination with standardized documentation for customers, secure transparency and regulatory compliance.

Biodiversity and ecosystems

Although the direct impact on biodiversity is currently deemed to be low, both regulatory requirements and stakeholder expectations are increasing. Any incidents could result in local environmental costs and damage the Group's reputation.



VBG Group mitigates this risk by pursuing ISO 14001 certification at production sites as well as conducting proactive environmental risk audits and continually monitoring local impacts. Corrective action programs and transparent reporting strengthen accountability and trust.

Requirements for climate-friendly products

Insufficient progress in reducing emissions can lead to lost business opportunities and reduced market acceptance, especially among customers with stringent sustainability requirements.



VBG Group is taking action by implementing comprehensive decarbonization transition plans, pursuing product innovation to reduce its carbon footprint and working closely with suppliers. Clear and credible external reporting strengthens customer trust and improves competitive positioning.

Trend

- Increase
- Unchanged
- Decrease

Impact

- High
- Medium
- Low

Probability

- High
- Medium
- Low



CORPORATE GOVERNANCE

Governance that
promotes continuity

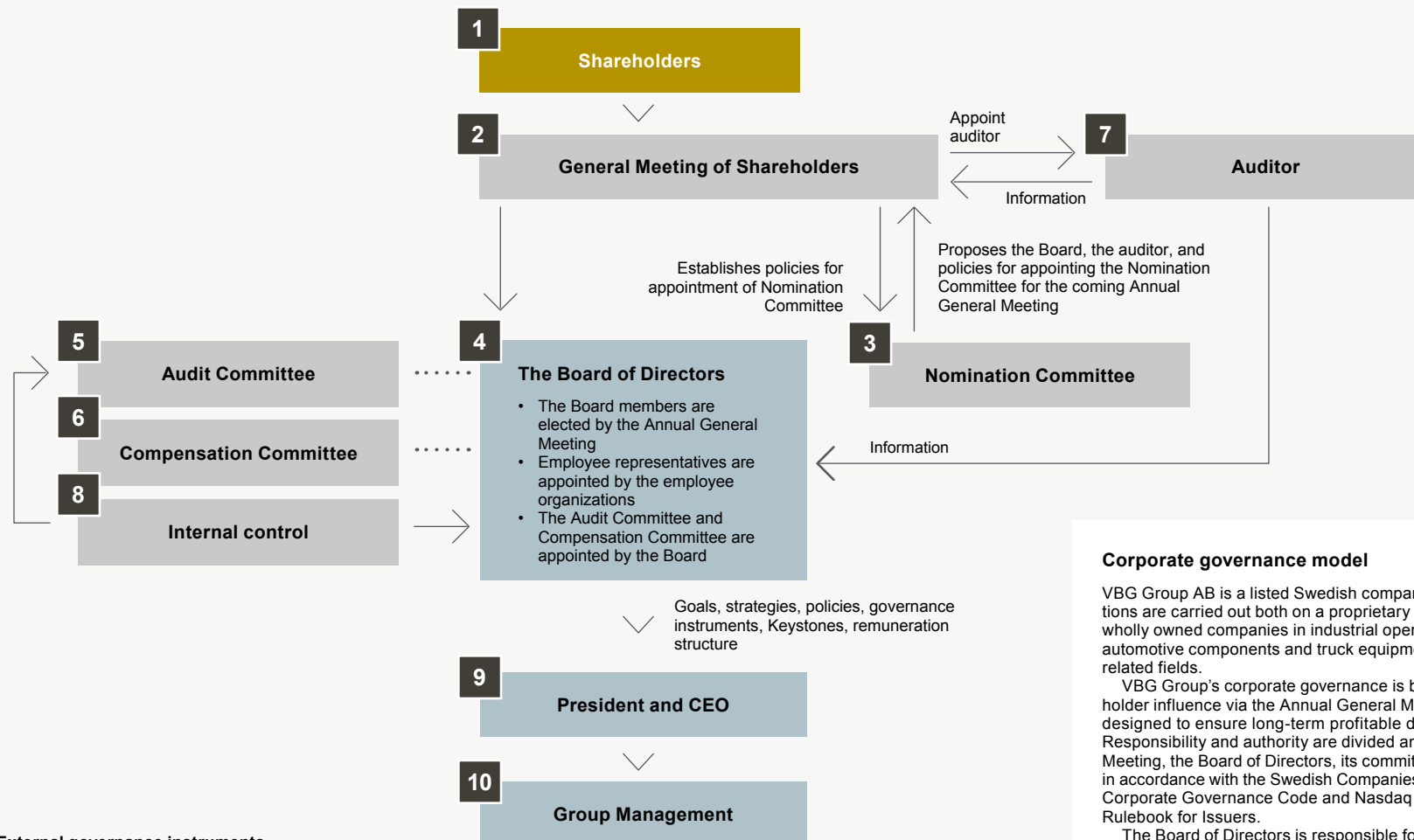
CORPORATE GOVERNANCE REPORT

Corporate Governance Report 2025

Swedish Corporate Governance Code

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

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



External governance instruments

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

Internal governance instruments

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

Corporate governance model

VBG Group AB is a listed Swedish company whose operations are carried out both on a proprietary basis and through wholly owned companies in industrial operations, mainly in automotive components and truck equipment and in closely related fields.

VBG Group's corporate governance is based on shareholder influence via the Annual General Meeting and is designed to ensure long-term profitable development. Responsibility and authority are divided among the General Meeting, the Board of Directors, its committees and the CEO in accordance with the Swedish Companies Act, the Swedish Corporate Governance Code and Nasdaq Stockholm's Rulebook for Issuers.

The Board of Directors is responsible for the organization and management of the business and appoints the President and CEO, who manages the day-to-day operations. The Audit and Compensation Committees prepare matters for decision by the Board.

Corporate governance also includes governance of sustainability matters. The Board of Directors bears ultimate responsibility for sustainability reporting and routinely monitors the Group's efforts relating to the environment, social responsibility and business conduct. Sustainability matters are prepared by Group Management and the interdisciplinary Sustainability Council.

CORPORATE GOVERNANCE REPORT

1 Shareholders

The share capital in VBG Group amounted to SEK 65,490,060 on December 31, 2025, distributed among 2,440,000 Series A shares and 23,756,024 Series B shares, where each Series A share carries ten votes and each Series B share carries one vote, except for the 1,191,976 Series B shares repurchased by VBG Group AB in 2002. This amounts to a total of 25,004,048 shares outstanding with a total of 46,964,048 votes.

At the end of 2025, VBG Group had a total of 10,873 shareholders. At year end, the ten largest owner groups controlled 69.8% of the share capital outstanding, 70.3% of the total number of shares issued and 74.4% of the votes. The stake held by the largest shareholder, the Herman Krefting Foundation for Allergy and Asthma Research, amounted to 22.6% of the outstanding share capital and 28.6% of the votes. Other shareholders with more than 10% of the votes were the SLK Employees' Foundation and the VBG-SLK Foundation, whose holdings of Series A shares represented 23.6% and 10.2% of the votes, respectively.

More detailed information on the share, the ownership structure, and so on is provided on pages 146–147 and 152–153.

2 General Meeting of Shareholders

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

Notice convening the AGM is given not earlier than six and not later than four weeks prior to the meeting. The notice contains information on registration and right to participate in and vote at the meeting, an itemized agenda, a proposed dividend and the main content of other proposals. Shareholders or proxies can vote for all of the shares held or represented.

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

Proposals to the meeting should be addressed to the Board of Directors and submitted in good time before notice convening the meeting is given. Information on shareholders' rights to have matters addressed at the meeting is available on the VBG Group web site.

Annual General Meeting 2025

VBG Group's AGM was held on May 13, 2025. Shareholders were able to participate in the AGM through their presence at the meeting (in person or by proxy) or by voting in advance (postal voting). The notice to attend the AGM and the form for postal voting provided by the company were made available on the web site. The minutes from the AGM can be found on the VBG Group web site. There are also details on meetings from previous years. Among the resolutions passed at the 2025 AGM are the following:

- A dividend of SEK 7.25 per share is to be paid.
- Re-election of Board members Louise Nicolin, Peter Augustsson, Mats R. Karlsson, Anna Stålenbring, Anders Birgersson and Anders Erkén (President and CEO).
- Re-election of Anders Birgersson as Chairman of the Board.
- The AGM resolved on fees to the Board of SEK 2,260,000 (2,140,000); the number of members decreased by one compared to the preceding year. The fees were proposed as follows: SEK 730,000 (700,000) to the Chairman of the Board and SEK 315,000 (300,000) each to the other Board members. Of the total fees, SEK 200,000 (180,000) is to be paid to the Audit Committee and SEK 70,000 (60,000) to the Compensation Committee, to be distributed by the Board of Directors. No fee is paid to the President and CEO. Auditor fees are proposed to be paid as billed, upon approval, for work performed.
- Policies for remuneration to and terms of employment for senior executives

- Re-election of audit firm Ernst & Young AB for a period of one year.
- Authorizing the Board to resolve on one or more occasions up until the 2026 AGM that treasury shares can be transferred, notwithstanding the shareholders' pre-emption rights, and that non-cash payment (apport) can be made for such transferred shares. This authorization enables the Board to use the Company's treasury shares as payment for acquired companies.

On May 13, 2025, it was announced that the 2026 AGM would be held on May 12, 2026 at the company offices in Vänersborg.

3 Nomination Committee

The Nomination Committee is appointed in accordance with the principles governing its composition and instructions. It will consist of the Chairman of the Board as well as three members appointed by the three largest shareholders in terms of voting rights as of the last date of the third quarter of each year.

- The Nomination Committee is tasked with submitting proposals to the AGM on behalf of the shareholders regarding:
- election of the Chairman of the Board and other members;
 - fees and other remuneration for executive positions;
 - fees to the auditors;
 - election of the auditor, based on the preparation by the Audit Committee and the Board of Directors.

In conjunction with proposals for the composition of the Board of Directors, the Nomination Committee issues a statement on the independence of the members in relation to the company, executive management and major shareholders. The proposals are presented in the notice to attend the AGM as well as on the VBG Group web site.

The Nomination Committee strives for diversity in terms of qualifications, experience and background, just as it does for an equitable gender distribution. The Committee applies Rule 4.1 of the Swedish Corporate Governance Code as its

policy for diversity on the Board. Half of the Committee's members are independent in relation to the company, executive management and the company's largest shareholder, the Herman Krefting Foundation for Allergy and Asthma Research.

Based on the three largest shareholders in VBG Group AB in terms of voting rights at the end of the third quarter of 2025, the following were appointed to the Nomination Committee in 2026:

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

4 The Board of Directors

The Board of Directors is selected by the shareholders and will manage the company in the best interest of the company and its shareholders. The Board is ultimately responsible for organization, management and control of reporting as well as overall risk management.

The members are elected annually by the AGM for the period up until the next AGM. VBG Group AB has not set an age limit for Board members or a limit on the number of terms of office.

Composition of the Board of Directors

The 2025 AGM elected Board members Anders Birgersson, Peter Augustsson, Louise Nicolin, Anna Stålenbring, Mats R. Karlsson and Anders Erkén (President). Anders Birgersson was elected Chairman of the Board and no Deputy Chairman was elected. There is a presentation of the Board members and their assignments on pages 44–45.

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

CORPORATE GOVERNANCE REPORT

Independence of the Board

Prior to the AGM, the Nomination Committee assesses the independence of the Board. All members except Anders Birgersson and Anders Erkén (President and CEO) are independent in relation to the company and its major shareholders. The Board of Directors thus meets the requirements under the Swedish Corporate Governance Code.

The work of the Board of Directors

The work of the Board of Directors follows an annual plan that ensures that all material topics for the governance of the Group are addressed. In addition to financial performance and strategic investments, sustainability matters, risk management and organizational development are also routinely addressed.

In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities among the Board, its committees, and the President. According to the adopted rules of procedure, the Board of Directors holds eight ordinary meetings per year, including the statutory meeting following the AGM. The Board is also called to attend Extraordinary Meetings whenever the situation warrants. Company officers take part in Board meetings as rapporteurs, and the company's Group CFO also serves as secretary.

The Board of Directors routinely evaluates the work of the President, without the presence of any member of Group Management. The Board of Directors also conducts an evaluation of Board activities once a year. At least once a year, there is also a specific review in which sustainability targets and progress are linked to the Group's strategy and risk profile.

The Board of Directors of VBG Group AB prioritizes sustainability initiatives, and Group Management has been given overall responsibility for governing and monitoring a sustainable approach throughout the Group. The Board of Directors is ultimately responsible for the preparation of, as well as the contents of, the Sustainability Report.

To enhance its skills, the Board has conducted training on sustainability, in particular regarding the new EU Directive (CSRD) and climate-related risks. This provides the Board with a basis for making informed decisions that unite business benefits with long-term societal benefits.

The Board of Directors routinely monitors the efficiency of the VBG Group's structure for governance and control using the information they obtain through Group Management and the Board committees.

This includes:

- Financial performance and financial position
- Sustainability activities, including target achievement and risk management
- Investments and strategic initiatives
- Monitoring of internal control systems

Group Management and business area management are monitored in a similar manner.

By integrating sustainability matters into governance this way, the Board of Directors ensures that VBG Group can grow profitably over the long-term while contributing to a safer and more sustainable society.

Board activities in 2025

The work of the Board follows an annual plan. Thirteen meetings were held in 2025, of which four were in connection with interim reports. Prior to each Board meeting, an agenda is sent out to the Board members along with in-depth information on the business at hand.

At each meeting, the Board discusses the Group's financial position, investments, risk management and sustainability matters.

For its annual trip in 2025, the Board went to Brazil and visited Italtotec – one of the Mobile Thermal Solutions companies – in Nova Odessa, as well as Henfel – one of the Ringfeder Power Transmission companies – in Jaoboticabal. These trips provide the Board with opportunities to meet management and staff in each company, which allows the Board and the management groups to obtain a deeper understanding of these companies on site.

The Group's Head of Sustainability regularly attends many of the Board meetings to provide updates on sustainability activities, new legal requirements and relevant changes in the business environment.

Role of the Chairman

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

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

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

Board committees

The Board of Directors appointed both an Audit Committee and a Compensation Committee for the period up until the 2026 AGM.

5 Audit Committee

At the statutory Board meeting in May 2025, the Board of Directors appointed an Audit Committee consisting of Anna Stålenbring (chair) and Anders Birgersson. In 2025, the Audit Committee held four meetings of record, one before and three after the statutory Board meeting.

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

The Committee consulted with and received reports from the company's external auditors on four occasions in 2025. The auditors' reports have not occasioned any special measure on the part of the Audit Committee. As part of its work, the Audit Committee has had the opportunity to consult individually with the company's external auditors without the presence of management.

6 Compensation Committee

At the statutory Board meeting in May 2025, the Board of Directors appointed a Compensation Committee consisting of Anders Birgersson (chairman) and Mats R. Karlsson. The Committee had two meetings during 2025 where it discussed remuneration and other terms of employment for the President and senior executives in the Group. The President was co-opted, but did not participate in the discussion when remuneration to the President was addressed. The principle applied within the Group is that the manager's supervisor should approve decisions in compensation matters.

A presentation was made at the AGM of the Board's proposal for guidelines for remuneration to the President and other senior executives. The AGM adopted the guidelines in accordance with the Board's proposal. Information on the Board's proposal to the 2026 AGM for guidelines for remuneration to the President and senior executives is provided on pages 47–48.

Information on remuneration in 2025 is provided in Notes 8 and 9 on pages 123–124.

7 Auditors

The auditing firm of Ernst & Young AB was elected by the 2025 AGM as auditor for a period of one year, with authorized public accountant Andreas Mast as auditor in charge.

The audit includes a statutory annual audit of VBG Group AB's annual accounts, a statutory audit of the Parent Company and all significant subsidiaries (where required), an audit of internal report packages, an audit of the year-end

CORPORATE GOVERNANCE REPORT

closing and a general review of one interim report. Reviews of internal control are included as a part of the work.

In the autumn, a meeting and dialogue is held with Group Management and, where necessary, the Chairman of the Audit Committee for analysis of the organization, operations, business processes, sustainability activities and balance sheet items for the purpose of identifying areas involving an elevated risk of errors in the financial reporting. A general review of the financial statements is performed for the period January–September. Routine and early warning reviews are conducted in September and October. The interim report for the third-quarter accounts is also reviewed in October. Meetings with Group Management and the Audit Committee are held in October, where observations from reviews conducted and material topics ahead of the final accounts are reported. Review and audit of the year-end and annual reports is performed in January–March. The amount of remuneration paid to Ernst & Young AB in 2025 is shown in Note 9 on page 124. Ernst & Young AB is obligated to assess its independence prior to providing independent advice to the VBG Group in addition to its auditing assignments.

Report on internal control

The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act and the Swedish Corporate Governance Code. The Code also contains requirements for external communications regarding how internal control pertaining to financial reporting is organized. This section comprises the Board's annual report and complies with the reporting instructions for the CEO.

The VBG Group's financial reporting complies with the laws and rules that apply to companies listed on Nasdaq Stockholm and the local rules that apply in each country where business is conducted. Moreover, the Group is subject to requirements for sustainability reporting under applicable legislation and the CSRD, which means that internal control has also been developed to ensure reliability in the Group's non-financial reporting.

Apart from external regulations and recommendations, there are internal instructions, guidelines, policies and systems that are intended to ensure good internal control. A clear allocation of internal roles and responsibilities ensures that both financial and sustainability-related information is reported correctly,

consistently and reliably. Monitoring is implemented on an ongoing basis through the Group's reporting routines, and is an integral component of VBG Group's governance. The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act, the Swedish Annual Accounts Act (SFS 1995:1554) and the Swedish Corporate Governance Code. Efficiency in Board activities constitutes the foundation of functional internal control. The Board's rules of procedure, and the instructions for the CEO and committees, ensure a clear allocation of roles and responsibilities for efficient management of the operation's risks.

VBG Group's control environment forms the basis of internal control and consists of organizational structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board has overall responsibility for the internal control of the financial reporting and sustainability reporting, and has established rules of procedure that clarify the Board's responsibilities and regulate the allocation between the Board and its committees. The principal task of the Audit Committee is to ensure compliance with established principles for financial reporting and internal controls, as well as maintaining practical relations with the company's auditor.

The Board of Directors has also prepared instructions for the CEO and decided on the forms for economic reporting to the Board of Directors of VBG Group AB. The CEO and Group CFO report the results of their internal control activities to the Audit Committee, which on an as-needed basis brings relevant issues and observations to the Committee for decisions on measures. The Group's governing documents – in the form of policies, guidelines and manuals for both financial reporting and sustainability reporting – are continually updated and communicated via relevant channels to the Group companies. There are systems and procedures in place to ensure that management has access to necessary, reliable and current information on both financial and non-financial outcomes in relation to established objectives.

On the Board, the Audit Committee bears primary responsibility for routinely evaluating the Parent Company's risk situation. The company continually carries out risk assessments to identify risks in all areas of the operation. Risks pertaining to financial reporting and sustainability reporting are assessed and monitored by Group Management and the extended management team – as well as the Board of Directors –

through the Audit Committee, based on assessments made by management through identifying material risks and how they are to be managed and counteracted. Assessment and controls also include operational management for each reporting unit, with monthly meetings being held for monitoring. As part of the Group's Enterprise Risk Management (ERM), risk assessments also encompass strategic, operational, financial and compliance risks. Sustainability topics are an integral part of these efforts, which mean that climate impact, resource use, social factors and regulatory changes linked to sustainability are included in the risk assessment. These new demands under the CSRD reinforce the requirements for identifying, managing and reporting sustainability risks, especially those pertaining to climate impact. The risk of errors in financial reporting is assessed on the basis of such criteria as the complexity of the accounting policies, principles for evaluation of assets and liabilities, and changes in business relationships. Sustainability risks are similarly assessed, on the basis of their likelihood and potential impact on operations, the Group's stakeholders and long-term value creation. The risks identified, along with the required mitigating control objectives, are compiled into a framework for internal control pertaining to financial reporting. This framework was updated in 2025 to include climate-related risks and control measures, which enhance the Group's capacity for conducting its operation responsibly, and with a long-term perspective aligned with both financial and non-financial targets.

8 Internal control and risk assessment

Under the Swedish Companies Act, the Swedish Annual Accounts Act (SFS 1995:1554) and the Swedish Corporate Governance Code, the Board of Directors is responsible for securing an efficient structure for internal control and risk management. The aim is to ensure reliable financial and non-financial reporting as well as an efficient and appropriate operation in accordance with applicable laws, regulations and internal governance documents.

VBG Group's control environment forms the basis of internal control, and is built on a clear organization with defined responsibilities, authorities, policies, guidelines and reporting procedures. The Board of Directors has established rules of

procedure and instructions for the CEO and Audit Committee that clarify the allocation of responsibilities and ensure efficient management of the operational risks.

The Audit Committee has a role in overseeing compliance with the policies for financial reporting and internal control, as it does for maintaining an appropriate dialogue with the company's auditor. The CEO and Group CFO routinely report the results of their internal control activities to the chair of the Audit Committee, which on an as-needed basis brings issues to the Committee for decisions on measures. The Group's governing documents – policies, guidelines and manuals – cover both financial and sustainability reporting in accordance with the CSRD. These are updated and communicated to the companies and functions concerned. There are systems and procedures in place to ensure that management at all levels has access to reliable and current information.

Risk assessments are routinely conducted within the Group and encompass strategic, operational, financial, compliance and climate-related risks. The risk of errors in financial reporting is assessed on the basis of the complexity of the accounting policies, evaluation issues and changes in business relationships. Sustainability topics such as climate impact, work environment and supply chains are integrated into risk management. The risks identified and control measures are compiled into the Group's framework for internal control over financial and sustainability reporting. This framework is updated in pace with regulatory changes and the Group's performance. The Board regularly monitors the efficiency of internal controls through reporting from Group Management and the Audit Committee. Given the relatively simple structure of the Group, the Board has decided that a separate internal audit function is not necessary. Instead, compliance with governance and internal control systems is continually monitored by the finance organization at the divisional and Group levels.

Information and communications

VBG Group's governing documents for financial reporting comprise guidelines, policies and manuals to ensure completeness and correctness in external communications. Internal information and communications have to do with creating an awareness among the Group's employees concerning external and internal governance instruments, including pow-

CORPORATE GOVERNANCE REPORT

ers and responsibilities. Information and communications regarding internal governance instruments for financial reporting are available for all concerned employees. Other key governing instruments are training courses and the Group-wide intranet. Awareness of the Group's targets, guidelines and activities that are carried out within the scope of the sustainability framework – both at Group level and in each division – is also created as part of the Group's sustainability agenda. This includes routine communication about the Group's sustainability activities, monitoring of ongoing activities, and training initiatives to strengthen the knowledge of employees. Integrating sustainability activities into the Group's information and communication flows ensures that sustainability matters are a natural and clear part of the business.

Control activities

The Group's companies are organized into three divisions. The management group in each division includes a divisional CFO, who has a central role in analyzing and monitoring the division's financial reporting and earnings. The Parent Company has employees who are responsible for the consolidated financial statements and routinely analyze and monitor financial reporting from the Group, divisions and subsidiaries. The Parent Company's CFO is responsible for optimizing the Group's cash management – how it handles liquidity and foreign currencies – as well as for communication with all the companies in the Group. Moreover, there is a Group Sustainability Reporting Manager who is responsible for coordination and quality assurance of the Group's Sustainability Report and ensuring that the Group complies with applicable regulations and reporting requirements. In order to promote the exchange of experience and ensure uniform procedures, financial conferences are regularly held with key staff from the subsidiaries participating. These meetings address key areas such as financial reporting, internal control and cash management, and also issues related to sustainability reporting and its integration into the Group's governance procedures.

Follow-up

The Board of Directors is informed on a monthly basis, via a report from the CEO and CFO, about the Group's performance in terms of sales, earnings and other key events and

activities. In conjunction with the interim reporting, the Board receives a more comprehensive reporting package on a quarterly basis with complete information on the Group's and divisions' performance, earnings, financial position, cash flow and sustainability activities. This reporting package includes outcomes and forecasts as well as analysis and commentary.

Internal audit

The Group has a relatively simple operational structure with three divisions, each consisting of small- or medium-sized legal entities with varying platforms for internal control. The Parent Company has appointed a Head of Internal Control, and all three divisions have appointed their own heads of internal control. Compliance with the company's governance and internal control systems is regularly monitored by the CFO and the controllers at the divisional and Parent Company level. In addition, functions in both the finance and sustainability organizations conduct routine internal controls and analyses of the companies' reporting – both financial and sustainability-related – to ensure performance and compliance with processes and requirements.

In 2025, reporting errors attributable to the inventory valuation were discovered at the Polish company in the Mobile Thermal Solutions division. The errors – which arose in connection with a previous replacement of the ERP system in 2022 – were analyzed and corrected, and have been transparently reported in the year-end report for 2025. In light of this, the Group has strengthened monitoring and internal control processes in the areas concerned. Taking the structure of the Group, the scope of the control activities carried out and the reinforcements implemented into account, the Board deems the current model to be appropriate. The Board has therefore chosen not to establish a dedicated internal audit function.

9

**Operating activities
– Chief Executive Officer**

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

Chief Executive Officer

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

The CEO holds 10,095 shares.

10

Group Management

Group Management comprises three persons from the Parent Company: President and CEO Anders Erkén, Group CFO Fredrik Jignéus, and EVP Corporate Responsibility & Group HR, Group Privacy Officer Christina Holgerson.

Group Management holds regular monthly meetings where earnings performance, and reporting before and after Board meetings, are addressed. The agenda also includes strategy and business planning, discussions on objectives, investments, internal control, policy issues and review of the market situation, the economic trend and other external factors that affect the operation. Furthermore, major Group and division-related projects are discussed and decided on. To pursue development in Group-wide issues, Group Management has delegated responsibility for sustainability to an interdisciplinary group consisting of representatives for various functions in the Group, and in certain cases representatives of business area management as well.

The Sustainability Council pursues sustainability issues within the Group. The Chairman of the Sustainability Council is a member of Group Management and is responsible for

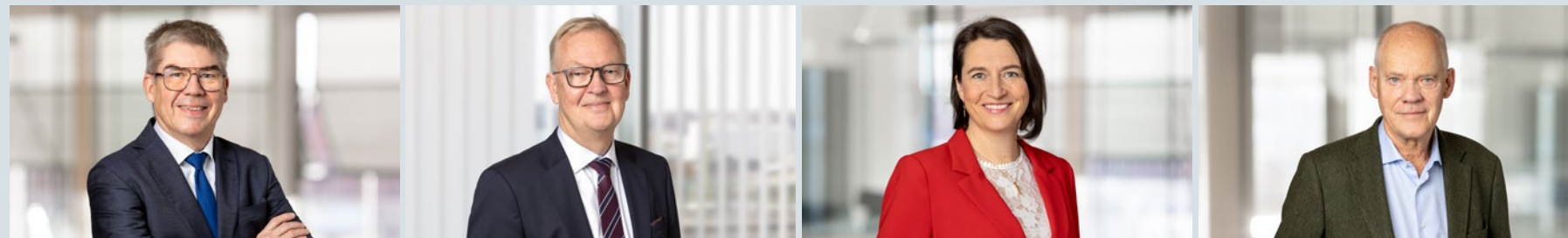
sustainability matters. The Sustainability Council has a clear mandate and decision-making system, and reports to Group Management. Read more about sustainability governance on pages 53–54.

Internal governance processes

Governance of the VBG Group is based on the Group's vision, business concept and strategies. Under the Board of Directors, the President and Group Management, responsibility for operational activities is decentralized to three divisions. Functions such as accounting and finance, HR, IT, legal affairs, intellectual property, and acquisition-related matters are coordinated through the Parent Company. In the shorter term, the Group works on an annual business plan that encompasses both operational and financial targets. The plan is based on the Group's strategic initiatives in growth, profitability and sustainability and is developed per division. Monitoring is on both a monthly and a rolling 12-month basis. For the longer planning horizon, the business plans also include larger activities as well as financial information for an additional two years, which are a central element of the Group's strategic governance and financial planning. The divisions are managed through established business processes in areas such as marketing, sales, purchasing and production. Similarly, there are procedures for sustainability activities, with each division being responsible for implementing the Group's goals and guidelines in its own operations. This encompasses both activities and objectives linked to climate impact, resource efficiency and social issues, which are monitored as part of the framework for ordinary governance procedures. Results are tracked through routine financial reporting, and this monitoring is supplemented as needed with separate analyses of sustainability activities and implemented measures.

The information on pages 43–45 in the Corporate Governance Report pertains to ESRS 2 GOV-1.


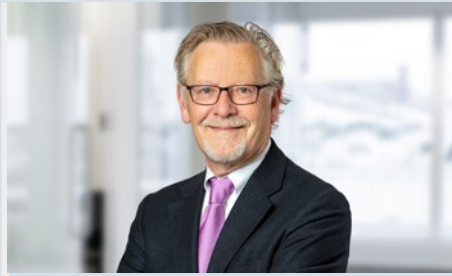


Board of Directors and auditors



Members	Anders Birgersson	Anders Erkén	Louise Nicolin	Peter Augustsson
Position on the Board	Chairman of the Board	Board member	Board member	Board member
Committee work	Compensation Committee and Audit Committee			
Current position	Professional board member	President and CEO, VBG Group	CEO and owner of Nicolin Consulting AB since 2011.	Chairman of Peter Augustsson Development AB since 2005.
Education	MSc. Eng., Mechanical Engineering, Chalmers University of Technology. Business Economics, University of Skövde.	MSc. Eng., Mechanical Engineering, Luleå University of Technology.	MSc. Eng., Molecular Biotechnology, Uppsala University. Executive MBA, Stockholm School of Business. International Directors Program (IDP-C), INSEAD, Paris.	MSc. Eng., Mechanical Engineering, Chalmers University of Technology.
Elected	2001	2023	2014	2011
Born	1958	1964	1973	1955
Other Board assignments	Chairman of the Board of A.P. & T. AB; Vice Chairman of Sparbanken Lidköping AB; Board Member of Concil Tranquility 14 AB, Herman Krefling Foundation for Allergy and Asthma Research, the Gabriel Foundation and the Korsvägen Foundation.	Board member of the West Sweden Chamber of Commerce. Board member of Technology Industries of Sweden, Region West.	Chairman of the Board of Sensum AB and Aktiebolaget Lofab. Board member of Enzymatica AB, Optinova Group Ab (Finland).	Chairman of the Board of PA-Development. Board member of Walleniusrederierna AB and Kemphanen Invest AB.
Work experience	President and CEO VBG Group, 2001–2022. Previously worked in various positions within several international engineering groups: ESAB, 1997–2001; SKF, 1989–1997; ABB, 1979–1988.	Division Manager for Truck & Trailer Equipment 2007–2022, and Executive Vice President VBG Group. Site manager, Imaje AB, 2004–2007. Production and logistics manager, ESAB AB, 1990–2003.	Consultant in corporate governance, business development and quality assurance. Marketing Manager and Business Area Head at Plantvision 2007–2011. Contractor and consultant in medtech and the pharmaceuticals industry, 1998–.	Has been active in the automotive and component industry since 1978. Saab Automobile AB, 1998–2005. SKF AB, 1994–1998. Volvo Personvagnar AB, 1978–1994.
Remuneration¹, SEK	813,500	0	307,500	307,500
Attendance at Board meetings	13 (13)	13 (13)	13 (13)	12 (13)
Attendance, Audit Committee	4 (4)	—	—	—
Attendance, Compensation Committee	2 (2)	—	—	—
Own shareholding and shareholding of related parties	1,017	10,095	—	1,100
Independent of the company	No	No	Yes	Yes
Independent of major shareholders	No	No	Yes	Yes

¹ Remuneration approved at the 2025 AGM, including remuneration from the respective committees as allocated by the Board.

BOARD OF DIRECTORS AND AUDITORS

				
Members	Anna Stålenbring	Mats R. Karlsson	Cecilia Pettersson	Alexander Andersson
Position on the Board	Board member	Board member	Employee-elected Board member and employee representative, white-collar employees	Employee-elected Board member and employee representative, blue-collar employees
Committee work	Audit Committee	Compensation Committee		
Current position	Consultant and owner of A Advisory AB since 2015.	Chairman of Mats R. Karlsson & Partners AB since 2017.	Employee in the purchasing and logistics division of VBG Group Truck Equipment AB. Employed since 1998.	Property technician at VBG Group Truck Equipment AB. Employed since 2019.
Education	Bachelor's in Business Administration, Växjö University. Advanced Management Program (AMP), INSEAD, Fontainebleau.	MSc. Eng., Industrial Economics, Institute of Technology at Linköping University.	Three-year economics program.	Upper secondary welding education, Uddevallas praktiska.
Elected	2020	2018	2011	2022
Born	1961	1958	1968	1993
Other Board assignments	Board member of Troax Group AB, Lammhults Design Group AB, Engcon AB and Investment AB Chiffonjén.	Chairman of the Board of Construction Equipment Group AS, Scandinavian Astor Group and Mats R. Karlsson & Partners. Board member of Fergas Group AB.	—	—
Work experience	Executive positions in industry, primarily at Itab, 1986–1994 and Nefab 1994–2016. Consulting activities 2016–.	President and CEO of Axel Johnson International, 2008–2016. President of AxFlow, 2004–2008. Business Area President of Munters Humicool Europe, 1998–2004. Business Area Manager, Primus-Sievert, 1993–1998. Head of Business Development at Sanitec (1990–1993) and Atlas Copco (1985–1990).	—	—
Remuneration¹, SEK	431,500	340,000	—	—
Attendance at Board meetings	12 (13)	11 (13)	12 (13)	12 (13)
Attendance, Audit Committee	4 (4)	—	—	—
Attendance, Compensation Committee	—	2 (2)	—	—
Own shareholding and shareholding of related parties	2,000	—	—	600
Independent of the company	Yes	Yes	—	—
Independent of major shareholders	Yes	Yes	—	—

1 Remuneration approved at the 2025 AGM, including remuneration from the respective committees as allocated by the Board.

Employee-elected deputy Board member

Karin Pantzar

Deputy Board member since 2010. Employee representative, white-collar employees.

Born 1977

Employed at VBG Group Truck Equipment AB since 1998.

Auditor

Andreas Mast

Ernst & Young AB
Auditor in charge.

Born 1979.

Authorized Public Accountant
Auditor of the company since 2021.

Group Management



Management	Anders Erkén	Fredrik Jignéus	Christina Holgerson
Current position	President and CEO	EVP & Group CFO	EVP Corporate Responsibility & Group HR, Group Privacy Officer
Born	1964	1978	1965
Education	MSc. Eng., Mechanical Engineering, Luleå University of Technology.	Bachelor of Economics, Karlstad University.	Engineer, Mechanical Engineering specialization, Nils Ericsonsgymnasiet. Diploma in human resources, Institute of Business Economics. Certified data protection officer.
Employed	2007	2020	1986–1996 and from 2000
Work experience	Division Manager for Truck & Trailer Equipment 2007–2022, and Executive Vice President VBG Group. Site manager, Imaje AB, 2004–2007. Production and logistics manager, ESAB AB, 1990–2003.	Group CFO at the Ernström Group, 2016–2020. CFO Stampen Media, 2015–2016. Investment Manager/CFO at Stampen Media Partner, 2007–2015. PWC M&A and Corporate Finance consultant, 2004–2007; Audit 2002–2004.	Various positions within the VBG Group, including as Designer, Quality Manager for purchasing and as Quality and Environmental Manager. Many years of experience from the automotive industry, including within the Brink Group, 1996–2000 as Quality and Environmental Manager.
Board assignments	Board member of the West Sweden Chamber of Commerce Board member of Technology Industries of Sweden, Region West.	Secretary of VBG Group AB (publ) since 2020.	
Own shareholding and shareholding of related parties	10,095	3,303	—

Guidelines for remuneration and other terms of employment for senior executives

Scope and application of the guidelines

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

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

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

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

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

Forms of remuneration

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

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

Criteria for disbursement of variable remuneration

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

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

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

The period forming the basis for assessing whether or not the criteria have been met (the measurement period) must be

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

Salaries and conditions of employment for employees

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

Period of notice and severance pay

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

Departure from the guidelines

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

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

Vänersborg, as per the date indicated
by our electronic signature

Anders Birgersson
Chairman of the Board

Anders Erkén
President and CEO

Peter Augustsson
Board member

Louise Nicolin
Board member

Mats R. Karlsson
Board member

Anna Stålenbring
Board member

Alexander Andersson
Employee representative

Cecilia Pettersson
Employee representative

Auditor's report on the corporate governance statement

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2025 on pages 38-48 and that it has been prepared in accordance with the Annual Accounts Act.

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.

The scope of the audit

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

Gothenburg, date as indicated by our electronic signatures
Ernst & Young AB

Andreas Mast
Authorized Public Accountant



SUSTAINABILITY REPORT

Active sustainability agenda that creates value

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In 2025, we deepened our sustainability efforts and took important steps from preparation to implementation. We introduced a new emissions target, implemented new sustainability reporting procedures and conducted training that has built broad alignment across the Group.

“In 2025, our sustainability efforts advanced significantly, supported by broad alignment across the organization.”

Christina Holgerson
EVP Corporate Responsibility
& Group HR, Group Privacy Officer

Our sustainability agenda

In 2025, VBG Group transitioned from preparation to implementation, as it marked our first year of reporting under the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). We continued to build on the foundation established in 2024 prioritizing the integration of sustainability in central operating procedures. In doing so, we took crucial steps to move beyond compliance and create long-term value for our stakeholders and society at large.



Environment

The environmental agenda focuses on how VBG Group's own operation and value chain impacts the climate and the environment. It highlights key environmental aspects, priority areas and how environmental considerations are integrated into business decisions, procedures and monitoring to reduce negative environmental impacts and strengthen long-term resilience.

Significant events in 2025

- Adopted a new sustainability target: a 62% reduction in Scope 3 GHG emissions by 2040 (base year 2024). [Read more on page 24 >](#)
- Planned life cycle assessments for larger product families. [Read more on page 24 >](#)
- Implemented measures to reduce energy consumption, GHG emissions and volumes of waste. [Read more on page 25 >](#)

Targets

- Climate neutrality by 2043.
- Achieve a 50% reduction in Scope 1 and 2 emissions by 2030, compared to base year 2024.
 - All of VBG Group's production facilities are to be ISO 14001 certified.
- Reduced Scope 3 emissions.
 - Reduce volumes of waste in the value chain by 2030.
 - 35% of suppliers of direct materials are to be ISO 14001 certified by 2030.



Social

Within the social area, VBG Group reports on targets, ambitions and approaches linked to employees, human rights and social conditions in the value chain. This section covers issues such as diversity, equality, inclusion and health and safety, and how these areas are addressed in practice.

Significant events in 2025

- Developed and implemented a new Personal Protective Equipment Policy. [Read more on page 24 >](#)
- Developed and implemented a new Workplace Health and Safety Policy. [Read more on page 24 >](#)
- Trained Group Management and Division Managers in diversity, equal treatment and inclusion. [Read more on page 26 >](#)

Targets

- No serious workplace accidents.
- Increase the proportion of women in the Group to at least 30% by 2030.
- Female representation in executive positions.
- Female representation in Division Management teams.
- 100% of the suppliers of direct materials comply with VBG Group's Code of Conduct.



Governance

VBG Group's governance framework ensures responsible and transparent business practices. It covers efforts related to business conduct, internal control, compliance and governance processes that support good corporate governance and long-term sustainable decision-making.

Significant events in 2025

- Internal audits of the sustainability reporting. [Read more on page 24 >](#)
- Sustainability training courses for acquired companies. [Read more on page 26 >](#)
- 100% of the employees invited took our annual training course in the Code of Conduct. [Read more on page 88 >](#)
- Implemented actions following reported cases of whistleblowing and discrimination. [Read more on page 84 >](#)

Targets

- 100% participation by all invited employees in our annual Code of Conduct training.

General disclosures

Basis for preparation

BP-1

General basis for preparation of sustainability statements

The sustainability statement has been prepared in accordance with the ESRS standards adopted by the EU Commission and covers fiscal year 2025, aligned with the financial reporting period. Disclosures in the Environmental, Social, and Governance (ESG) areas reflect material topics that are either identified in our double materiality assessment (DMA) or are required under ESRS standards. The report has been prepared on a consolidated basis in accordance with the same principles applied in the financial statements, and encompasses all companies controlled by VBG Group. No subsidiaries are fully exempt from individual or consolidated sustainability reporting.

However, a standardized and time-limited phase-in model for sustainability reporting is applied to newly

acquired companies as part of the Group's post-acquisition integration process. This model is intended to ensure good data quality, comparability and internal control before full sustainability reporting commences. Normally, the phase-in model covers a period of two quarters from the date of acquisition. During this period, priority is given to establishing governance, allocation of responsibilities, shared understanding, and procedures and systems support for data collection, along with internal training. Full reporting of sustainability data commences when these conditions are in place. Therefore, in some cases, sustainability information from newly acquired companies is not available for the full reporting year. For this reason, M.A.T. Malmédie Antriebstechnik GmbH, which was acquired in July 2025, has not provided sustainability information for fiscal year 2025, since its first regular reporting takes place in the first quarter of 2026. Italytec Imex Indústria e Comércio Ltda. and Ledson Lights AB, which were acquired in late January and early April 2025 respectively, are included in this consolidation, but do not provide sustainability information for full fiscal year 2025. This is deemed not to have a significant impact on the overall outcome. The inclusion of these three companies in the full-year sustainability reporting is planned as of fiscal year 2026.

This report contains information on the Group's internal operations as well as upstream and downstream activities in the value chain. Impacts, risks and opportunities have been assessed for the entire value chain. The Group's policies, objectives and actions apply to employees and own operations and, where relevant, also apply to the value chain.

The focus of the reporting is primarily upstream in the value chain, aligned with the "cradle to gate" perspective

since access to information downstream in the value chain is limited at present. Since the EU has not yet approved the digital taxonomies for ESRS and Article 8, the Sustainability Report has not been labeled in the format indicated in Chapter 6, Paragraph 14 of the Swedish Annual Accounts Act.

BP-2

Disclosures in relation to specific circumstances *Sources of uncertainty in estimates and outcomes*

All GHG emissions are calculated in accordance with the GHG Protocol guidelines and reported at the company level in our reporting system. Scope 1 and 2 emissions are calculated primarily on the basis of activity data from the company's own operations, such as fuel and electricity consumption, as well as data from purchase records and invoices. Although these calculations are largely based on primary data, some measurement uncertainty will arise due to the use of generic emissions factors, especially for electricity and fuels. These factors do not always account for variations in fuel mix, production methods or local market conditions, which can lead to discrepancies between estimated and actual emissions. This is a primary source of uncertainty in reporting. For Scope 3 reporting, activity data is used in combination with emissions factors. In several categories, it is impossible in practice to collect complete supplier-specific data – for example, in Category 7 related to employee commuting. More generic or overall activity data and emission factors are used in these cases.

Application of phase-in alternatives

In accordance with the EU Commission's "Omnibus Quick Fix" amendments, VBG Group will not provide complete

disclosures about certain areas, and disclosures during the immediately following reporting periods. Specifically for fiscal year 2025, we have taken the opportunity to omit disclosure requirements E1-9 and E2-6 that relate to the anticipated financial impact of climate and pollution-related risks and opportunities. Furthermore, disclosure requirement S1-15 on work-life balance has been excluded, as are all disclosure requirements possible to phase in under E4 (Biodiversity and ecosystems), S3 (Affected communities) and S4 (Consumers and end-users).

The primary reasons for utilizing these phase-in options are the limited availability of reliable data and the need to further develop internal processes, methodologies and governance documents. In parallel with the phase-in application, VBG Group's double materiality assessment shows that biodiversity and ecosystems (E4), affected communities (S3), and consumers and end-users (S4) are material sustainability topics. This assessment identifies both negative and positive potential impacts, including impacts from emissions and raw materials extraction in the supply chain, as well as opportunities for creating positive impacts through safe and functional products. Despite the materiality of these topics, there is an absence of specific policies, targets and action plans. However, some basic principles are covered by existing governance documents, such as the Group's Code of Conduct, which clearly sets out requirements on human rights, labor conditions and environmental responsibility; the Workplace Health & Safety Policy; and the Global Policy Against Any Form of Discrimination, which ensures an inclusive and non-discriminatory approach across the value chain.

Efforts at developing governance, objectives and indicators for these material areas are in progress and will intensify ahead of reporting as of 2026. More detailed



GENERAL DISCLOSURES

information on how the Group intends to establish policies, measures, targets and monitoring for E4, S3 and S4 is presented in the section on minimum disclosure requirements for phased-in material areas on page 60.

Comprehensive data in the value chain will be progressively integrated as internal systems mature. This approach is consistent with the transitional provisions allowing undertakings to limit value chain information to in-house data during the first three years of reporting.

The temporary possibility to deviate from full reporting requirements provides the Group with the necessary time and scope to gather more detailed and consistent information, refine internal routines and ensure that future disclosures are reliable, comparable and useful for decision making. The Group thus creates the conditions for delivering more informative and high-quality sustainability disclosures over time.

Differences in data coverage resulting from phase-in of newly acquired companies

The financial reporting and sustainability reporting have been prepared on the basis of the same Group delimitation. At the same time, some differences between financial disclosures and sustainability-related KPIs may arise, such as disclosures about the size and composition of the workforce. For newly acquired companies, financial information is included in the consolidated financial statements from the date of acquisition, in accordance with the applicable accounting policies. However, sustainability information is covered by a gradual phase-in as part of the Group's integration procedure for sustainability reporting. This means that some sustainability data for fiscal year 2025 does not fully reflect the Group's total activities or number of employees throughout the year.



GENERAL DISCLOSURES

Governance

GOV-1, GOV-2
Group management of sustainability

The Group's sustainability activities are managed through a joint structure that combines central coordination with decentralized implementation. Each division works toward the Group's overarching sustainability targets while pursuing division-specific objectives defined by materiality.

The Board of Directors holds ultimate responsibility for ensuring a credible and effective sustainability strategy. Group Management oversees sustainability-related matters, supported by the Sustainability Council, which translates strategic priorities into measurable actions. The Council proposes Group-wide sustainability targets, aligns the sustainability agenda across divisions, and ensures that action plans exist. Collectively, these bodies possess the necessary expertise and experience to guide responsible business conduct and integrate sustainability considerations into strategic decision-making.

Led by the Group's Head of Sustainability, the Sustainability Council holds regular meetings to monitor progress against established strategies, targets and activities. Members include the divisional Heads of Sustainability, the Group's sustainability analysts and the Group Communication Officer. Each division is responsible for implementing agreed actions and reporting sustainability data. The divisions provide quarterly updates and data to Group Management via the Division Managers. Two to three meetings are held per reporting period to exchange

information and follow up on reporting. Access is provided to extensive training materials through the data collection platform, and relevant meetings and training sessions are offered to ensure consistent reporting, accountability, and alignment across all divisions.

VBG Group's policies are applied Group-wide and form a key part of a decentralized control environment with clearly defined and documented responsibilities. Group Management ensures that appropriate procedures and internal controls are established and maintained. Sustainability matters that are addressed at the Board level via the Group's Heads of Sustainability include the approval of policies, Group-wide targets, monitoring of progress against KPIs, and evaluation of risks and opportunities that may affect long-term value creation. This ensures that sustainability considerations are embedded in governance and decision-making at the highest level.

In addition, sustainability responsibilities are integrated into the Group's overall governance framework, ensuring that strategic decisions consider material sustainability impacts, risks, and opportunities. The Board and Group Management actively oversee the alignment of sustainability targets with the business strategy and risk management processes. For more information on the Board of Directors and Group Management, refer to pages 40 and 43.

Body	Number of people	Women	Men	Proportion of women, %	Proportion of independent non-executive members, %
Board of Directors	6	2	4	33	67
Group Management	3	1	2	33	—

Sustainability governance

The model below describes how sustainability initiatives are governed in VBG Group.

Sustainability strategy
VBG Group Board of Directors

Assignment Reporting

Governance
VBG Group – Group Management

Support, checks Routine reporting

Sustainability Council

Routine communication

Our focus areas
Environment
Social
Governance
Double materiality assessment
Stakeholders

 Employees
 Customers
 Suppliers and other partners
 Owners and foundations
 Investors
 Society

Material areas
Climate change
Pollution
Biodiversity and ecosystems
Own workforce
Workers in the value chain
Affected communities
Consumers and end-users
Business conduct
Targets
Activities

GENERAL DISCLOSURES

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

VBG Group currently does not have any incentive schemes or remuneration policies linked to sustainability-related performance for members of the administrative, management, or supervisory bodies.

GOV-4
Statement on sustainability due diligence

VBG Group applies a structured approach to due diligence as part of its governance and compliance framework.

To identify and manage negative impacts, VBG Group integrates sustainability risks into its risk management framework, which covers climate-related, operational, strategic and financial risks as well as regulatory compliance risks. This process includes assessing the likelihood and severity of identified risks and implementing limited measures at both the divisional and Group levels. Environmental due diligence is embedded in the Climate Policy, which addresses emissions across the entire value chain and aligns with the Paris Agreement.

GOV-5
Risk management and internal controls
Risk management

In 2025, we updated our Enterprise Risk Management (ERM) framework to systematically identify, assess, prioritize and monitor risks with potential financial impacts. This framework is governed by VBG Group's Enterprise Risk Management Policy, which sets out the principles and process for risk management across the Group, including roles, responsibilities and reporting routines. The framework covers climate-related, operational, strategic, financial and compliance risks. It also includes risks linked to value-chain relationships, such as supplier dependencies and customer-related exposures, to capture a broader risk perspective. The framework is utilized on a divisional level and aggregated on VBG Group level.

Internal control

Our internal control environment is built on a clear organizational structure, policies, guidelines, reporting routines, defined responsibilities and documented instructions. All policies are approved by Group Management and, when applicable, the Board of Directors, and apply to all companies and employees within the Group. Governance documents are regularly updated and communicated throughout the organization. VBG Group's most comprehensive global policy is the Code of Conduct, which sets out how the Group interacts with stakeholders, employees and society. Complementing this, additional global policies address social issues and compliance, with sustainability-related policies forming a key part of the governance framework.

During 2025, an internal control program for sustainability reporting was established. Through the program, our main risks have been identified and corresponding controls implemented. The program is closely aligned with the ERM framework to ensure consistency between financial and sustainability risk management and to strengthen data integrity across all reporting areas. Findings from risk assessments related to sustainability reporting are

Information about VBG Group's due diligence procedures is found in the sections below.

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	SBM-3, GOV-2, GOV-5
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2, IRO-1
Identifying and assessing negative impacts	SBM-3, IRO-1
Taking actions to address those negative impacts	E1-3, E2-2, S1-2, S1-3, S1-4, S2-2, S2-3, S2-4, G1-2, G1-3
Tracking the effectiveness of these efforts and communication	E1-4, E1-5, E1-6, E1-8, E2-3, E2-4, E2-5, S1-6, S1-7, S1-8, S1-9, S1-10, S1-11, S1-12, S1-13, S1-14, S1-15, S1-16, S1-17, S2-5, G1-4, G1-5, G1-6

Policies linked to sustainability

- Code of Conduct
- Climate Policy with Transition Plan
- Enterprise Risk Management Policy
- Global Policy Against Any Form of Discrimination
- Global Policy – Gender Identity and Expression Equality
- Global Policy Against Harassment
- Global Privacy Policy
- Global Travel Policy
- Insider Policy
- Policy for Related Party Transactions
- Sustainability Policy
- Workplace Health & Safety Policy
- Global Information Security Policy
- Whistleblower Directive

reported periodically to administrative, management and supervisory bodies, following the same procedures used for financial reporting.

The program is anchored in VBG Group's governance structure, where policies and routines guide how information is collected, reviewed and communicated. Clear responsibilities at divisional level facilitate consistency in data quality, while structured reporting channels to Group Management create transparency and enable timely follow-up on any deviations.

GENERAL DISCLOSURES

Strategy and Business Model

SBM-1
Our strategy

Sustainability is an integral part of our overall business strategy and a key driving force in long-term value creation. Our approach is oriented on managing climate, environmental and social matters, identifying risks and opportunities, and taking proactive measures to minimize our impact from a sustainability perspective. We operate under a decentralized business model where the Parent Company provides strategic direction, while each division develops specific targets and strategies within the Group's sustainability framework. By integrating environmental, social, and governance aspects into daily operations and strategic decision-making, we aim to foster responsible growth and innovation in line with the Group's overarching objectives.

Progress in our sustainability efforts is regularly measured and monitored. Oversight and coordination are exercised by the Sustainability Council, which monitors

performance, issues proposals for adjustment of targets, and drives continuous improvement across all divisions. Sustainability performance is monitored across Environment, Social and Governance areas, with regular reporting to the Sustainability Council and Group Management to ensure management and continuous improvement. Through close collaboration across divisions, VBG Group ensures that sustainability principles are embedded in product development, production processes and supply chains. Our value chain extends over upstream activities such as raw materials sourcing and supplier engagement, internal operations including manufacturing and logistics, and downstream distribution to customers. We are committed to reducing our environmental footprint, promoting a safe and inclusive workplace, and maintaining high ethical standards in all business relationships. Stakeholders such as employees, customers, suppliers, and society are engaged through ongoing dialogue, providing input for decisions and priorities.

VBG Group operates in global markets with a strong presence across multiple regions and industries. Our customers range from commercial vehicle manufacturers to several industrial segments, and our solutions are designed to enhance safety, efficiency and reliability in transport and power transmission. Market demand is increasingly shaped by trends such as electrification, automation and sustainability, which influence both our product development and strategic priorities. Long-term partnerships and close collaboration with customers enable us to respond to evolving requirements and integrate innovative, climate-conscious solutions. These dynamics create opportunities for growth while also introducing risks related to supply chain resilience, regulatory changes and technological shifts, all of which are addressed within our sustainability framework and value chain management.

Our value chain

VBG Group's value chain covers own operations as well as upstream and downstream operations, which reflects the Group's footprint in industry and its decentralized business model. It is structured to deliver sustainable and reliable solutions across all three divisions: Truck & Trailer Equipment, Mobile Thermal Solutions and Ringfeder Power Transmission (read more about the divisions on pages 100–108). Each division operates within a framework that prioritizes resource efficiency, safety and climate impact reduction. The value chain includes a diverse supplier network for raw materials and components, advanced manufacturing processes at several production facilities and global distribution channels serving to OEMs, distributors, integrators and dealers. By integrating sustainability principles into every stage, from sourcing and production to product use and end-of-life management, the Group aims to minimize environmental impact, uphold human rights and create long-term value for stakeholders.

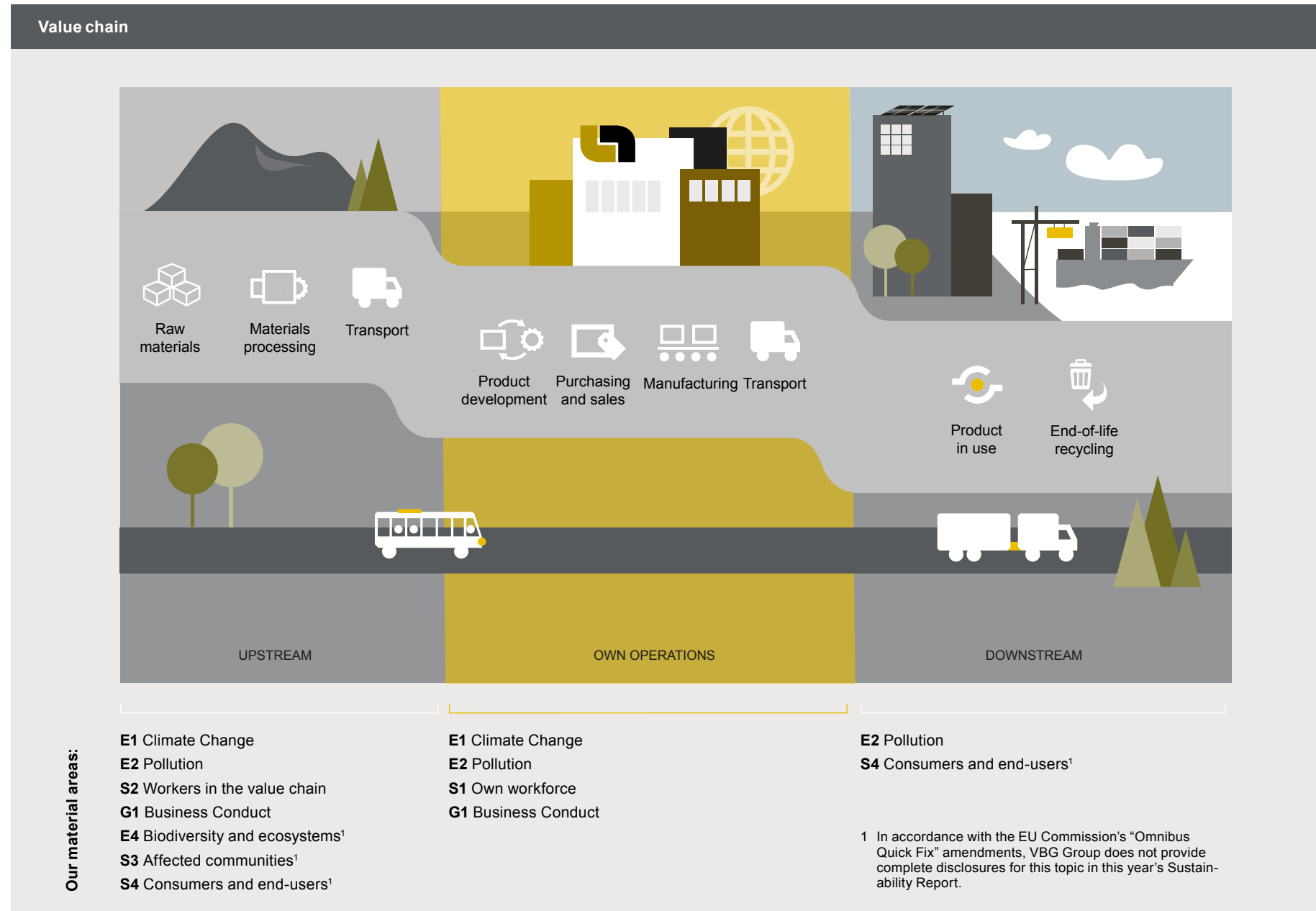
Employees by country

Country	Employees (headcount) 2025	Employees (headcount) 2024
Australia	3	3
Belgium	23	20
Brazil	253	119
Canada	547	530
China	55	54
Czech Republic	138	132
Denmark	5	5
England	7	6
Germany	187	144
India	265	270
Norway	8	8
Poland	162	171
Sweden	264	231
US	273	279
Total	2,190	1,972

To provide context on the scale and geographical distribution of our operations, the table on the left presents the number of employees by country. This overview supports the understanding of our organizational footprint. All companies report data as of December 31, regardless of the date of acquisition. The data on the number of employees by country is based on data available for the reporting period. These figures are consistent with the financial reporting, but may differ from data reported in the social section of the Sustainability Report, where more detailed definitions, delimitations and methodologies are applied. Differences can also arise as a result of newly acquired companies. Read more about this under section BP-1 General basis for preparation of sustainability statements on page 51.



GENERAL DISCLOSURES


Upstream

The upstream value chain covers sourcing and purchasing of raw materials and components from selected suppliers. Materials such as steel, aluminum and specialized components are purchased by external partners before being transported onward to production facilities and refined. Supplier relationships are governed by requirements on environmental performance, human rights and ethical business conduct, as outlined in the Group's Code of Conduct. Climate-related requirements include reporting of emissions data and improvement plans, given that Scope 3 emissions account for the majority of the Group's total climate footprint, which emphasizes the central role of the supply chain in achieving the Group's climate targets.

Own operations

The internal operation includes product development, manufacturing and logistics at facilities around the world. The Group has established routines for monitoring environmental performance and regularly evaluates potential risks related to operations and products. Truck & Trailer Equipment's production unit in Vänersborg conducts activities that either require a permit or have a reporting obligation under the Swedish Environmental Code. Processes in the Group's own operation are optimized to maximize efficiency and minimize waste. The Group invests in renewable energy solutions, such as solar panels and heat pumps. Internal operations also include stringent controls, energy efficiency measures, and continuous improvement programs to reduce Scope 1 and 2 emissions by 50% by 2030.

Downstream

Downstream activities cover distribution, customer delivery, product use and end-of-life management. Products are delivered through a network of OEMs, distributors and integrators, supported by after-sales services to extend product life and enhance safety.

GENERAL DISCLOSURES

SBM-2
Stakeholder interests and expectations

VBG Group is in continuous dialogue with its stakeholders at both the global and local levels to identify and analyze their expectations, interests and needs. We have divided our main stakeholders into six stakeholder groups:

- Employees
- Board of Directors
- Owners and foundations
- Investors
- Suppliers and other partners
- Customers

In addition to the dialogue with these stakeholder groups, it is also important for us to conduct dialogue with the local communities where we operate and have a greater influence.

In 2025, we engaged in continuous dialogue with our stakeholder groups as a supplement to the in-depth stakeholder analysis that we conducted in 2022.

Information for the stakeholder dialogue was collected from employees and the Board of Directors via surveys. Personal interviews were conducted with other stakeholder groups, with a focus on expectations of VBG Group. A total of 697 representatives participated in the stakeholder dialogue. The results of the interviews and surveys were used as a basis for the double materiality assessment that VBG Group conducted in 2024–2025. A new, in-depth stakeholder dialogue is planned for 2026.

The insights from the dialogue with the stakeholder groups provide vital information that serves as the basis when we make business decisions and design strategies, targets and action plans for our sustainability and improvement activities. The tables on pages 58–59 show which topics the stakeholder groups consider most important for VBG Group.


How VBG Group interacts with its stakeholder groups
Employees

Through continuous dialogue in the form of daily interaction, internal meetings and events, digital communication channels, employee events, the whistleblower service et cetera, we systematically capture the interests, expectations and views of employees within the VBG Group. Another important channel for safeguarding the interests of employees is the dialogue between immediate supervisors and employees, which is conducted both as part of day-to-day activities and in structured annual performance reviews. Employees are represented on the Board by two employee representatives – one for hands-on work roles and one for office-based roles.

Board of Directors

We maintain continuous dialogue with the Board to keep up to date and well informed about their expectations and interests. Interaction with the Board of Directors takes place via channels such as the Annual General Meeting and via Board meetings, where sustainability, the economic situation and the financial position are standing items on the agenda. An annual reporting plan is established each year to provide for the Board's informational needs. Another important channel for input from the Board is the ongoing dialogue between the Board and Group Management. Two representatives from the Board of Directors attend the Audit Committee meetings, which focus on monitoring the Group's internal control and risk management with regard to financial and sustainability reporting. For more information on the Board of Directors, refer to page 40.

Owners and foundations

VBG Group's largest owners comprise the three owner foundations started by Herman Krefting, the founder of VBG Group, and a number of major institutional owners. Through ongoing dialogue with our stakeholders, we gain an overview of their expectations of us. Communication with owners and foundations runs through several differ-

ent channels, where they are actively informed about VBG Group, for example, via Board meetings with the foundation, public information via VBG Group's website, social media, press releases, interim reports and the annual report. We also interact through physical and virtual meetings and events such as the Annual General Meeting, webcasts in conjunction with interim reports, and shareholder meetings and other events. For more information about our owners, refer to page 40.

Investors

Our dialogue with existing and potential investors takes place through regular meetings of various kinds, such as webcasts in connection with interim reports, the Annual General Meeting and analyst and investor meetings. We also communicate with investors via VBG Group's website as well as through press releases, interim reports and annual reports. The purpose of this dialogue is to maintain confidence in the VBG Group through transparent and reliable communication, thereby attracting more potential investors.

Suppliers and other partners

The dialogue with our suppliers and partners aims to ensure that they meet a standard that corresponds to our Code of Conduct, and to identify and analyze their expectations of VBG Group. The ongoing dialogue takes place through various channels such as routine evaluations of the Group's suppliers as well as joint development and cooperation projects.

Customers

The VBG Group regards customer dialogue as an important channel that promotes the creation of high levels of customer satisfaction and long-term competitive advantages. Our main channels for interacting with our customers include various forms of customer meetings and surveys – both digital via the Group's web sites, blogs and social media, as well as physical via meetings at various trade exhibitions and events.

GENERAL DISCLOSURES

A summary of our stakeholder dialogue

	Sustainability areas	Stakeholder groups	Stakeholder expectations of VBG Group	How VBG Group creates value based on stakeholder expectations	Target and activity tracking
Environment	<ul style="list-style-type: none"> Climate change Pollution 	<ul style="list-style-type: none"> Owners and foundations Board of Directors Investors Employees Customers Suppliers 	<p>Environmental impact</p> <p>All stakeholder groups presented on the left expect VBG Group to proactively combat climate change by reducing the Group's GHG emissions.</p> <p>The Group's Board of Directors and customers expect VBG Group to measure and monitor GHG emissions as part of its efforts to combat climate change, in line with market expectations for comparable companies.</p> <p>There is also an expectation and desire from several of the stakeholder groups to reduce the Group's environmental impact via pollution from waste, for example by reducing packaging volumes.</p>	<p>To meet stakeholder expectations, VBG Group has developed a transition plan to counteract climate change and environmental pollution by reducing the Group's GHG emissions and volumes of waste. Activities and measures are carried out in accordance with an action plan that is regularly monitored and updated.</p> <p>Targets</p> <ul style="list-style-type: none"> 50% reduction in the Group's Scope 1 and Scope 2 GHG emissions by 2030 (base year 2024). 62% reduction in Scope 3 GHG emissions by 2040 (base year 2024, including 5% in annual organic growth). 50% reduction in hazardous waste and 25% reduction in the total volume of waste per production hour by 2030 (base year 2024). 	<p>In 2025:</p> <ul style="list-style-type: none"> We adopted a new target for reducing our Scope 3 GHG emissions. The intensity figure for the Group's Scope 1 and Scope 2 GHG emissions amounted to 0.7 tCO₂eq/SEK M. The volumes of total waste and hazardous waste remained stable between base year 2024 and 2025.
Social	<ul style="list-style-type: none"> Own workforce Workers in the value chain 	<ul style="list-style-type: none"> Investors Suppliers Employees 	<p>Diversity and inclusion</p> <p>Stakeholder groups share the expectation that VBG Group is to take a proactive and strategic approach to diversity and inclusion, as regards both own workforce and workers in the value chain.</p> <p>Investors expect the proportion of women in VBG Group to be reflected in the proportion of women managers in the organization.</p> <p>Suppliers highlight the difficulties in attracting and recruiting women to the industry as a shared challenge, and expect VBG Group to work actively on the matter.</p> <p>Employees expect VBG Group to ensure an inclusive work environment where diversity is highly valued, and various perspectives and experiences based on factors such as age and gender are nurtured.</p>	<p>VBG Group is working actively on:</p> <ul style="list-style-type: none"> Promoting an inclusive corporate culture that values diversity. Creating a more equitable organization, where the gender distribution within the Group is reflected to a greater degree in the management teams. Increasing the proportion of women employees in conjunction with new recruitments. Making diversity, equality and inclusion a standing agenda item at Group Management meetings. <p>Targets:</p> <ul style="list-style-type: none"> The proportion of women in the VBG Group will be at least 30% by 2030, and the proportion of women in executive positions will follow the proportion of women in the Group as a whole. VBG Group maintains a zero-tolerance approach to discrimination. 	<p>In 2025:</p> <ul style="list-style-type: none"> Six discrimination cases were reported, of which three led to measures being taken. Diversity, equality and inclusion were a standing agenda item at Group Management meetings. The proportion of women within VBG Group was 20%, and the proportion of women in executive positions was 23%.



GENERAL DISCLOSURES

Social, cont.

Sustainability areas	Stakeholder groups	Stakeholder expectations of VBG Group	How VBG Group creates value based on stakeholder expectations	Target and activity tracking
<ul style="list-style-type: none"> • Own workforce • Workers in the value chain 	<ul style="list-style-type: none"> • Board of Directors • Customers • Suppliers • Employees 	<p>Safety</p> <p>Safety is a multifaceted topic, and our stakeholders have expectations related to own workforce and workers in the value chain, covering personal and product safety as well as safety linked to business conduct and workplace safety.</p> <p>The Board of Directors requests that a risk assessment regarding safety be performed as an integral element of the supplier procurement procedure.</p> <p>Both customers and suppliers expect VBG Group to create opportunities for cooperation and raise the level of safety even further.</p> <p>Employees are strongly committed to safety in the workplace and emphasize the importance of systematic efforts around both physical and psychosocial work environment issues to create safe and secure workplaces.</p>	<p>VBG Group makes a systematic effort to:</p> <ul style="list-style-type: none"> • Ensure that we collaborate only with suppliers and partners who share our views on safety. • Monitor the compliance with the Code of Conduct among suppliers of direct materials. • Systematically investigate all workplace accidents and incidents, and develop concrete action plans. • Work continually in close dialog with employees to strengthen both the physical and psychosocial work environment in order to create a safe and inclusive workplace that is sustainable over the long term. • Work to ensure that the Group's products promote the creation of a safer society. <p>Targets:</p> <ul style="list-style-type: none"> • 100% of the suppliers of direct materials comply with VBG Group's Code of Conduct. • Vision Zero for Type 1 accidents (accidents leading to absence from the workplace). 	<p>In 2025:</p> <ul style="list-style-type: none"> • 54% of the suppliers of direct materials were in compliance with VBG Group's Code of Conduct. • Serious workplace accidents decreased to 20 from 21. • Updated and supplemented our ERM model with climate-related risks.

Governance

Sustainability areas	Stakeholder groups	Stakeholder expectations of VBG Group	How VBG Group creates value based on stakeholder expectations	Target and activity tracking
<ul style="list-style-type: none"> • Business conduct 	<ul style="list-style-type: none"> • Board of Directors • Investors • Employees • Customers • Suppliers 	<p>Business conduct</p> <p>Stakeholders expect transparent communication of business conduct, clear processes and active efforts to ensure compliance with ethical guidelines and that VBG Group pursues responsible business conduct.</p> <p>Our stakeholders share the expectation that VBG Group's employees and suppliers should act in accordance with our Code of Conduct, and that we monitor compliance on a regular basis. Furthermore, there is an expectation that we train employees in our Code of Conduct and in the available paths for reporting suspicions of violations against the Code of Conduct.</p>	<p>Business conduct is a high priority in VBG Group. With our Keystones and Code of Conduct as a basis, we are proactive in maintaining a transparent and responsible corporate culture where we conduct business on fair terms. We make a systematic effort to:</p> <ul style="list-style-type: none"> • Train our employees in the Code of Conduct on a regular basis. • Encourage reporting where suspected violations of our Code of Conduct are concerned, via our whistleblower service. • Conduct routine supplier audits and spot checks to ensure compliance with our Code of Conduct. • Spread awareness of our Keystones by highlighting them in strategic locations at VBG Group worksites, both digitally and physically. <p>Targets:</p> <ul style="list-style-type: none"> • All invited employees must complete the VBG Group Code of Conduct training annually. 	<p>In 2025:</p> <ul style="list-style-type: none"> • Three cases requiring action were reported via the whistleblower service. • 100% of all invited employees completed VBG Group's annual training course in the Code of Conduct.

GENERAL DISCLOSURES

Double materiality assessment process

SBM-3, IRO-2

Material areas for VBG Group

In our 2024 double materiality assessment, we identified eight material areas, which are presented in the illustration to the right. The assessment procedure considered both impact materiality (impact on people and the environment) and financial materiality (impact on the Group's performance). No new material topics were identified during the annual review. The existing topics reflect the Group's most significant impacts, risks, and opportunities going forward as well. The assessment methodology included stakeholder input from customers, suppliers, employees, and investors to ensure that the topics identified reflect both internal priorities and external expectations. This engagement was supplemented by internal workshops, interviews, and analyses of global sustainability trends to detect emerging risks and opportunities.

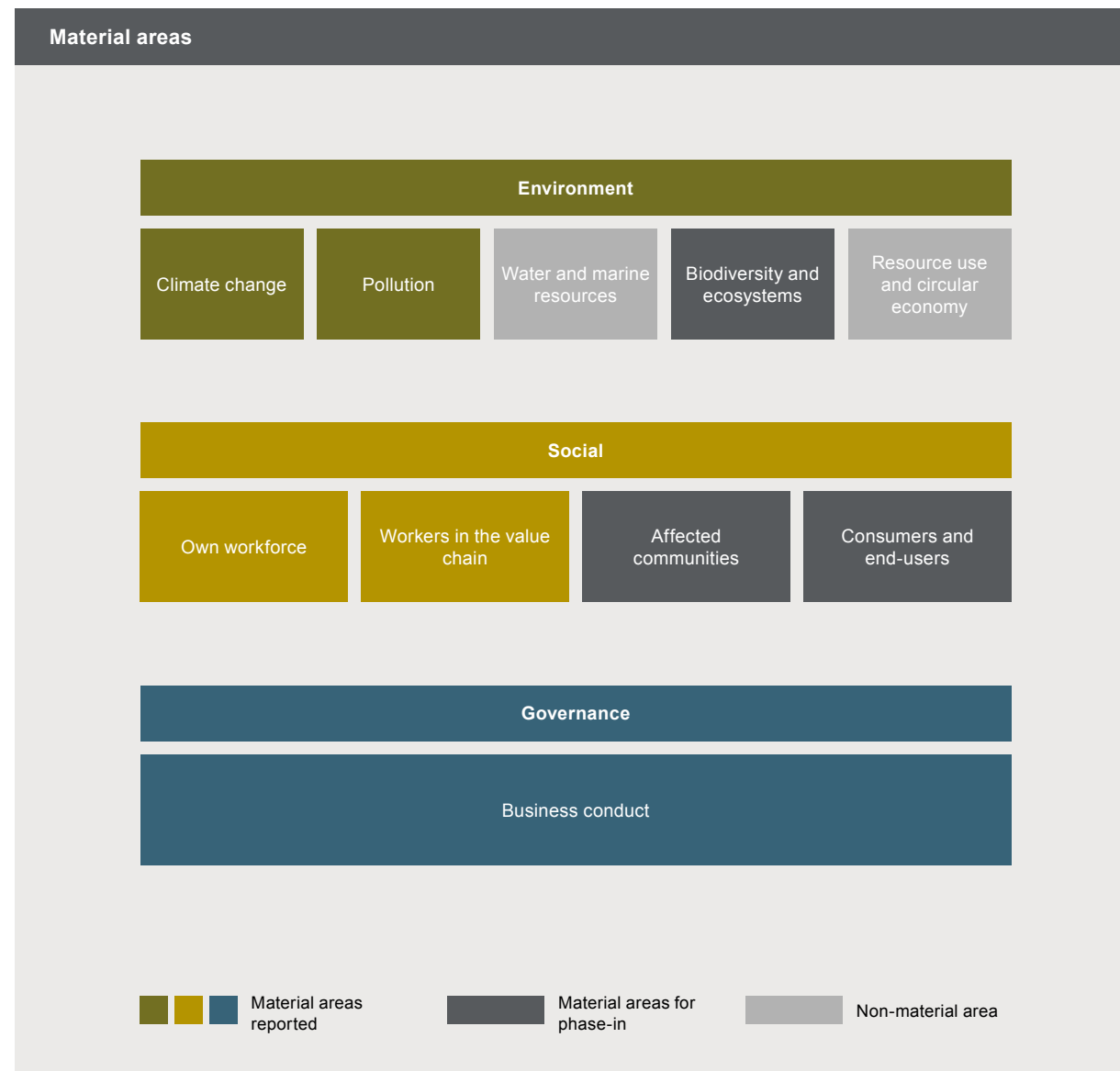
The findings from the materiality assessment are systematically integrated into VBG Group's strategic planning. Material topics influence decisions, product development priorities, and risk management processes. Governance processes ensure that the observations are reported to the Board of Directors and Group Management for integration into decision-making.

To ensure transparency and traceability, two index tables are provided on pages 89–94. These comprise a comprehensive overview of the ESRS disclosure requirements addressed in this report (Appendix A), along with relevant data points derived from other EU legislation (Appendix B). These tables indicate the placement of each disclosure in the report and demonstrate how we ensure consistency and alignment with the broader EU sustainability reporting framework.

The material impacts that were identified in the assessment are concentrated primarily upstream in the value chain and relate mainly to resource- and energy-intensive processes at the supplier level, while downstream impact is linked to product use, safety and efficiency. The Group depends on end users to define their product needs and continually adapts its offerings accordingly, which ensures that the business model remains aligned with evolving expectations.

Financial effects arising from material risks and opportunities mainly affect operating expenses. Short-term impacts include increased energy and logistics costs, while the Group expects efficiency gains from reduced electricity use and optimized operations over the medium term. Over the long term, increasing demand for efficient products that enhance sustainability may offset the higher initial costs. No material risks requiring asset or liability adjustments within the next reporting period have been identified. The Group maintains resilience through a diversified portfolio, a strong financial position and geographically dispersed operations. The Group has demonstrated a capacity for adapting its business model as market and regulatory conditions evolve.

No significant changes to material impacts, risks or opportunities have been identified compared with the previous reporting period. Workforce impacts are primarily linked to automation, digitization and consolidation of facilities. Some employees may be more exposed due to role-specific skill requirements, while others benefit from improved processes. The Group's growth impacts employee planning but does not introduce any significant risks, since recruitment remains stable and is not dependent on niche competencies.



GENERAL DISCLOSURES

The Group has identified key sustainability-related impacts, risks and opportunities (IROs) as part of its double materiality assessment. The table below provides an overview of these, divided by ESRS topic, including whether they arise in own operations and/or in the value chain.

Sustainability area	IRO	Type of IRO	Position in value chain	Time horizon	Description of IRO
E1 – Climate Change					
Climate change adaptation	Extreme weather	Risk	Own operations	M L	VBG Group faces environmental and climate-related risks that could negatively impact operations and increase costs. Extreme weather can damage infrastructure, interrupt material supply, and affect customer demand. Rising material prices resulting from disruptions could limit availability and increase production costs, potentially leading to bad debt losses.
Climate change mitigation	Responsible suppliers	Opportunity	Own operations	M L	VBG Group can realize financial opportunities by conducting a comprehensive mapping of all suppliers and performing audits to verify that they comply with the Group's climate-related requirements.
	GHG emissions	Actual negative impact	Upstream Own operations Downstream	S M L	VBG Group has a negative impact on climate change through its operations. This negative impact originates primarily from production, transport and raw materials supply. The most material climate impact occurs indirectly, via activities in the value chain that result in Scope 3 emissions.
	Reducing GHG emissions	Opportunity	Own operations	M L	There is a potential for attracting more customers by working with suppliers and partners with limited climate impact.
Energy	Energy consumption	Actual negative impact	Upstream Own operations Downstream	S M L	Energy is used throughout the value chain – in extraction of resources, in own operations and among the Group's customers – which results in climate-related environmental impacts.
E2 – Pollution					
Pollution of air, water and soil	Hazardous emissions	Actual negative impact	Upstream Own operations Downstream	S M L	VBG Group is assessed to have a negative impact on the environment and people through deteriorating air, water and soil quality in the formation of hazardous emissions and substances in transportation and production.

Time horizon S Short M Medium L Long

Sustainability area	IRO	Type of IRO	Position in value chain	Time horizon	Description of IRO
E2 – Pollution, cont.					
Pollution of air, water and soil cont.	Responsible sourcing	Actual positive impact	Upstream Own operations Downstream	S M L	VBG Group has a positive impact on the environment through setting requirements on its suppliers pertaining to hazardous substances and chemicals. By avoiding hazardous chemicals and setting requirements on suppliers, the Group contributes to fewer hazardous chemicals being manufactured.
	Non-compliance & environmental damage	Risk	Own operations	S M L	Risk of fines, sanctions and legal action if the Group does not comply with environmental legislation or if it causes significant environmental damage. Even if VBG Group is not the cause of the damage, its connection to a supplier or partner that does not comply with environmental legislation or causes environmental damage can harm the company's reputation.
Substances of concern and very high concern	Hazardous and toxic substances and contamination	Actual negative impact	Upstream Downstream	S M L	The Group's suppliers are primarily engaged in extracting and processing raw materials such as aluminum, steel, plastic, wood etc. Several hazardous and toxic substances are typically generated during these processes. Chemicals are involved in the manufacturing process and may constitute a risk to people and the environment. Contamination from hazardous substances is expected to occur primarily during end-of-life management of the Group's sold products.
	Stricter requirements and reputational risks	Risk	Own operations	M L	The Group faces financial and reputational risks linked to its and its suppliers' use of products that generate hazardous substances. Stricter regulatory requirements may increase costs for both the Group and its suppliers, while any association with environmental or human harm caused by hazardous substances could damage the Group's brand and reputation.
Microplastics	Plastic in products and packaging	Actual negative impact	Upstream Own operations Downstream	M L	The use of plastics in products and packaging, as well as sourcing from suppliers in the plastics industry, creates a risk of microplastic pollution. Microplastics can be generated during production, processing and from improper waste disposal. These particles contaminate water, soil, and air, spread toxic chemicals, and constitute severe health risks to wildlife and humans.
	Increased costs and reputational risks	Risk	Own operations	S M L	VBG Group's dependence on plastics may increase costs as regulatory pressure drives up material prices. There is also a reputational risk if the Group is associated with poor waste management.

GENERAL DISCLOSURES

Sustainability area	IRO	Type of IRO	Position in value chain	Time horizon	Description of IRO
E4 – Biodiversity and ecosystems¹					
Biodiversity and ecosystems	Indirect impacts through emissions	Potential negative impact	Upstream Own operations Downstream	S M L	Emissions promote indirect biodiversity loss through climate change and pollution. In addition, there may be links to manufacturers that do not use sustainable raw materials, which can further harm the environment and ecosystems across the value chain.
S1 – Own workforce					
Working conditions	Workplace well-being	Actual positive impact	Own operations	S M L	By offering good working conditions, job security, fair compensation, opportunities for skills development, and support for collective bargaining, the Group strengthens its position as an attractive employer. This helps retain existing employees and makes it easier to recruit new talent.
	Retaining and attracting employees	Opportunity	Own operations	S M L	By offering good working conditions, security and skills development to our employees, we become an attractive employer that promotes retention of existing staff and recruiting new competence.
Equal treatment and opportunities for all	Work environment	Potential negative impact	Own operations	S M L	The Group could have potential negative impacts related to health and safety issues, including gender equality, discrimination and privacy.
S2 – Workers in the value chain					
Working conditions	Lack of control	Risk	Own operations	S M L	Inadequate oversight of the value chain due to missing or incomplete supplier audits may lead to failures in identifying work environment issues. This creates both operational risk and significant reputational risk if VBG Group is linked to suppliers or other actors responsible for poor working conditions or human rights violations.
Equal treatment and opportunities for all	Demands in the supply chain	Potential negative impact	Upstream Downstream	S M L	VBG Group promotes a potential positive impact on workers in the value chain by setting requirements for suppliers regarding social issues such as health and safety and human rights. VBG Group clarifies its approach to this issue through information, training, and internal regulations such as its Code of Conduct.
	Incidents associated with workers in the value chain	Potential negative impact	Upstream Downstream	S M L	VBG Group could have negative impacts on workers in its value chain regarding work environment, working conditions and human rights, due to potential insufficient controls and follow up mechanisms for all suppliers. This increases the likelihood of the occurrence of social incidents and irregularities within the Group's value chain.

Time horizon S Short M Medium L Long

Sustainability area	IRO	Type of IRO	Position in value chain	Time horizon	Description of IRO
S3 – Affected communities¹					
Affected communities	Responsible business practices	Actual positive impact	Upstream	S M L	VBG Group has a positive impact on local communities by creating jobs and promoting economic growth in the countries where the Group operates. Furthermore, VBG Group is expected to promote positive impacts on communities by setting requirements for suppliers regarding pollution and human rights. Moreover, VBG Group supports the Herman Krefting Foundation for Asthma and Allergy Research, which creates long-term societal value.
S4 – Consumers and end-users¹					
Consumers and end-users	Innovative products and services	Actual positive impact	Downstream	S M L	VBG Group has a positive impact on consumers and end-users by developing innovative, user-friendly products and services that address customer needs. This can increase customer satisfaction and drive demand.
Consumers and end-users	Drivers of customer choice	Opportunity	Own operations	S M L	VBG Group strengthens customer trust and loyalty by being perceived as a safe, secure and reliable company. This positive reputation can influence purchasing decisions, leading customers to choose VBG Group over competitors and supporting long-term business relationships.
G1 – Business Conduct					
Corporate culture	Ethical business conduct	Actual positive impact	Own operations	S M L	VBG Group has an actual positive impact on anti-corruption and bribery by having policies, procedures and a whistleblower service in place that encourages reporting of ethical misconduct. In this way, the Group also contributes to counteracting the occurrence of ethical irregularities in the value chain through responsible business relationships.
	Strengthened brand and reputation	Opportunity	Own operations	S M L	There are opportunities linked to strengthening and maintaining the Group's brand, reputation and customer relationships through strong ESG performance and responsible business practices.
	Compliance risks	Risk	Own operations	S M L	There is a risk of financial consequences and reduced legitimacy if employees or suppliers fail to comply with applicable laws or internal and external regulations.
Protection of whistleblowers	Inadequate whistleblower protection	Potential negative impact	Upstream Own operations Downstream	S M L	Inadequate protection for whistleblowers can lead to incidents of retaliation against people submitting reports. If the existing function and procedure for whistleblower protection does not function in a satisfactory manner, it could have negative consequences for the individual who is impacted by the inadequate protection.

¹In accordance with the EU Commission's "Omnibus Quick Fix" amendments, VBG Group does not provide complete disclosures in this year's Sustainability Report.

GENERAL DISCLOSURES

Sustainability area	IRO	Type of IRO	Position in value chain	Time horizon	Description of IRO
G1 – Business Conduct cont.					
Relationships with suppliers	Impact in the supply chain	Potential negative impact	Upstream	S M L	VBG Group has potential negative impacts on people and the environment when purchasing goods from suppliers whose operations may entail risks to human rights, working conditions or environmental performance.
	Sustainable supply chain	Actual positive impact	Upstream Own operations	S M L	VBG Group has an actual positive impact on people and the environment through its Code of Conduct, which ensures compliance with relevant laws and internal and external regulations. By also setting social and environmental requirements for its suppliers, the Group enhances these positive impacts across the value chain, enabling improved conditions for both people and the environment.
Corruption and bribery	Involvement in unethical behavior	Potential negative impact	Upstream Own operations Downstream	S M L	VBG Group faces potential negative impacts on society and market integrity if employees engage in bribery or other unethical conduct that would contradict the Group's Code of Conduct and promote broader unethical practices in the industry. Furthermore, if the Group engages suppliers that lack adequate anti-corruption and anti-bribery policies, this could increase the risk of unethical conduct within the value chain and expose VBG Group to reputational and compliance risks.
	Legal disputes and fines	Risk	Own operations	S M L	The Group faces financial risks related to corruption and bribery within its value chain. Unlawful actions by employees or suppliers could lead to legal disputes, fines and other financial losses. External intrusions or malicious insider activity could compromise sensitive information and result in significant financial consequences. The Group's global operations also increase exposure to markets with elevated corruption risks, potentially causing reputational damage if its products or business relationships become associated with corrupt practices.

Time horizon **S** Short **M** Medium **L** Long



GENERAL DISCLOSURES

MDR-P, MDR-A, MDR-T**Minimum requirements for disclosures on material areas for phase-in**

VBG Group's double materiality assessment confirms that biodiversity and ecosystems (E4), affected communities (S3) and consumers and end-users (S4) are material topics due to their potential for both negative and positive impacts. However, governance and structured management in these areas are currently limited.

For biodiversity and ecosystems, the assessment highlights risks associated with emissions from production and logistics that contribute to climate change and pollution, which are recognized as major pressures on ecosystems. Furthermore, sourcing of raw materials by suppliers could increase risks of habitat degradation and resource depletion. VBG Group can also generate positive impacts on communities by influencing suppliers through requirements on pollution control and human rights, thereby improving conditions in communities.

One of the Group's principal owners is the Herman Krefting Foundation for Allergy and Asthma Research, which funds clinical research into asthma and allergies. Consumers and end-users can benefit from VBG Group's ability to develop innovative, user-friendly products and services that address customer needs and solve practical challenges.

Policies

Despite these topics being assessed as material, VBG Group currently lacks dedicated policies, action plans, targets, and metrics to address them comprehensively. Some aspects are partially covered by existing Group policies, such as the Group's Code of Conduct, the Workplace Health & Safety Policy and the Global Policy Against Any Form of Discrimination. With respect to biodiversity and ecosystems, the Climate Policy offers indirect guidance by addressing climate impacts, thereby contributing to ecosystem protection.

Action plans

Although specific action plans are not yet in place, mechanisms such as supplier requirements, ISO 14001 certification and the whistleblower service function as foundational tools for risk identification and management. However, the lack of clearly defined targets and performance metrics makes it challenging to evaluate the effectiveness of current metrics and demonstrate improvement.

Targets

From 2026 onwards, VBG Group will allocate dedicated resources, implement structured monitoring processes and strengthen stakeholder engagement. Baseline assessments will be conducted to define indicators and set targets for these material topics. During the current reporting period, exploratory data collection and feasibility evaluations were carried out to identify potential indicators. These preparatory steps will enable VBG Group to establish relevant targets and metrics aligned with material impacts and risks. These will be integrated into the governance framework in 2026.

IRO-1**Impacts, risks and opportunities**

To ensure an objective, robust, and transparent process, in 2024 VBG Group collaborated with external consultants on a double materiality assessment that was updated in 2025. The assessment serves as the foundation for our sustainability reporting under the ESRS, and its results have been presented to and formally approved by the Board of Directors.

Scope

The materiality assessment process was carried out in accordance with the methodology defined in the ESRS framework. All topics, sub-topics and sub-sub-topics in the standards were intended to ensure a comprehensive identification of impact, risks and opportunities across VBG Group's operation and value chain. The approach

was systematic and structured, focusing on the identification, evaluation and prioritization of both actual and potential sustainability-related impacts, as well as risks and opportunities. It included an analysis of our business models, strategy, governance structures and procedures, while it incorporated external stakeholder perspectives and expectations. The new ERM model enables the identification and assessment of impacts, risks and opportunities across all material areas and aligns closely with the methodology of the double materiality assessment. It also reinforces the outcomes of the double materiality assessment and puts them into practice by integrating the identified material impacts, risks and opportunities into our risk management processes.

Assessment

Workshops with representatives from various divisions, functions and regions were held to gather insights on Environmental, Social and Governance (ESG) matters. The assessment considered both positive and negative impacts, separating those directly caused by VBG Group, those to which we contribute, and those linked through business relationships in the value chain. Following ESRS criteria, impacts were evaluated in terms of scale, scope, likelihood, and irremediability where relevant, while financial materiality was evaluated on the basis of magnitude and likelihood. This double materiality perspective on impact materiality and financial materiality enabled us to identify not only the most significant effects on people and the environment, but also the sustainability-related risks and opportunities most likely to affect the Group's financial performance.

Time horizons

Time horizons were assessed following ESRS guidance. Impacts, risks and opportunities were evaluated over the short, medium and long term, with the short term reflecting the current reporting cycle (<1 year), the medium term aligning with our strategic planning horizon (1-5 years),

and the long term covering structural developments and emerging industry trends (>5 years). The assessment was informed by qualitative and quantitative data, internal insights, external benchmarks and sector-specific guidance.

Materiality thresholds

In line with the ESRS framework, identified impacts, risks and opportunities were evaluated against predefined materiality criteria using a five-point scale, with the highest score of five indicating the greatest materiality. A threshold of three was set to capture the most relevant areas, and all impacts, risks and opportunities meeting or exceeding this level were classified as material. This approach ensures a consistent, transparent and standardized determination of material topics.

Validation of assessment

To ensure robustness and relevance, the preliminary assessment results were reviewed by relevant internal stakeholders such as management, external auditors and the Board of Directors. Their feedback was collected and considered before finalizing the outcomes. Internal training in the double materiality assessment was conducted across the operation. This process validated the assessment and enhanced the quality and reliability of the results.

The results of the double materiality assessment were consolidated into a set of material topics. Eight out of the ten topics that were initially reviewed were identified as material, grouped under the categories of Environment, Social and Governance. These areas reflect the ones of greatest significance for the business model, strategy and value chain. A gap analysis was conducted to identify areas needing additional attention, supporting the implementation of procedures to ensure alignment with ESRS disclosure requirements. Acquisitions completed in 2025 are not expected to significantly affect the double materiality assessment performed in 2024, which therefore remains valid.

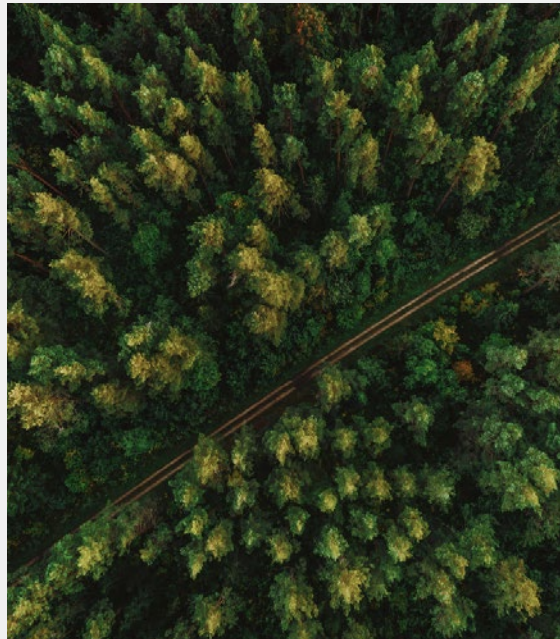
E Environment

The double materiality assessment highlights a range of environmental topics that are material for VBG Group and reflects impacts, risks and opportunities across own operations and the value chain. Climate change adaptation is assessed to be a significant risk, as the Group must address challenges such as extreme weather conditions that can disrupt operations and increase costs. In addition, responsible supplier management in the value chain is essential for ensuring resilience and adaptability to climate-related risks.

Climate change mitigation is another central area, where actual negative impacts are linked to GHG emissions across the value chain. At the same time, there are opportunities associated with GHG emissions reduction initiatives in the Group's own operations, which can enhance environmental performance and the Group's reputation. Energy consumption is material, since it represents an actual negative impact both within VBG Group and in the value chain due to its contribution to emissions and resource use.

Pollution of air, water and soil is a key concern, with emissions from production and transport identified as actual negative impacts. The Group faces risks of non-compliance and environmental damage, which can have consequences both internally and in the value chain. Responsible sourcing is seen as a potential positive impact, supporting improved environmental outcomes.

The management of substances of concern and very high concern, including hazardous and toxic substances, is material due to the risk of pollution and damage, particularly in the value chain. More stringent regulatory requirements and reputational risks are also relevant for both own operations and suppliers. Microplastics, especially the presence of plastic in products and packaging, are recognized as an actual material negative impact, as they can harm ecosystems and human health. The Group must also manage the risks of increased costs and reputational damage associated with microplastics, in both own operations and the value chain.



Reported areas in Environment

Sustainability area	IRO	Type of IRO	Value chain	Time horizon
E1 – Climate Change				
Climate change adaptation	Extreme weather	Risk	Own operations	M L
Climate change mitigation	Responsible suppliers	Opportunity	Own operations	M L
	GHG emissions	Actual negative impact	Upstream Own operations Downstream	S M L
	Reducing GHG emissions	Opportunity	Own operations	M L
Energy	Energy consumption	Actual negative impact	Upstream Own operations Downstream	S M L
E2 – Pollution				
Pollution of air, water and soil	Hazardous emissions	Actual negative impact	Upstream Own operations Downstream	S M L
	Responsible sourcing	Actual positive impact	Upstream Own operations Downstream	S M L
	Non-compliance & environmental damage	Risk	Own operations	S M L
Substances of concern and very high concern	Hazardous and toxic substances and contamination	Actual negative impact	Upstream Downstream	S M L
	Stricter requirements and reputational risks	Risk	Own operations	M L
Microplastics	Plastic in products and packaging	Actual negative impact	Upstream Own operations Downstream	M L
	Increased costs and reputational risks	Risk	Own operations	S M L

Time horizon S Short M Medium L Long

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Climate change

Strategy and Business Model

SBM-3

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

The risk management framework allows the Group to map potential scenarios, evaluate associated physical and transition-related impacts, determine materiality and estimate the financial impact of both current and anticipated risks and opportunities. The findings directly influence strategic decisions on product development, investment priorities and supply chain resilience, ensuring that climate considerations are integrated in the business model and

long-term planning. Opportunities related to electrification, energy efficiency and low-GHG emissions solutions are integrated into the Group's innovation and market strategy plan to support customers' decarbonization efforts. Dependencies across the value chain, including suppliers and customers, are considered in scenario analyses to capture material impacts and resilience needs. Climate-related risks and opportunities are assessed using the same time horizons applied throughout the Sustainability Report – short term (<1 year), medium term (1–5 years) and long term (>5 years) – to ensure consistency and alignment with the targets in the Group's transition plan and the Paris Agreement.

Management of impacts, risks and opportunities

IRO-1

Impacts, risks and opportunities

Through the Group's double materiality assessment and processes for reporting GHG emissions, the impacts, risks and opportunities related to climate change were identified and assessed through the ERM system. This includes climate-related transition and physical risks informed by the RCP2.6 and RCP8.5 pathways of the IPCC Fifth Assessment Report. Short-term transition risks primarily involve immediate regulatory changes and compliance costs; medium-term risks include market shifts and increased raw material costs; and long-term risks relate to structural changes in demand and extreme weather conditions. While the assessment covers climate-related risks, a quantitative resilience analysis of the business model and strategy has not been conducted to date and will be developed as methodologies and data maturity improve. Read more about our risk analysis and management strategy on page 32.

All own operations manage and report on their Scope 1, 2 and 3 emissions in accordance with the GHG Protocol and conduct operation-specific analyses and risk assessments to support prevention and mitigation of climate-related impacts. No climate-related assumptions are made in the financial reporting.

E1-1

Transition plan for climate change mitigation

VBG Group has begun work on a transition plan to align the operation with the objectives of the Paris Agreement and the EU Climate Law. This plan has been integrated into the Group's overall strategy and covers the entire value chain. The transition plan sets clear long-term ambitions for reducing GHG emissions and achieving climate neutrality, supported by milestones to ensure progress.

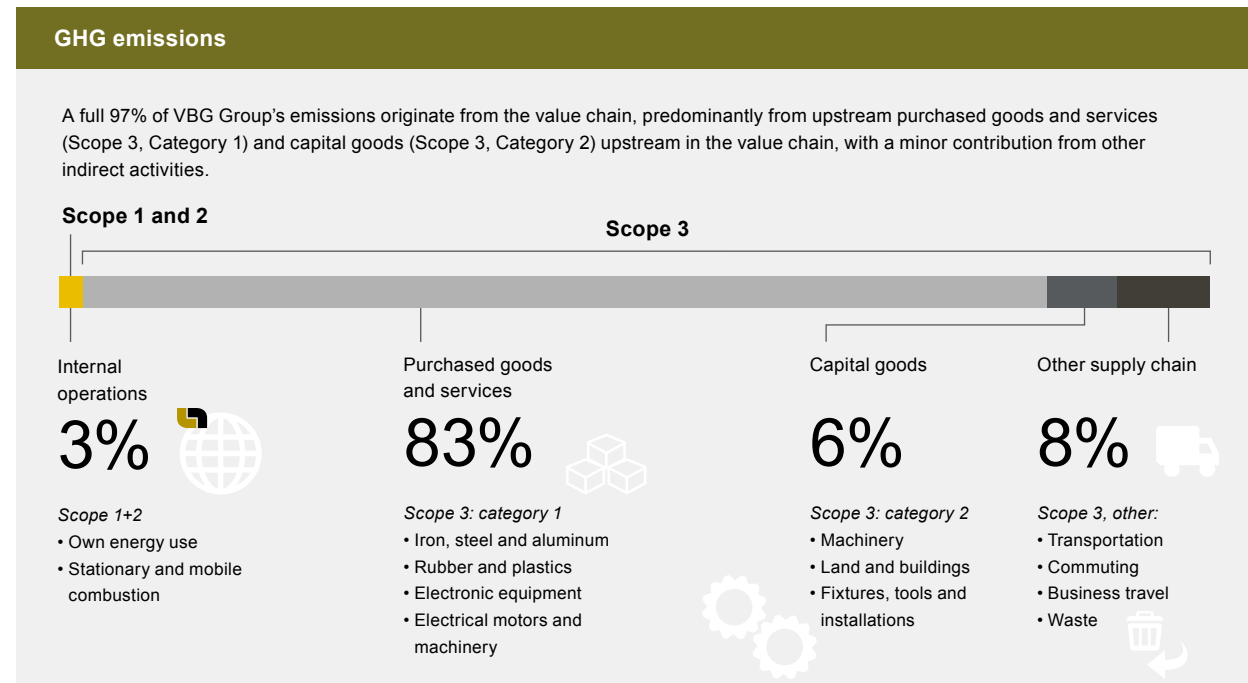
The transition plan focuses on embedding climate objectives into core business processes, including investment decisions and operational planning. The key actions include reducing GHG emissions from production through enhancing energy efficiency, the use of renewable energy, electrification of the vehicle fleet, optimization of logistics and the introduction of internal carbon pricing. Supplier engagement and circular solutions are also prioritized to address the significant share of emissions occurring in the upstream value chain. To ensure accountability and progress, the plan incorporates time-bound targets, including a 50% reduction in Scope 1 and Scope 2 emissions by 2030 and a 62% reduction in Scope 3 emissions by 2040 compared to 2024, and achieving climate neutrality by 2043 in line with the Paris Agreement.

Responsibilities in governance are clearly defined: the Board of Directors approved and oversees the climate strategy, while Group Management ensures implementation and continuous monitoring. Progress is tracked through established KPIs and reviewed quarterly by Group Management.

E1-2

Policies

VBG Group has adopted a Climate Policy that defines the strategic direction for managing climate impacts and aligning the business with international and EU climate objectives. It is structured in accordance with the GHG Protocol and covers Scope 1, 2 and 3 emissions, recognizing that the majority of emissions occur upstream in the supply chain. With this policy, VBG Group commits to reducing GHG emissions and supporting the transition to a low-carbon economy. It provides the foundation for the Group's long-term climate ambitions, forms the core of the transition plan and turns these commitments into concrete targets and actions. Progress toward the policy objectives is reported annually in line with the GHG Protocol and international standards, providing transparency and accountability for stakeholders. By embedding climate consider-



ENVIRONMENT

ations into investment decisions, operational planning and risk management, the policy ensures that a reduced climate impact is treated as a core business priority.

The Climate Policy is informed by the double materiality assessment that identified key impacts, risks and opportunities related to climate change. The policy also sets out principles for transparency and stakeholder engagement, and is shared internally via the intranet. The policy turns climate commitments into part of the operation through established actions, dialogue with suppliers, and review of investments and production innovations to support low-carbon solutions. It addresses material risks such as extreme weather and regulatory changes, and utilizes opportunities linked to electrification and energy efficiency.

E1-3
Actions and resources

Climate change has been identified as an indirect impact. No direct cases of damage requiring action have been reported. The Group has established governance processes and risk-reduction measures to prevent, manage and monitor climate-related risks and opportunities. To implement its Climate Policy and achieve its long-term ambition of climate neutrality, VBG Group has initiated a series of actions integrated into its business strategy and operational planning. These actions include reducing GHG emissions in production through energy efficiency improvements such as installation of LED lighting, compressor management systems, high-speed doors, air curtains and broader upgrades of building energy performance. Other actions include the transition to fossil-free energy sources by installing solar panels and decreasing the consumption from fossil sources.

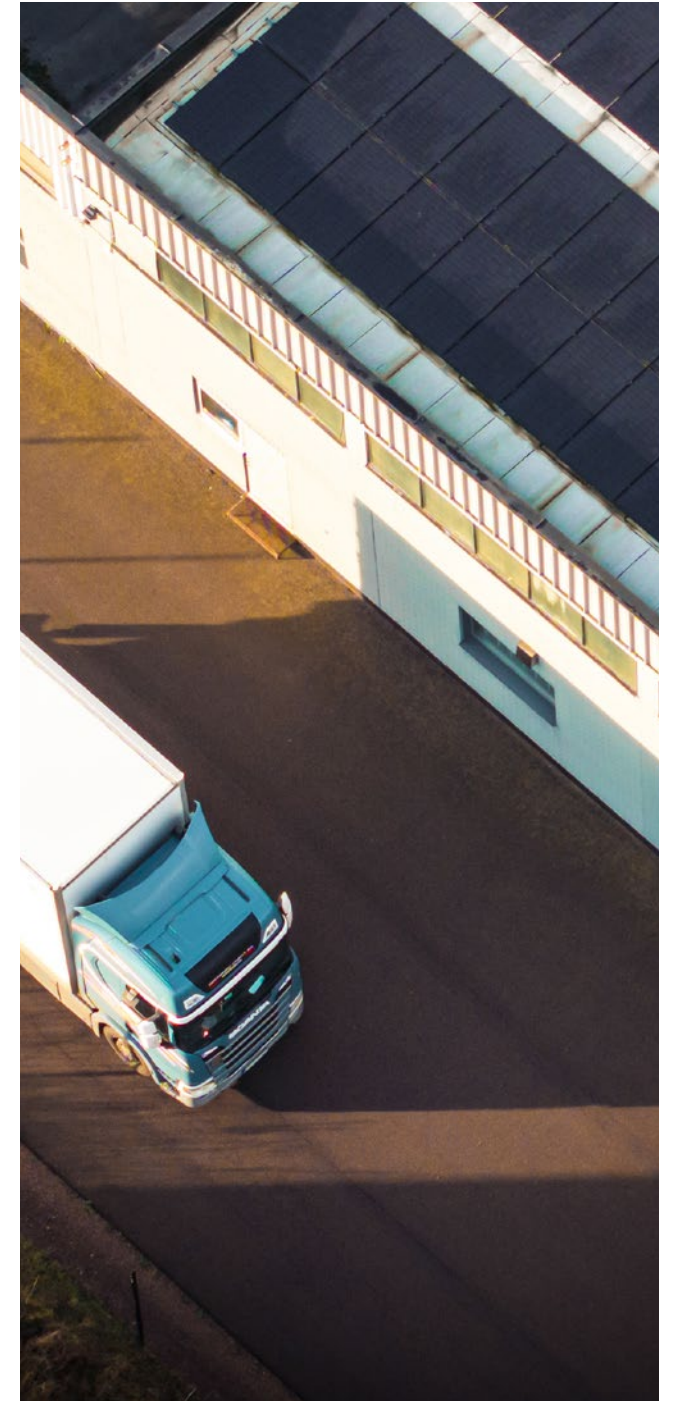
VBG Group is also gradually electrifying its own vehicle fleet, and optimizing logistics to reduce transport-related GHG emissions. Electrification measures include replacing diesel forklifts with electric models and increasing the share of EVs in the company's vehicle fleet in accordance with our Global Company Car Guideline, which requires electric or low-emission vehicles. The updated Global Travel Policy promotes reductions in travel-related emissions. Measures for transitioning to other fuels include switching from natural gas to heat-pump systems and scaling up procurement of renewable electricity across sites.

The Group also plans to introduce internal carbon pricing by 2027, continue to strengthen supplier engagement through climate data requirements and improvement plans, and invest in circular solutions such as recycling and low-impact material flows. Additional measures include increasing the use of return packaging, improving waste and scrap management, ensuring local supply chains to reduce transport emissions and striving to increase the use of low-carbon steel.

Adaptation measures also include structural reinforcements, such as strengthening buildings to increase resilience to changing climate conditions. Future decarbonization efforts focus on further electrification of the product portfolio, expansion of renewable energy capacity, active selection of materials to reduce supply chain emissions and process-efficiency upgrades. Significant further reductions are expected from a new production facility, which is planned to be fully operational in 2027. At the same time, the electrification of the product portfolio will continue over the coming years, driven by customer requirements and evolving market expectations.

Resources allocated to these actions include dedicated sustainability governance structures, ongoing investments in renewable energy and electrification projects, and capacity-building initiatives across the organization. No significant CapEx or OpEx has been allocated at Group level for specific commitments, since the planned actions are being implemented within existing operations and do not require significant additional costs. Climate objectives are embedded in investment decisions and budget processes to ensure alignment with strategic priorities. Growth-related initiatives, including the construction of a new facility, have been approved and are progressing as planned. Facility investments are aligned with the business cycle, whereas the electrification of the product portfolio is moving forward.

These actions are prioritized based on the Group's double materiality assessment to address transition risks such as regulatory changes and carbon pricing, as well as physical risks including energy supply disruptions. Most actions are planned for implementation by 2030.



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Targets and metrics

- Climate neutrality by 2043.
- Achieve a 50% reduction in Scope 1 and 2 emissions by 2030, compared to base year 2024.
 - All of VBG Group’s production facilities are to be ISO 14001 certified.
- 62% reduction in Scope 3 emissions by 2040.
 - Reduce volumes of waste in the value chain by 2030.
 - 35% of suppliers of direct materials are to be ISO 14001 certified by 2030.

E1-4

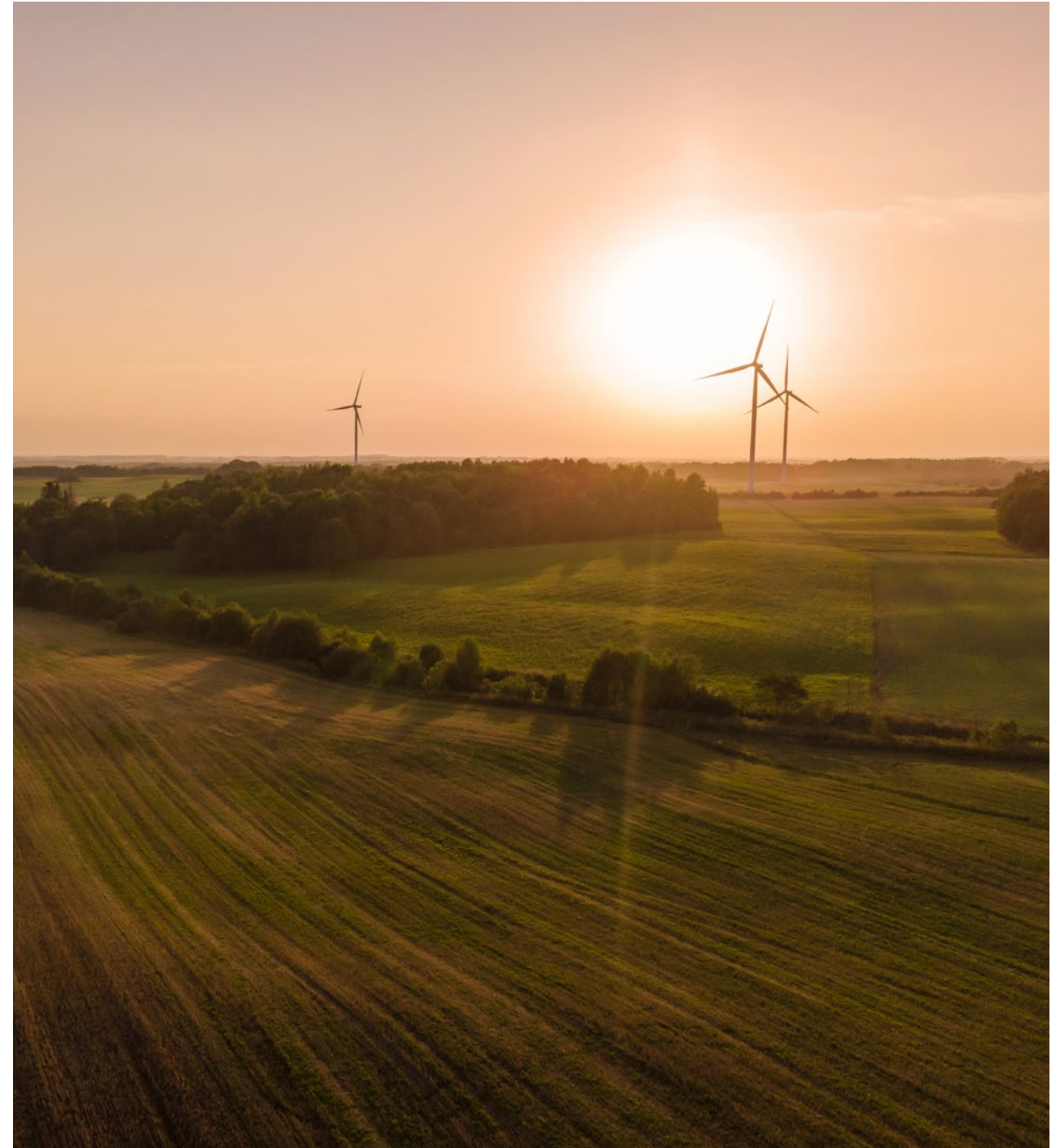
Targets related to climate change

VBG Group has set climate-related targets that reflect the Group’s commitment to both mitigation and adaptation in line with the Paris Agreement and EU climate law. The targets have not been validated by an external party, but they have been defined using scientifically recognized methods. This is because they have been aligned with the sector-wide emissions pathway of the Science Based Targets initiative (SBTi) to limit global warming to 1.5°C. The adaptation to acknowledged climate frameworks and scientific guidelines ensures that the targets reflect the SDGs and the expectations of relevant stakeholders. The overarching ambition is to achieve climate neutrality by 2043, supported by interim milestones that include significant reductions in operational emissions and value chain emissions over the coming decades. These targets cover emissions in Scope 1, 2 and 3. Apart from the long-term ambition levels for Scope 3 emissions reductions, the Group has defined indicated interim milestones that involve an 8% reduction in emissions by 2030 and a 62% reduction by 2040, on the basis of the Scope 3 categories that are

currently included in the Group’s emissions inventory. These may be adjusted in pace with further methodological developments and improved data coverage. All reported emissions are included in these targets. Progress is monitored through KPIs such as total GHG emissions, energy efficiency improvements, and share of renewable energy, ensuring transparency and accountability. Since waste generation in operations is included in the Scope 3 emission inventory, VBG Group targets a 50% reduction in hazardous waste and a 25% reduction in total waste by 2030 compared to 2024.

The targets are integrated into the Group’s business strategy and investment planning, ensuring that climate targets influence decision-making at all levels. They are underpinned by measures, such as phasing out fossil fuels in production and electrifying the vehicle fleet, that are defined in the transition plan. Considerations regarding climate change adaptation are embedded in the targets through measures that address climate-related risks, including resilience in supply chains and operations exposed to extreme weather events.

The targets are periodically reviewed to reflect updated data, evolving methodologies and emerging scientific guidance. This method provides stakeholders with transparent and consistent information on the path toward climate neutrality and our capacity to manage climate-related risks and opportunities. Mitigation measures have not yet been linked to specific climate scenarios, and our individual contribution to achieving the set GHG targets, including potential use of new technologies, has not been quantified.



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E1-5
Energy consumption

VBG Group monitors energy consumption across all operations to ensure efficiency and reduce environmental impact. Energy consumption in VBG Group covers electricity and heating used at all production facilities, as well as fuels for vehicles that the Group owns or controls. Since VBG Group operates in a sector with high climate

impact (specifically manufacturing activities classified under Section C of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council), the Group is actively working to increase the share of renewable energy through long-term agreements with suppliers and investments in own production.

Energy consumption and mix	2025
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	1,240
Fuel consumption from natural gas (MWh)	6,837
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,129
Total consumption of fossil energy (MWh)	10,206
Share of fossil sources in total energy consumption (%)	37
Consumption from nuclear sources (MWh)	2,136
Share of consumption from nuclear sources in total energy consumption (%)	8
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	14,839
The consumption of self-generated non-fuel renewable energy (MWh)	511
Total consumption of renewable energy (MWh)	15,350
Share of renewable sources in total energy consumption (%)	55
Total energy consumption (MWh)	27,692

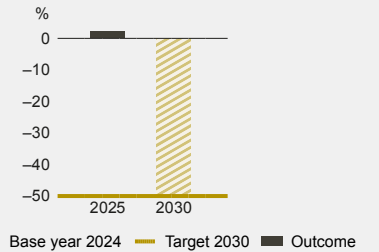
E1-6
Progress on GHG emissions in Scope 1, 2 and 3

VBG Group's climate accounts have been prepared using the operational control consolidation method. Data has been collected from the Parent Company and all subsidiaries. GHG emissions are calculated according to the GHG Protocol standards and include all gases covered by the Kyoto Protocol (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃). We report on all applicable Scope 1 and Scope 2 emissions and include eight relevant categories of Scope 3 emissions. A detailed study of locked-in GHG emissions has not yet been conducted.

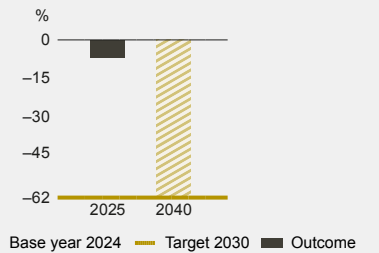
Scope 1 includes direct emissions from fuel combustion, Group-owned vehicles and own energy production, while Scope 2 covers indirect emissions from district heating and purchased electricity. Scope 3 represents the majority of the Group's total emissions and primarily originates from upstream activities such as raw material sourcing, supplier operations and transportation, as well as distribution downstream in the value chain. The board has therefore approved the decision to focus Scope 3 reporting on the emission categories where data collection is feasible and reliable, while we continue to assess opportunities to expand coverage as more robust data becomes available.

The emissions categories included in upstream value chain are 1. Purchased goods and services, 2. Capital goods, 3. Fuel and energy-related activities, 4. Downstream transportation and distribution, 5. Waste generated in operations, 6. Business travel, 7. Employee commuting. The emissions category that covers downstream activities is 9. Downstream transportation and distribution.

For our Scope 3 GHG emissions, we primarily apply a spend-based approach using recognized emissions factors. Due to the complexity and scale of our value chain, obtaining precise, supplier-specific data for all Scope 3 categories is not feasible. We therefore rely on estimates and assumptions, which are regularly reviewed and updated based on operational experience, evolving best practices in ESG reporting, and the availability of

GHG emissions, tCO₂eq/SEK M


Achieve a 50% reduction in Scope 1 and 2 emissions by 2030, compared to base year 2024.



62% reduction in Scope 3 emissions by 2040, compared to base year 2024.

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improved data sources. Any changes to these estimates are reflected in the reporting period in which the revision occurs. Biogenic carbon emissions (biogenic CO₂) arise from the use of biobased fuels. During the reporting year, the Group's Scope 1 biogenic CO₂ emissions amounted to approximately 12 tons of CO₂. These emissions have been identified and managed separately in accordance with the GHG Protocol, and are not included in the Group's total GHG emissions (Scope 1–3). In addition to biogenic CO₂, the use of biobased fuels could give rise to smaller volumes of methane (CH₄) and nitrous oxide (N₂O). These emissions are classified as fossil GHGs under the GHG Protocol and are therefore included in reported Scope 1 emissions, restated to CO₂eq. In light of the limited scope of biogenic emissions, they are deemed altogether not to be material for the Group's total climate impact.

The base year for emissions reporting is 2024 for all scopes. This year was chosen as being representative of normal business operations. Starting in 2024, ESRS has also been applied for sustainability reporting, which entails updated principles for methodology, delimitations and monitoring. Annual inventories are conducted to ensure consistent measurement, and the baseline provides a stable reference for setting targets and tracking progress over time. All operations report emissions data, which is then consolidated at the Group level and verified through internal controls. Progress toward reduction targets is monitored through defined KPIs and disclosed annually in the Sustainability Report.

Methodology for GHG calculations

The Group's climate impact was calculated using a structured procedure in which all relevant emissions categories in Scope 1, 2 and 3 were identified and analyzed. The starting point was ensuring coverage of the activities in the value chain where GHG emissions arise, both in own operations and where VBG Group

GHG emissions, tCO ₂ eq/SEK M	2025	Base year, 2024	% Change from last year	% Change from base year	Targets	
					2030, %	2040, %
Scope 1					-50	Net zero
Total gross Scope 1 GHG emissions	1,896	1,958	-3	-6		
Scope 1 GHG emissions from regulated emissions trading schemes	—	—	—	—		
Scope 2					-50	Net zero
Total Gross Scope 2 GHG emissions (location-based)	2,868	2,695	6	0		
Total gross Scope 2 GHG emissions (market-based)	1,822	1,817	0	0		
Scope 3					-8	-62
Total gross Scope 3 GHG emissions	153,304	170,042	-10	-10		
Total Scope 3 GHG emissions from Category 1: Purchased goods and services	130,438	140,438	-7	-7		
Total Scope 3 GHG emissions from Category 2: Capital goods	9,672	20,752	-53	-53		
Total Scope 3 GHG emissions from Category 3: Fuel and energy-related activities (not included in Scope 1 or 2)	1,209	1,194	1	1		
Total Scope 3 GHG emissions from Category 4: Downstream transportation and distribution	4,177	4,278	-2	-2		
Total Scope 3 GHG emissions from Category 5: Waste generated in operations	85	89	-5	-5		
Total Scope 3 GHG emissions from Category 6: Business travel	1,117	1,122	0	0		
Total Scope 3 GHG emissions from Category 7: Employee commuting	3,863	—	—	—		
Total Scope 3 GHG emissions from Category 9: Downstream transportation	2,744	2,336	17	17		
Total GHG emissions						
Total GHG emissions (location-based)	158,068	174,696	-10	—		
Total GHG emissions (market-based)	157,022	173,817	-10	—		

GHG intensity metrics	2025	2024
GHG intensity per net sales (market-based), tCO ₂ eq/SEK M	29.1	31.1
GHG intensity per net sales (location-based), tCO ₂ eq/SEK M	29.3	31.3
Net sales ¹ , SEK M	5,394.2	5,583.1

¹ A reconciliation of net sales against the consolidated income statement is presented on page 109.

The table on the left shows the Group's GHG emissions intensity in relation to net sales presented as intensity per SEK M, calculated using both market-based and location-based methods. In 2025, the GHG intensity amounted to around 29 in both approaches, compared to around 31 in the preceding year. This marginal change is attributable primarily to a decrease in total GHG emissions, in combination with somewhat lower net sales compared to 2024. The intensity measure is used to monitor the development of the Group's climate impact over time in relation to the size of its operations.

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has a significant climate impact through activities including purchasing, transportation and waste generation. The data was collected through retrieving energy data, fuel consumption, purchasing volumes and transportation flows from internal systems as well as reports from subsidiaries and business units. This data has been checked and supplemented with documentation from suppliers, customer information and industry databases when primary data was not available. All estimates have been documented and based on accepted emission factors, with priority given to sources that provide the greatest accuracy and are consistently applicable over time.

These climate calculations have been carried out by combining activity data with relevant emission factors that are regularly updated and used for energy, fuel, material, transportation and other flows that give rise to GHG emissions. Where company- or supplier-specific factors are available, these are used to further increase precision. For those parts of the value chain where data availability is still limited, calculations have been based on assumptions that reflect reasonable emissions levels for the corresponding activities.

Documentation and calculations have been subjected to internal quality checks, with the plausibility of the data, changes from previous years and any discrepancies being analyzed. Data quality has been ensured through clear review steps and documentation of methodological choices and assumptions. The process is continually being developed to improve coverage, quality and traceability for especially complex parts of the value chain. The aggregate reporting has been structured to clarify how emissions are distributed across various sources, and how the methodology has been gradually strengthened in pace with improved access to data. The intent is to provide a transparent and consistent account of climate impact that can be monitored over time and form the foundation for governance, risk assessment and setting objectives.

Interpretation of results

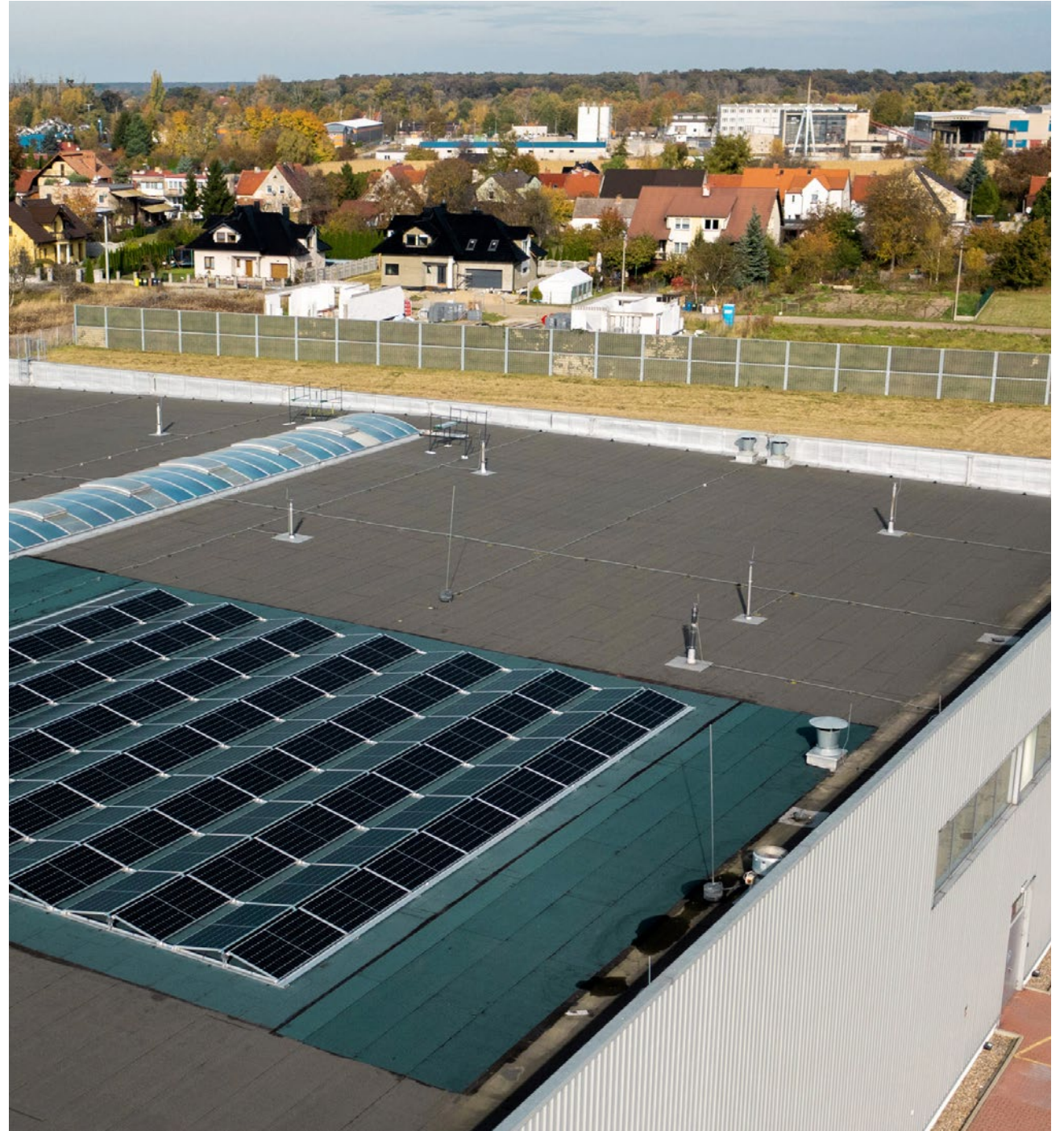
Overall, the outcome shows a decrease in total emissions compared to the preceding year, driven by lower Scope 3 emissions, which continues to account for the largest share of the Group's climate impact. In Scope 1, there is a slight decrease compared to the preceding year, while Scope 2 (location-based) has increased slightly, which may reflect changes in the electricity mix, geographical distribution of electricity use and/or operating volumes. At the same time, the difference between location-based and market-based methods for Scope 2 illustrate how the choice of electricity contracts and access to guarantees of origin impact reported emissions. All facilities that report renewable electricity use – except one – have electricity contracts where guarantees of origin are included in the purchase of electricity. For the remaining facility, guarantees of origin procured separately from the electricity contract are used.

Data quality and coverage for some Scope 3 categories are still under development, which affects comparability over time. For example, emissions from employee commuting are currently based on assumptions and broad estimates rather than detailed travel data, since the availability of comparable information varies among Group companies. The relatively high level is attributable in part to the fact that the Group operates in areas where public transport is less developed and where commuting is more likely to be by private car over longer distances.

E1-8

Internal carbon pricing

VBG Group does not currently apply an internal carbon pricing mechanism. In alignment with the Group's Climate Policy and transition plan, the implementation of an internal carbon price is planned for no later than 2027. This initiative will be designed to support informed decision-making, incentivize low-carbon investments, and strengthen alignment with VBG Group's long-term decarbonization objectives.



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Pollution

Management of impacts, risks and opportunities

IRO-1

Our impacts, risks and opportunities

Pollution is a material area for VBG Group because the Group's operations and transportation activities can negatively affect air, water and soil quality through hazardous emissions and substances, posing significant risks to ecosystems and human health. This impact has both environmental and social consequences that require management. At the same time, VBG Group has a potential positive impact through setting high requirements for suppliers regarding hazardous substances and chemicals. By avoiding hazardous chemicals and promoting safer alternatives, the Group contributes to reducing the overall production and circulation of harmful substances in the value chain, creating benefits for people and the environment.

VBG Group identifies and assesses pollution-related impacts, risks and opportunities through its double materiality assessment, which considers both the likelihood of pollution occurring and the severity of potential environmental harm. The assessment covers upstream activities, including raw materials extraction and processing, as well



as pollution risks at production sites. Each division is responsible for evaluating operational exposures, regulatory requirements and substances of concern relevant to their activities. Data on hazardous waste is collected at production site level, and processes for identifying and tracking products and materials containing substances of concern are progressively implemented. The results of these assessments inform mitigation actions, regulatory compliance measures and prioritization initiatives for pollution prevention across the Group. Affected communities were not consulted in conjunction with assessments.

E2-1

Policies

VBG Group has formalized its commitment to environmental protection through the Policy for Managing Pollution of Soil, Air, and Water, which was adopted by the Board in 2025. This policy establishes a Group-wide framework for preventing, controlling and mitigating pollution-related impacts. The policy applies to all of VBG Group's own operations, facilities, and activities that may affect soil, air or water quality. It addresses the management of substances of high and very high concern, as defined by applicable regulations such as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and sets objectives for pollution prevention and reduction. The policy does not currently cover the upstream or downstream value chain. However, a revision of the policy is planned ahead of the next reporting year. The Group commits to continuous improvement and compliance with relevant environmental laws and standards, including ISO 14001, which serves as the guiding third-party framework for implementation. The Policy for Managing Pollution of Soil, Air, and Water focuses solely on environmental pollution, excluding aspects such as noise and odor, which have not been assessed as material for VBG Group's operations.

On Group level, VBG Group Management holds ultimate accountability for policy implementation. Divisional and

business unit management are responsible for sharing the policy with all employees and relevant external stakeholders and set, review and ensure compliance with pollution reduction targets. All employees and contractors are required to follow established procedures and report any incidents or risks of pollution immediately. The Group engages with stakeholders, including local communities and authorities, to ensure transparency and responsiveness to environmental concerns. Compliance is mandatory for all VBG Group operations and monitored through internal controls and supported by training programs. The policy is reviewed annually to reflect changes in legislation, best practices, and stakeholder expectations. Performance against measurable objectives is monitored and reported internally and externally as part of VBG Group's sustainability disclosures, ensuring transparency and accountability in line with CSRD requirements.

E2-2

Actions and resources

VBG Group ensures regulatory compliance through integrating pollution-prevention measures into production design, including avoiding harmful chemicals. During the reporting year, practical improvements were carried out at selected locations, including the regular replacement of drain and air filters, reduced use of flux in brazing processes and the elimination of outdoor storage to minimize runoff. In addition, the use of PFAS-related components is being reduced through changes in sourcing and product design. Together with the implementation of the new policy, these measures are aligned with the prevention (avoidance) level of the mitigation hierarchy, as they focus on reducing pollution at the source through operational improvements, material substitution and design changes. Actions apply to all divisions, including all production sites, to comply with regional and government regulation and laws related to pollution. Material Data Sheets guide the assessment of chemical composition for purchased chemicals, ensuring compliance with legal regulations.

Regulatory monitoring is continuous and integrated into divisional processes, and necessary initiatives are either completed or under implementation, ensuring ongoing compliance with regional and government regulations. All the actions mentioned in this section and which were implemented during the year are important in managing our material impacts, risks and opportunities related to environmental pollution in the short to long term, and we will continue to work on them in the years ahead. No measures have been implemented downstream.

Soil pollution

The production facilities are expected to have local processes for preventing the release of harmful substances into the soil. This includes the safe handling, storage, and disposal of hazardous materials and chemicals, with special attention given to substances of high and very high concern in accordance with relevant legislation. In the event of spills or contamination, the Group commits to taking immediate action to remediate and restore the affected soil, including notification of relevant authorities where required.

Air pollution

Efforts are under way to reduce emissions of harmful substances into the air by adopting cleaner technologies, optimizing processes and phasing out substances of high and very high concern wherever feasible. Air and ventilation systems are continuously monitored using targeted sampling. Emissions, including those of regulated pollutants and substances of concern, are continuously monitored, and operations adhere to established limits to ensure compliance. Where required, emissions data are reported to relevant authorities and stakeholders.

Water pollution

Wastewater is properly treated before being discharged into the environment, in accordance with applicable laws and regulations. Particular care is taken to prevent the

ENVIRONMENT

release of substances of high and very high concern into water bodies. Process water is never released into drainage water and is either treated externally or cleaned and reused. Waste is classified, stored, transported and disposed of properly to minimize environmental impact and pollution. The Group maintains procedures to quickly and effectively manage any spills or leaks to prevent contamination of water resources, including emergency response plans and staff training. Efforts are made to reduce water consumption, promote water efficiency and reuse water wherever possible to minimize overall impact on water resources.

Substances of concern

The divisions concerned systematically identify substances of high and very high concern used or generated in its operations, in accordance applicable regulations such as the EU REACH Regulation. Where feasible, these substances are substituted with safer alternatives, and plans are developed for their gradual phase-out. Safe handling, storage and disposal of these substances are secured, and clear information and training are provided to employees and contractors regarding associated risks and control measures. Incidents are prevented by enforcing a Work-Safety-Process with regular follow-ups involving responsible personnel at production sites. The Group also works with suppliers to ensure that substances of high and very high concern are managed responsibly across the value chain.

Targets and metrics

E2-3**Targets related to pollution**

Over the years, VBG Group subsidiaries have introduced mandatory and voluntary targets related to pollution in their operations. The targets of the subsidiaries as regards pollution are aligned with the Group's Policy for Managing Pollution of Soil, Air, and Water, and local regulations in force. The companies monitor progress in relation to their own pollution-related targets, thereby ensuring compliance with the Group policy. These targets are primarily driven by regulatory requirements, including compliance with regulations regarding substances of concern and substances of very high concern. Subsidiaries actively monitor these substances and pursue phase-out initiatives wherever feasible, supported by established processes for data collection that meet applicable regulatory requirements.

These targets play an important role in preventing and controlling pollution-related impacts. By designing processes that minimize the use of harmful pollutants and by ensuring strict adherence to legislation, VBG Group works to reduce its environmental footprint while building a foundation for continuous improvement. At the Group level, there are currently no consolidated measurable targets for pollution reduction, beyond the overarching commitment to comply with local regulations and maintain alignment with applicable environmental laws.

E2-4**Emissions to air, water and soil by pollutant**

For fiscal year 2025, VBG Group has not reported any quantitative disclosures on emissions of pollutants to air, soil or water. Although some sites conduct direct measurements and calculations, there is still a lack of uniform procedures, shared definitions and system support required to consolidate data at the Group level.

At operational sites where it is available, data is collected through operating systems and regulatory measurement methods, but information on soil pollution and microplastics cannot yet be reliably quantified. VBG Group therefore forgoes making estimates, since lack of data and varying national requirements would lead to uncertain results that are difficult to compare. This is aligned with the Group's Code of Conduct, which emphasizes that environmental data should be monitored, accurate and submitted in a timely manner to avoid inaccurate reporting. Pollutants and sources of emissions will be systematically analyzed in 2026, including the establishment of joint methods and procedures to facilitate Group-wide reporting.

E2-5**Substances of concern and very high concern**

For fiscal year 2025, VBG Group does not report any quantitative KPIs for substances of concern and substances of very high concern. This decision is based on the assessment that the currently available data is not of

sufficient quality, coverage or comparability to be reported as reliable outcomes at the Group level. The majority of VBG Group's operational sites – particularly outside Europe – currently lack established procedures, shared definitions and system support for collecting relevant information.

VBG Group has considered using estimates to facilitate reporting for 2025. However, as a result of limited access to data and insufficient comparability, we have concluded that at present it is not possible to establish meaningful estimates. In 2026, we intend to carry out a more comprehensive analysis of emissions and impacts linked to pollution and, with the support of external expertise, to establish a shared structure, methodology and governance within the organization. The aim is to gradually facilitate complete and comparable reporting for all operational sites, with the ambition of facilitating future reporting once sufficient data quality, coverage and internal processes have been established. On the basis of this assessment, 2025 is deemed not to be a suitable base year since reported figures in coming years are expected to increase in pace with improvements in data coverage and quality.

EU Taxonomy

Disclosures for fiscal year 2025

This section presents VBG Group's reporting under the EU Taxonomy.

Changes compared to preceding year's reporting

In July 2025, the European Commission adopted a Delegated Act that includes changes to Taxonomy reporting as regards the application of a 10% materiality level in reporting. VBG Group has analyzed financial data based on the figures for fiscal year 2025. This analysis shows that neither sales (turnover), capital expenditure (CapEx) nor operating expenditure (OpEx) for most of VBG Group's economic activities included in the Taxonomy reporting in previous years amounted to more than 10%. They are therefore included in non-assessed operations that are deemed to be non-material. No new business operations were added during the year that exceed 10% of net sales. For CapEx and OpEx, refer to "Taxonomy-eligible economic activities". It was therefore decided, on the basis of this analysis, that VBG Group would apply the materiality criterion in its Taxonomy reporting for fiscal year 2025.

Justification for applying the materiality criterion

Turnover

The VBG Group does not generate any turnover that can be linked to any of the economic activities listed in the six environmental objectives in the Taxonomy. The proportion of our Taxonomy-eligible economic activities therefore amounts to 0% of our turnover.

CapEx

The Transport and Construction and property operation sectors reported CapEx in fiscal year 2025. The CapEx in Transport amount to less than 1%, and is therefore reported as non-assessed CapEx. Material CapEx has been made in the Construction and property sector (see below under "Taxonomy-eligible economic activities").

OpEx

The majority of VBG Group's OpEx is not linked to any Taxonomy-eligible economic activity. Some OpEx occurs in the Transport and Construction and property operation sectors, but this amounts to a very small share of total OpEx (2% in total) and is therefore reported as non-material for fiscal year 2025. Material OpEx occurs in the Construction and property operations sector, which is described under "Taxonomy-eligible economic activities".

Taxonomy-eligible economic activities

Construction of a new building in the Mobile Thermal Solutions division commenced during the year, involving the construction of a new plant in Toronto, Canada. Investment during the year totaled SEK 148.5 M CapEx for activity CCM 7.1 is therefore reported in the table for the share of CapEx derived from Taxonomy-eligible activities. The reported share includes expenditure in conjunction with the construction that was capitalized in the financial statements. There is also CapEx in the Group relating to additional investments in buildings, which are recog-

nized as right-of-use assets in an amount of SEK 29.3 M (refer to note 20). These are reported under activity CCM 7.7. During the year, there was also OpEx on owned and leased buildings amounting to approximately SEK 21.2 M, corresponding to 17% of the Group's total taxonomy-related OpEx. OpEx for activity CCM 7.7 Acquisition and ownership of buildings is therefore reported in the table for proportion of Taxonomy-eligible activities. The proportion reported includes primarily all expenditure pertaining to repairs and maintenance of owned and leased buildings.

Reporting policy

The same principles as in previous years have been used in calculating the amounts used to determine whether economic activities from previous years can be reported as non-material this year.

Each numerator for turnover and expenditure refers to those that are linked to the respective economic activities in VBG Group's accounting system. CapEx refers only to investments related to assets that are associated with the respective economic activity. OpEx refers only to maintenance attributable to the assets that are associated with the respective economic activity.

The denominator has been defined in accordance with the EU Taxonomy:

- total turnover corresponds to the consolidated net sales as described on page 109 of the 2025 Annual Report;

- total CapEx for acquisition (both individual and via business combinations) of fixed assets fixed assets, intangible assets excluding goodwill, and right-of-use assets during the fiscal year, found in Notes 18–20 under Purchases and Companies acquired; and
- total OpEx consists of direct uncapitalized investments related to research and development, building renovation measures, short-term leases, maintenance and repairs, and other direct expenses related to the daily maintenance of fixed assets.

Criteria for Does Not Significantly Harm (DNSH) and minimum safeguards

When analyzing whether economic activities CCM 7.1 and CCM 7.7 make a significant contribution, it was noted that climate risk or vulnerability assessments have not been conducted for the construction in Toronto, Canada or for the buildings owned or leased. Accordingly, there is no significant contribution, and the criteria for DNSH and minimum safeguards have therefore not been analyzed.

EU TAXONOMY

Proportion of turnover, CapEx and OpEx originating from activities associated with Taxonomy-eligible and Taxonomy-aligned economic activities

2025

KPI	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Breakdown per environmental objective of Taxonomy-aligned activities						Of which enabling	Of which transitional	Not assessed activities considered non-material	Taxonomy-aligned activities during previous fiscal year (2024)	Proportion of Taxonomy-aligned activities during previous fiscal year (2024)
					Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity					
	SEK M	%	SEK	%	%	%	%	%	%	%	%	%	SEK M	%	
Turnover	5,394.2	0	0	0	0	0	0	0	0	0	0	0	0	0	
CapEx	320.5	56	0	0	0	0	0	0	0	0	0	2	0	0	
OpEx	131.2	17	0	0	0	0	0	0	0	0	0	2	0	0	

Proportion of CapEx originating from activities associated with Taxonomy-eligible or Taxonomy-aligned activities

CapEx

2025

Economic Activities	Code	Taxonomy-eligible KPIs (proportion of Taxonomy-eligible CapEx)	Taxonomy-aligned KPIs (monetary value of CapEx)	Taxonomy-aligned KPIs (proportion of Taxonomy-aligned CapEx)	Environmental objectives for Taxonomy-aligned activities						Enabling activities	Transitional activities	Proportion of Taxonomy-aligned of Taxonomy-eligible activities
					Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity			
		%	SEK	%	%	%	%	%	%	%	(E where applicable)	(E where applicable)	%
Construction of new buildings	CCM 7.1	46	0	0	0	0	0	0	0	0	—	—	0
Acquisition and ownership of buildings	CCM 7.7	10	0	0	0	0	0	0	0	0	—	—	0
Sum of alignment per objective					0	0	0	0	0	0			
KPI total (CapEx)		56	0	0	0	0	0	0	0	0	0	0	0



EU TAXONOMY

Proportion of OpEx originating from activities associated with Taxonomy-eligible or Taxonomy-aligned economic activities

OpEx

2025

Economic Activities	Code	Taxonomy-eligible KPIs (proportion of Taxonomy-eligible OpEx)	Taxonomy-aligned KPIs (monetary value of OpEx)	Taxonomy-aligned KPIs (proportion of Taxonomy-aligned OpEx)	Environmental objectives for Taxonomy-aligned activities						Enabling activities	Transitional activities	Proportion of Taxonomy-aligned of Taxonomy-eligible activities
					Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity			
		%	SEK	%	%	%	%	%	%	%	(E where applicable)	(E where applicable)	%
Acquisition and ownership of buildings	CCM 7.7	17	0	0	0	0	0	0	0	0	—	—	0
Sum of alignment per objective					0	0	0	0	0	0			
KPI total (CapEx)		17	0	0	0	0	0	0	0	0	0	0	0
				0	0	0	0	0	0	0			

S Social

The double materiality assessment highlights a range of social topics that are material to VBG Group and encompass both the Group's own operations and value chain.

Workplace well-being is recognized as having an actual positive impact within the organization, reflecting VBG Group's commitment to providing a healthy, safe and supportive environment for employees. This focus on well-being is closely linked to the Group's ability to

retain and attract employees, which is seen as an important opportunity for the organization to be successful over the long term.

Equal treatment and opportunities for all are central, with the assessment identifying potential negative impacts related to work environment issues in own operations. These may include risks of discrimination or inadequate workplace practices, which the company addresses through clear policies and continuous improvement.

In the value chain, the lack of control over working conditions is recognized as a risk, underscoring the importance of supplier management and oversight.

Demands for equal treatment and opportunities extend into the supply chain, where actual positive impacts are achieved by setting and enforcing social standards among suppliers. However, the assessment also notes that social incidents such as breaches of labor rights or inadequate working conditions represent potential negative impacts in the value chain, which highlights the need for routine monitoring and engagement with the Group's partners.



Reported areas in Social

Sustainability topic	IRO	Type of IRO	Value chain	Time horizon
S1 – Own workforce				
Working conditions	Workplace well-being	Actual positive impact	Own operations	S M L
	Retaining & attracting employees	Opportunity	Own operations	S M L
Equal treatment and opportunities for all	Work environment issues	Potential negative impact	Own operations	S M L
S2 – Workers in the value chain				
Working conditions	Lack of control	Risk	Own operations	S M L
Equal treatment and opportunities for all	Demands in supply chain	Actual positive impact	Upstream Downstream	S M L
	Incidents associated with workers in the value chain	Potential negative impact	Upstream Downstream	S M L

Time horizon S Short M Medium L Long

SOCIAL

Own workforce

Management of impacts, risks and opportunities

SBM-2, SBM-3

Our material impacts, risks and opportunities

Our social responsibility starts with our own workforce. The reporting scope includes all individuals materially impacted by our operations. Employees are also represented at the board level through workers representatives, ensuring that their views are considered in governance processes. The engagement with our employees occurs through a variety of channels, including daily interactions between manager and employee, annual performance reviews, meetings with union or employee representatives, internal communication platforms and the Group's whistleblower service. Furthermore, performance reviews are conducted to gather structured feedback and gain insight into the suitability of the engagement throughout the year.

Viewpoints and observations arising in operations are documented by HR and the managers responsible. Monitoring involves issues linked to work environment, diversity and inclusion, including those that could arise as a result of shortcomings in governance or management. The risks are assessed to be potentially relevant for all employees. VBG Group has assessed the risk of child labor and forced labor in its own operations on the basis of the nature and geographical exposure of the operations, and existing control measures. Based on this assessment, we consider the risk to be non-material.

The Board is informed of material observations in relation to the Group's strategy and risk profile, and comparisons are made over time to identify developments and the need for measures. This approach has been integrated into the double materiality assessment to ensure that work-related impacts, risks and opportunities are taken into account.

The results of engagement with employees are reported to Group Management and the Board and are used to inform strategic decisions in areas such as HR, sustainability and business development. They also serve as the basis for setting and monitoring targets, including targets related to gender diversity, workplace safety and ethical conduct. By linking employee feedback to strategic planning, VBG Group ensures that workforce perspectives shape the business model and support the Group in achieving its sustainability targets. For example, insights into training needs and inclusion inform internal skills development strategies, while safety-related feedback drives investments in equipment and processes.

To ensure transparency and accountability, the outcomes of the stakeholder engagement process and the actions taken in response are communicated back to employees through internal channels. Workforce-related impacts are assessed across short-, medium-, and long-term horizons to capture both immediate operational needs and future strategic considerations. Financial aspects, including costs for training programs, investments in workplace safety and productivity-related factors, are analyzed as part of the decision-making process based on employee engagement.

Changing skills and approaches

Over the longer term, the targets set in the Group's climate transition plan will shape both the way we work, and the skills required across our operations. While no adverse impacts on employees are anticipated, the transition is expected to require skills development and likely adaptation to new technologies and working methods. These developments also shape long-term workforce needs, driven by automation, digitization, evolving competency requirements and site relocations. This creates opportunities for employees to develop new skills and contribute to the Group's long-term sustainability targets.

S1-1

Policies

VBG Group has established global policies for managing material impacts, risks and opportunities linked to own workforce, with regard to identified expectations among key stakeholders (refer to Stakeholder expectations on page 57). These policies apply to all employees across the organization and are adopted by Group Management and, where applicable, by the Board of Directors. The policies are aligned with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work. However, the Group has not formalized compliance with specific external standards or initiatives. Company policies are publicly available to all employees on the internal intranet. New employees acquaint themselves with these policies during onboarding, and key requirements are reinforced through mandatory Code of Conduct training. Key policies include the Code of Conduct, the Global Policy Against Any Form of Discrimination, the Global Policy Against Harassment, the Global Policy on Gender Identity and Expression Equality, the Workplace Health & Safety Policy, the Personal Protective Equipment (PPE) Policy and the Whistleblower Directive. These policies also cover health and safety, freedom of association, collective bargaining, fair remuneration, and access to training and skills development. The purpose of these policies is to ensure compliance with applicable legal requirements, prevent discrimination and harassment, and maintain a safe and healthy working environment.

The policies explicitly cover grounds for discrimination such as race, ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion and political opinion. They also align with internationally recognized human rights and labor standards, including commitments to prohibit human trafficking, forced or compulsory labor and child labor. Implementation is supported through structured

communication channels, training programs and the whistleblower service, which enables confidential reporting of concerns. In the event that actual or potential negative impacts on human rights for own workforce are identified, VBG Group adopts appropriate measures in each individual case and manages these through targeted action plans. This is done through established reporting channels and by investigating identified cases, as well as follow-up and corrective measures to allow the individuals concerned to take action.

No significant changes have been made to existing policies, but new policies were implemented during reporting year 2025, and while no specific commitments for vulnerable groups have been introduced beyond the general policies, the approach remains inclusive and consistent with global best practices.

S1-2, S1-3, S1-4

Actions and resources

Open communication

VBG Group has implemented a comprehensive framework to prevent and mitigate material risks and impacts on its own workforce. This framework is anchored in ethical governance, employee engagement, occupational health and safety, and continuous improvement. The Group's commitment to ethical conduct is reflected in its Code of Conduct, collective bargaining agreements where applicable, and an anonymous whistleblower service that ensure openness and an opportunity for employees to have their voices heard. The VBG Group's keystones, regular performance reviews, and team meetings foster engagement and loyalty, supported by feedback and meetings with employee representatives. Open and respectful communication is promoted through personal dialogues and regular meetings, particularly for sensitive matters. Managers also maintain an open-door policy and perform regular walk-arounds to ensure daily engagement and early identification of emerging issues, while supervisors and managers hold regular meetings with employees.

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Health and safety

Occupational health and safety are prioritized through partnerships with health providers, ergonomic practices, safety protocols and various wellness initiatives. Special attention is given to the needs of vulnerable groups, including young employees, pregnant employees, and employees with disabilities, to ensure a safe and inclusive work environment for all. Employees are provided with personal protective equipment, and travel policies ensure safe accommodation and coverage through a company-wide travel insurance policy. Injury prevention is supported by ergonomic design, safe handling tools and first aid training. In the event of accidents, rehabilitation and reintegration programs are available. All incidents are logged, investigated and managed within the organization.

Structured processes are in place to identify and manage actual or potential negative impacts. Some companies hold dialogues with trade union representatives or elected staff representatives, while other companies lack formal employee representation. Employees also have the opportunity to raise issues, for example, through the whistleblower service and dialogue with their immediate supervisors. Safety committees and employee representatives further reinforce workforce protection.

Training

Employees undergo regular training in the Code of Conduct. Training also includes environmental compliance, fair business practices, anti-corruption and anti-money laundering, managing personal interests versus business interests, safeguarding company information and assets, and promoting transparency, including whistleblowing.

Evaluation and monitoring

VBG Group's health and safety performance is monitored through internal inspections, root cause investigations and safety committee reviews. Employee well-being is

supported by wellness programs, social benefits and partnerships with health providers. Employee rights are guaranteed through collective bargaining agreements, audits and compliance with the Group's Code of Conduct. Management, depending on the organizational unit, monitors workforce engagement, safety, satisfaction and productivity. Managers are continually available for dialogue with staff, and this approach aims to ensure that views and experiences are taken on board and considered in day-to-day work. Employees can propose improvements, and annual performance reviews provide structured feedback supporting responsible workforce management.

We continually review our practices to ensure they do not cause or contribute to material negative impacts. This includes further reducing accidents and employee turnover rates and conducting regular internal safety checks. Educational support is provided through local training initiatives and centrally coordinated programs such as the Industrial Management program. Additionally, the Herman Krefting Education Scholarship offers all employees within VBG Group the opportunity to apply for educational scholarships.

Appreciation and work-life balance are promoted through flexible scheduling, employee events and regular local employee perks. We believe that these initiatives result in a healthier and more engaged workforce, characterized by improved mental and physical well-being, increased productivity, and reduced sickness and employee turnover rates.

Impacts are assessed through regular activities such as employee surveys in some companies, structured performance reviews and regular departmental meetings. These provide valuable insights into well-being, engagement and organizational risks. Health and safety are monitored via accident rates, sick leave statistics and employee turnover. All initiatives taken are reviewed regularly to evaluate whether they are producing the intended results for

employees. However, the specific contributions from each initiative to the observed improvements are currently not being measured.

Whistleblowing

Through the VBG Group Whistleblower Directive and whistleblower service – available on the VBG Group company website and the various brand sales sites – employees and stakeholders can report concerns and problems. All concerns are promptly investigated, and appropriate corrective actions are taken to address identified issues. Employees receive full protection against retaliation for reports made in good faith, increasing trust in the use of the mechanism and ensuring that it enables remedy and supports a safe and respectful workplace. The whistleblower service is promoted through our Code of Conduct and related training, as well as on all internal and external web sites to ensure easy accessibility.

Targets and metrics

- No serious workplace accidents
- Increase the proportion of women in the organization, at least 30% by 2030
- Female representation in executive positions
- Female representation in Division Management teams

S1-5**Targets related to own workforce**

No significant changes in targets or measurement methodologies have occurred. The definitions of various types of accident were clarified in 2024 so as to create uniform reporting for 2025 across VBG Group's divisions. In most parts of the organization, the targets are set and clarified

by management, but sometimes there is a mix of direct employee engagement and management-led processes.

VBG Group monitors suitability in related policies and procedures through employee turnover, remuneration and performance that is collected across the Group. One overall objective is achieving the elimination of serious accidents where external care needs to be sought, by promoting a strong culture of safety and open reporting. We have deliberately avoided defining interim targets, since targets based on reported incidents could discourage the reporting of incidents and reduce transparency. The workforce enables identifying potential improvements as part of the employee engagement process. In line with the Gender Identity and Expression Equality Policy, all employees under the Group's operational control have equal opportunities for employment, training, promotion and development.

VBG Group has a target of increasing the proportion of women in the organization to at least 30% by 2030. Women's representation in executive positions must reflect the proportion of women in the organization. There must also be women's representation on the Division Management teams. These targets support VBG Group's ambition of increasing gender equality and promoting the inclusion of women. This is based on historical information about the workforce, the current gender distribution and forecast trends for recruiting. These targets are set by Group Management on the basis of employee expectations after internal dialogues. The measurement of these metrics is tracked internally and is not currently validated by an external body.

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S1-6
Characteristics of the undertaking's employees

The table below presents the total number of employees in the Group, allocated by gender. This information is reported as the number of employees at the end of the year. The Group's workforce consists primarily of men. In 2025, women amounted to approximately 20% of the total workforce, which is on a par with the corresponding proportion in the previous year. Although the absolute number of women increased during the year, the overall gender balance remained largely unchanged compared to 2024.

The gender distribution reflects the Group's operation in traditionally male-dominated sectors. Increasing the share of women in the workforce is a long-term ambition, with a target of achieving a 30% proportion of women by 2030.

Gender	Number of employees (headcount) 2025	Number of employees (headcount) 2024
Men	1,701	1,555
Women	438	409
Other	0	0
Not disclosed	0	0
Total number of employees	2,139	1,964

The table shows the number of employees by country for those countries where VBG Group has at least 50 employees, and where these employees comprise at least 10% of the Group's total headcount, thus representing a significant workforce. The data in the table reflects the geographic distribution of the Group's employees. This information is intended to provide transparency concerning the Group's operational footprint, and comprises a basis for assessing workforce-related impacts, risks and opportunities. Other changes in the number of staff between 2024 and 2025 are attributable primarily to growth (both organic

and acquired), restructuring and changes in the capacity of operations in certain markets. There have been no significant changes in the scope or methodology of reporting between years.

Country	Number of employees (headcount) 2025	Number of employees (headcount) 2024
Brazil	254	119
Canada	547	530
India	262	274
Sweden	266	231
US	274	269

Data for the current year is reported as total headcount without division into forms of employment. Starting with reporting year 2026, the Group plans to develop this reporting and separate the workforce according to various types of employment contracts.

The table below shows the total number of employees who left VBG Group during the reporting period, as well as employee turnover during the reporting period. This data is based on actual HR data and is reported for each fiscal year. Employee turnover is calculated as the proportion of employees who left the Group in relation to the average number of employees during the year. This information is used as a basis for monitoring developments in workforce stability and assessing workforce-related risks and opportunities. The change in employee turnover between 2024 and 2025 is not believed to indicate any significant structural changes in the Group's workforce.

Employee turnover	2025	2024
Number of employees who have left the company	245	202
Employee turnover, %	11	10

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

The table below shows the number of non-employees who are included in VBG Group's own workforce during the reporting period. "Non-employees" refers to persons who perform work for the Group but are not directly employed, such as employees contracted through staffing companies, consultants, trainees and interns. Non-employees are used primarily to cover temporary capacity and skills needs, for example, in the event of fluctuations in production volume, project-based work or as part of training and trainee programs. Usage varies among different operations and geographies.

The data is based primarily on data from local HR systems. Non-employees are included in the Group's own workforce, and do not pertain to employees in other parts of the value chain.

	2025	2024
Number of non-employee workers in the company's own workforce	268	—

S1-8 Collective bargaining coverage and social dialogue

All employees have the right to organize in trade unions, take part in collective negotiations and negotiate employment terms in accordance with applicable laws. No employee shall be discriminated against for exercising this right. These principles are firmly embedded in VBG Group's Code of Conduct and are thereby extended to the supply chain. VBG Group expects all its suppliers to recognize and uphold freedom of association and collective bargaining. At year-end, 48% of employees were covered by collective bargaining agreements. The information to the right pertains only to countries where VBG Group has significant employment, and the table shows a breakdown

of collective bargaining coverage in these countries. This assessment is based on actual employee data from HR systems for all entities. Most units have no unions, collective bargaining agreements or employee representatives, and therefore no specific measurement methodology or assumptions are needed. Where collective agreements exist, coverage is clearly defined, documented, and followed. In units without collective agreements, local agreements and industry standards are applied and jointly agreed upon with the relevant parties.

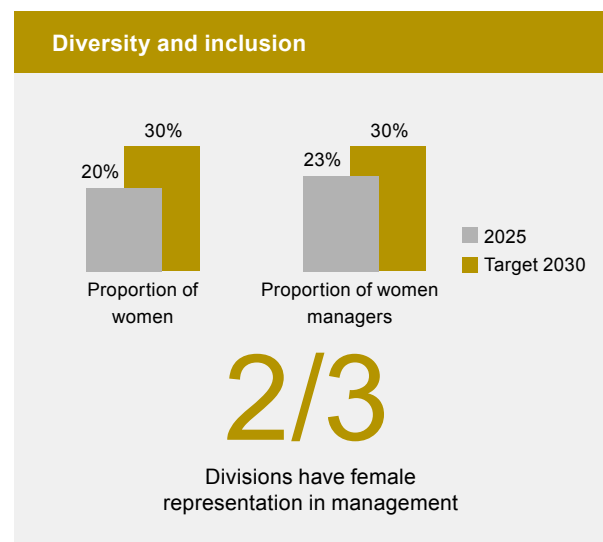
Degree of coverage, %	Collective bargaining coverage		Social dialogue
	Employees – EEA (for countries with >50 empl. representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representatives (EEA only; for countries with >50 employees representing >10% of total employees)
0–19			
20–39		Asia	
40–59		North America	
60–79			
80–100	Sweden	South America	Sweden

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S1-9
Diversity metrics

VBG Group is committed to promoting diversity and inclusion across all levels of the organization. Senior management is defined as one and two levels below the Board of Directors. These roles are responsible for strategic decision-making and operational oversight. The table shows the gender distribution in senior management during the reporting year.

Senior management	2025	2024
Number of women	1	1
Number of men	5	5
Proportion of women in senior management, %	17	17
Proportion of men in senior management, %	83	83



During the reporting year, the proportion of women executives and managers was 23%, compared to a long-term target of 30%. Women managers and directors pertains to women with HR responsibilities, women specialists and women in key positions. To support this work, the Group establishes its diversity metrics along several dimensions, including age, gender, length of employment, geographic spread and management positions. This information is retrieved directly from documented records, payroll statistics, personnel files and organizational charts to ensure accuracy and consistency.

The table shows the age distribution in the Group's workforce for reporting years 2024 and 2025. This information is presented as the number of employees. In 2025, the majority of employees, corresponding to approximately 53% of the total workforce, were between 30 and 50 years of age. The number of employees under 30 was 13%, while 34% were over the age of 50. Compared with the preceding year, the age distribution was largely stable, with minor changes among age categories.

Age distribution among employees	2025	2024
Number of employees under 30 years old	264	258
Number of employees 30–50 years old	1,134	1,064
Number of employees under 50 years old	741	642

The table shows the distribution of employees on the basis of length of employment in the Group for reporting years 2024 and 2025. This information is presented as the number of employees. In 2025, a significant proportion of employees had a tenure of less than five years, which reflects new recruitments and changes in the composition of the workforce in recent years. The distribution in other

tenure bands was essentially unchanged compared with 2024, which indicates a broadly stable core of longer-term employment within the Group.

Length of employment	2025	2024
Less than 5 years	953	803
5 to 10 years	465	439
10 to 15 years	240	237
15 to 20 years	202	209
More than 20 years	279	276

S1-10
Adequate wages

VBG Group ensures that wages are in compliance with applicable legislation and collective agreements in all countries where it operates. In addition, the Group confirms that all employees receive an adequate wage in line with relevant benchmarks for minimum wages within the EEA and equivalent standards outside the EEA. Where statutory or collectively agreed minimum wages are not sufficient to meet adequacy benchmarks, VBG Group applies supplementary measures to ensure fair compensation. This commitment is embedded in the VBG Group Code of Conduct.

Wage adequacy is ensured through a measurement methodology that includes benchmarking, legal compliance and collective agreements. Methods used include wage surveys, qualification matrices and payroll systems that verify adherence to national minimum wage requirements. At most sites, wages exceed statutory minimum levels and are regularly reviewed against government data, collective agreements and industry benchmarks. Annual performance reviews also inform wage adjustments, and all assessments assume full-time employment while relying on national legislation, collective agreements and internal reviews to ensure fair compensation. Wage adjust-

ments and comparable conditions also involve trade unions, where collective agreements exist. These efforts are based on national legislation, collective bargaining agreements and internal comparisons to ensure fair and equitable wages.

S1-11
Social protection

Our own workforce is covered by social protection in all regions where we operate. As regards non-employees, the majority receive social protection through other solutions. Actions are underway to extend coverage to these groups to ensure compliance with requirements and alignment with our Code of Conduct principles on fair working conditions and respect for human rights.

S1-12
Persons with disabilities

VBG Group complies with all applicable legal frameworks in each country of operation regarding the treatment and protection of persons with disabilities. Working conditions are adapted to individual capabilities, and disability-related questions are not permitted before a conditional job offer is made. Disability status is determined through a medical report issued by a general practitioner or, in certain jurisdictions, by the health insurance authority. The Group records whether an employee has an official disability certificate but includes only those individuals who voluntarily disclose this information.

To ensure consistency and reliability, the assessment of disability-related data is based on documented information from HR systems across all entities. The Group complies with national legislation and local authority requirements, and where applicable, compliance is supported by medical reports and evaluations conducted by designated medical professionals. No additional related data is based on documented information from HR systems across all entities.

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Persons with disabilities	2025
Number of persons with disabilities in workforce	26
Percentage of persons with disabilities in workforce, %	1

S1-13
Training and skills development metrics

VBG Group promotes continuous learning and development opportunities for all employees, as outlined in the VBG Group Code of Conduct and HR policies. Training programs during the reporting period focused on ethical conduct, human rights, workplace safety and sustainability, environmental and good business practices, anti-corruption, conflict of interest management, information protection and whistleblowing. Both mandatory and voluntary courses were offered to ensure employees have the skills required to meet regulatory requirements and support the Group's strategic objectives.

VBG Group maintains detailed records of mandatory and recommended training courses completed by employees. During the reporting period, the number of training hours per employee decreased by one hour compared to the preceding year. The Group's approach ensures equal access to training across all regions and employee categories, which supports the principles of diversity and inclusion. Continuous monitoring and evaluation are in place to measure effectiveness and identify areas for improvement.

Internal and external training hours are monitored with internal tools that are used across the Group to consolidate data. Training activities include courses in our Code of Conduct, IT courses, role- or topic-specific courses and learning in everyday work. Moreover, online courses as well as other upskilling courses and development programs are offered. Most of the data used in calculating training hours per employee are based on training hours actually completed. However, some assumptions have been made regarding how the total working time is allocated to training activities and the duration of some training courses. The decrease compared to the preceding year is attributable primarily to the fact that newly acquired companies have not yet fully implemented the Group's structures and procedures for performance reviews and training follow-up.

S1-14
Health and safety metrics

In line with our Code of Conduct, we are committed to ensuring that our work environment complies with applicable health and safety laws and regulations. We do this by prioritizing compliance with safety requirements in planning and operation, and providing the necessary conditions for a safe and healthy workplace for all VBG Group employees. All employees are asked to take responsibility for their own safety and the safety of others in their vicinity, to correct or report hazards and address any unsafe behavior. Since the Group intends for its products to create a safer society, our target is for no work-related accidents to occur. This target includes work-related injuries,

Training and skills development metrics	Women		Men		Total	
	2025	2024	2025	2024	2025	2024
Proportion of employees that participated in regular performance and career development reviews, %	70	—	75	—	74	96
Average number of training hours per employee	16	—	12	—	13	14

accidents and fatalities, and will continue to be reviewed internally and tracked on a quarterly basis. The scope of our injury rate reporting includes VBG Group's employees and contractors under the Group's operational control. To reduce the number of workplace accidents, we are endeavoring to expand our monitoring and debriefing of accidents to Group Management and internal monitoring of incidents in order to support preventive initiatives.

During the year, no fatalities were registered among employees or contractors working in VBG Group's operations. VBG Group classifies safety events as incidents and two types of accidents. Incidents refer to events that could have caused an injury but did not, or unsafe situations without injury. Accident I refers to serious work-related injuries that lead to absence from work, 20 such cases were recorded during the year. Accident II refers to minor injuries where the employee can return to work immediately, 67 such cases were registered during the year. The current reporting system does not fully distinguish between work-related accidents and work-related ill health, and the calculation and tracking of working days lost is not applied uniformly across all subsidiaries or in all countries and geographical areas. VBG Group is therefore gradually

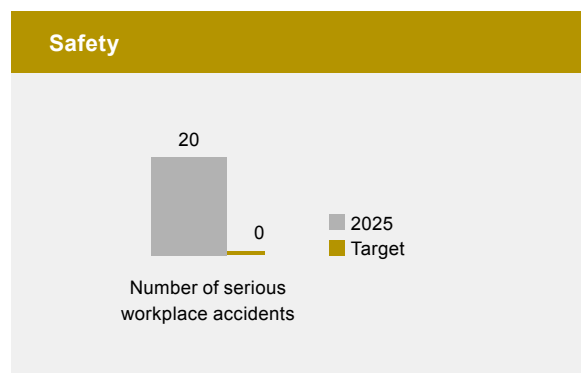
developing its data collection to achieve greater uniformity among its companies and in order to present comparable data.

Health and safety metrics	2025	2024
Proportion of employees in own workforce who are covered by the company's occupational health and safety system based on legal requirements and/or recognized standards or guidelines, %	99	—
Sick leave due to illness or health problems	4	3
Registered workplace accidents	2025	2024
Recorded serious accidents (Accident I)	20	21
Recorded less serious accidents (Accident II)	67	58
Recorded accidents (Accident I and II) per million hours worked	21	21
Fatalities as a result of work-related injuries and work-related ill-health	0	0

S1-16
Compensation metrics

The gender pay gap is calculated per organizational unit, based on the average gross salaries as at 31 December, broken down by gender. The calculation includes only permanent full-time employees. Gross salaries have been standardized to ensure comparability among various positions and geographies, in accordance with established salary and salary administration procedures as well as applicable legal requirements.

The reported gender pay gap can be attributed primarily to the composition of the workforce rather than to differences in remuneration for work of equal value. In the operation, a greater share of the more highly paid operational



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and technical positions are currently staffed by men, whereas women to a greater degree are found in support and administrative roles. This distribution affects average salary levels and thus the overall salary comparison between genders. Annual total remuneration includes fixed salaries. The ratio is calculated as the relation

between the remuneration to the highest paid individual and the median of all other employees.

Compensation metrics	2025	2024
Gender pay gap, %	45	—
Annual total remuneration ratio, %	888	964

S1-17
Incidents, complaints and severe human rights impacts

VBG Group is committed to upholding human rights and ensuring a respectful, discrimination-free workplace, as outlined in the VBG Group Code of Conduct, the Global Policy Against Any Form of Discrimination, and the Global Policy Against Harassment. The Group maintains a zero-tolerance approach to discrimination and harassment and provides multiple channels for employees to raise concerns, including the whistleblower service. VBG Group collects incident and complaint data through internal and external channels, including HR, management, unions, confidential counseling and a whistleblower service that also ensures compliance with local legal requirements. Reported data is managed locally on site, while the whistleblower service is managed centrally to maintain consistency across the Group. Limitations include reliance on self-reporting and team size, which may affect data completeness. No financial impact has been identified in connection with reported incidents during the period.

Work-related incidents and complaints	2025	2024
Total number of cases of discrimination, including harassment	6	1
Number of complaints filed through channels for own workforce to raise concerns	5	0
Number of complaints filed through channels for own workforce to raise concerns to the National Contact Points for OECD Multinational Enterprises	0	0
Total amount of fines, penalties, and compensation for incidents and complaints, SEK M	0	0
Total number of severe human rights incidents connected to the company's employees	0	0



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Workers in the value chain

Management of impacts, risks and opportunities

SBM-2, SBM-3

Our material impacts, risks and opportunities

VBG Group is aware that its responsibility extends beyond its own workforce to include workers across its value chain. These workers may be employed by suppliers involved in raw materials extraction and component manufacturing, or by partners such as logistics providers and distributors. Purchased goods account for a significant part of the Group's impact and highlight a strong operational dependency on suppliers, not only for environmental performance but also for ensuring fair working conditions and respect for human rights for all workers in the value chain. Regionalization of the supply base has reduced exposure to high-risk geographies, and no significant risks of child or forced labor have been identified to date. Continual risk assessment monitors raw materials such as metals and rare earth elements, and these disclosures will be updated if risks emerge. The Group is aware that certain roles, such as those in heavy manufacturing, raw material extraction and hazardous handling, may expose workers to greater harm. The divisions are in direct contact with their suppliers of direct materials. Potential and actual negative impacts can be identified through audits and site visits. The findings are integrated into the company's risk management procedures in order to strengthen protection for human rights in the value chain. These insights also inform procurement strategies, supplier selection and contractual requirements, ensuring that human rights considerations are embedded in the Group's business model and long-term sourcing decisions.

The divisions are in continuous dialogue with suppliers in the value chain to understand their expectations and concerns. Engagement occurs through regular supplier evaluations, joint development projects and monitoring of compliance with our Code of Conduct. While value chain workers may not directly engage with VBG Group at a

strategic level, their views are captured through supplier feedback mechanisms and collaborative initiatives aimed at improving working conditions and sustainability performance. Topics such as human rights, occupational health and safety, anti-corruption and fair working conditions are prioritized in these dialogues.

Safety is a multidimensional area, and stakeholders have clear expectations regarding both VBG Group's own workforce and workers in the value chain. These expectations cover personal and product safety, workplace safety and security linked to business conduct. Stakeholders expect systematic risk assessment in selecting suppliers and collaboration in order to continually raise safety standards across the supply chain.

Insights from suppliers have enabled adjustments to our Code of Conduct, which now includes improved provisions on occupational safety, anti-corruption and fair working conditions. Corrective actions are implemented where gaps are identified, and continuous improvement is supported through collaborative development projects and supplier training initiatives.

S2-1

Policies

Our Code of Conduct governs how VBG Group manages its impact on workers in the value chain. It sets out the standards and expectations for suppliers of direct materials and business partners regarding respect for human rights, non-discrimination, safe and healthy working conditions, freedom of association, compliance with laws that govern working hours and remuneration, and the prohibition of harassment, modern slavery and child labor. The Code of Conduct also ensures compliance with national laws and collective agreements and includes provisions on anti-corruption and ethical business practices, sets a global minimum employment age of fifteen and restricts hazardous work for young workers.

The Code of Conduct is an overarching policy, and governs all employees, suppliers of direct materials and busi-

ness partners globally. While it is not a stand-alone supplier-specific Code of Conduct, it fulfills the requirements for a policy addressing workers in the value chain. Our Code of Conduct was developed with consideration of stakeholder expectations such as stable operations, sustained profitability and growth, and compliance with requirements on human rights and safe working conditions. This policy is also aligned with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work. No cases concerning non-compliance with these principles and guidelines have been reported in the upstream or downstream value chain of the operation.

S2-2, S2-3, S2-4

Actions and resources

VBG Group employs a structured approach to managing actual or potential negative impacts on workers in the value chain and promoting responsible business practices across its supply chain. This method encompasses regular supplier audits, site visits, spot checks conducted by the purchasing teams in the divisions, and investigation of whistleblower reports at Group level to assess working conditions and ensure compliance with the Group's Code of Conduct.

Supplier monitoring

All suppliers of direct materials are expected to comply with the Code of Conduct, with the target of achieving 100% compliance among suppliers of direct materials by 2030. Some of the Group's business units have developed supplier manuals to support suppliers' understanding and fulfillment of the Group's expectations. These help to strengthen compliance with standards, identify systematic problems, and implement improvements without requiring direct involvement from individual employees. When actual or potential negative impacts on workers in the value chain are identified during audits or whistleblower

investigations, VBG Group determines the appropriate actions in each individual case and addresses them through targeted corrective action plans. In cases where actual or potential negative impacts on human rights are identified, VBG Group expects suppliers to provide remedy to affected individuals in line with international standards such as the UN Guiding Principles on Business and Human Rights.

Whistleblower service

VBG Group's whistleblower service is available on the VBG Group intranet, website and on the sales and supplier information sites of the various brands. The whistleblower service is also highlighted in our Code of Conduct and related training initiatives. Currently, VBG Group does not formally measure workers' trust in the mechanisms in place, however, the process is considered effective and reliable based on the nature and resolution of incoming reports. Effectiveness of the channel and actions taken is assessed through the timeliness of case handling, the completeness of corrective actions and the absence of recurring issues.

The whistleblower service is managed by an external partner to facilitate full anonymity, and all submissions are encrypted and password protected. The EVP for Corporate Responsibility & Group HR receives the reports and becomes involved when necessary and appropriate. All whistleblowing cases are handled confidentially. The whistleblower service acts as an early warning mechanism to reduce risks and maintain confidence in the value chain. Actions to address material impacts on workers in the value chain, limit risks and pursue opportunities are ongoing. These actions will consistently be supported by resources already allocated to supplier audits, site visits and external whistleblower services.

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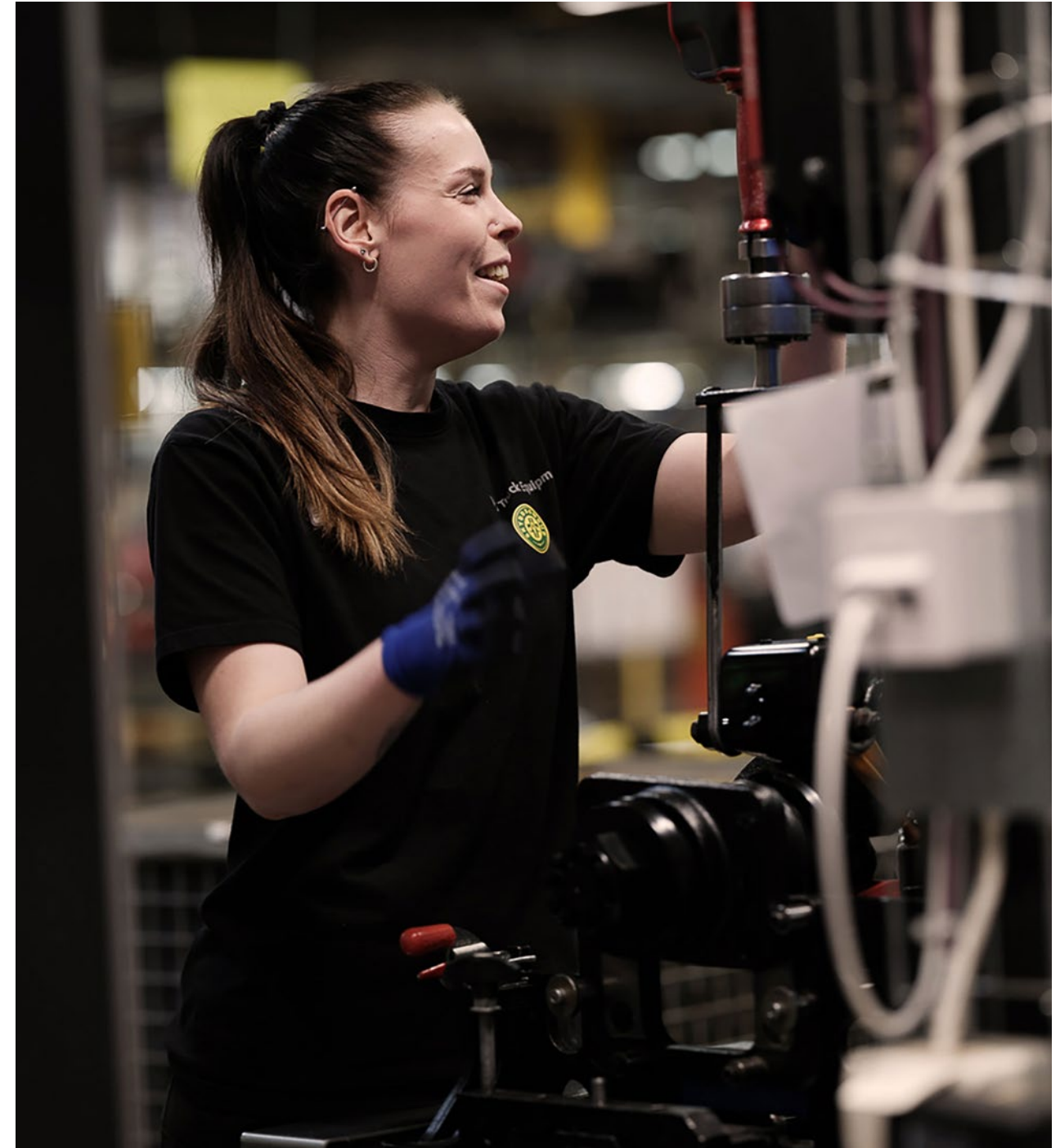
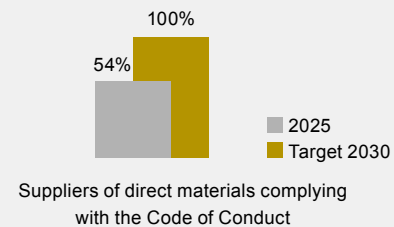
Targets and metrics

- 100% of the suppliers of direct materials comply with VBG Group's Code of Conduct.

S2-5**Targets related to workers in the value chain**

VBG Group's target for 2030 is that all suppliers of direct materials comply with the Group's Code of Conduct. The objective is to increase suppliers' understanding of the Group's expectations and values, promote regulatory compliance and support improved performance. The expectations outlined in the Code of Conduct for suppliers and business partners apply to all workers in the value chain and form the basis for managing material risks and advancing positive impacts related to labor practices. Progress toward compliance with our Code of Conduct by suppliers of direct materials and business partners is regularly monitored and tracked, and we assist our suppliers in meeting these standards to ensure that the Code of Conduct has been embedded across the value chain. Furthermore, 35% of suppliers of direct materials are to be ISO 14001 certified, or similar, by 2030. These targets have been set by Group management and remains unchanged compared with the preceding year, which reflects VBG Group's continued commitment to long-term sustainability targets. Achieving these targets is expected to strengthen supplier practices and ensure that all workers throughout the value chain benefit from safe working conditions, respect for human rights and fair labor standards, and enable a more responsible and resilient supply chain. In 2025, the proportion of suppliers of direct materials who

are in compliance with the Group's Code of Conduct was 54%, while 17% of suppliers of direct materials were environmentally certified under ISO 14001 or a similar standard. This outcome is impacted primarily by updated and corrected supplier data in one of the divisions and acquisitions completed in 2025, which added new suppliers who are not yet completely covered by the Group's monitoring and certification procedures. Efforts to ensure compliance with the Code of Conduct and gradually increase the proportion of environmentally certified suppliers are continuing, in line with the Group's long-term targets for 2030.

Workers in the value chain

G Governance

The double materiality assessment highlights a broad range of material areas regarding governance that are applicable both within VBG Group's own operations and across its value chain. This is due to the Group's robust corporate culture, which is shaped by a commitment to ethical business conduct. This commitment is regarded as an actual positive impact that supports integrity and transparency in daily operations. VBG



Group also sees opportunities for strengthening its brand and reputation through responsible governance practices.

Compliance risks are identified as a material matter, emphasizing the need for systems to ensure adherence to laws and regulations. Protection for whistleblowers is another key area, with the assessment noting that inadequate whistleblower protection represents a potential negative impact. This highlights the importance of secure and trusted channels for reporting concerns.

Managing relationships with suppliers is also material, since supply chain risks are regarded as a potential negative impact in the value chain. At the same time, building a sustainable supply chain, both internally and externally, is regarded as an actual positive impact since it reflects VBG Group's efforts to promote ethical and sustainable practices with the Group's partners.

Corruption and bribery are addressed as material governance topics, with involvement in unethical behavior considered a potential negative impact in both own operations and the value chain. Legal disputes and fines are regarded as material risks that can arise from governance failures, which underscores the importance of strong controls and compliance throughout the organization and its value chain.

Reported areas in Governance

Sustainability area	IRO	Type of IRO	Value chain	Time horizon
G1 – Business Conduct				
Corporate culture	Ethical business conduct	Actual positive impact	Own operations	S M L
	Strengthened brand and reputation	Opportunity	Own operations	S M L
	Compliance risks	Risk	Own operations	S M L
Protection of whistleblowers	Inadequate whistleblower protection	Potential negative impact	Own operations	S M L
Relationships with suppliers	Supply chain risks	Potential negative impact	Upstream	S M L
	Sustainable supply chain	Actual positive impact	Upstream Own operations	S M L

Time horizon S Short M Medium L Long

GOVERNANCE

Business conduct

Management of impacts, risks and opportunities

IRO-1, GOV-1

Our material impacts, risks and opportunities

VBG Group identifies and assesses impacts, risks, and opportunities related to business conduct through multiple channels, including the whistleblower service, regular performance reviews, and direct contact with HR and management. This approach allows the Group to evaluate the materiality of conduct-related risks and opportunities and to inform mitigation and monitoring measures.

Risks assessed cover corruption, fraud, discrimination, harassment and breaches of human rights, as defined in the Code of Conduct. Impact, risk and opportunity identification also takes into account insights from stakeholder engagement and global sustainability initiatives.

Ultimate responsibility for business conduct and ethics rests with the Board of Directors, while operational accountability lies with Group Management. The Board of Directors and Group Management have relevant expertise in matters concerning business conduct, with previous experience working in these areas and having completed training on corruption and bribery. Governance processes include quarterly compliance reviews, escalation protocols for severe cases, and integration of findings into risk management and internal control systems.

G1-1

Policies

VBG Group has established a strong corporate culture anchored in our Code of Conduct and Keystones, which define the principles guiding both everyday operations and strategic decision-making. VBG Group's Keystones (Overall view, Business orientation, Professionalism and Teamwork) are a shared set of values established by

management that guide employees to act responsibly and with integrity to create a safer society and a positive workplace. The VBG Group Code of Conduct translates these values into concrete actions and ethical standards for all employees, covering respect for human rights, environmental responsibility, fair business practices, safeguarding of Group assets, transparent communication and the importance of reporting concerns. The highest level of accountability for implementing these policies lies with the VBG Group Board of Directors for the Code of Conduct and the Group Management for the Keystones.

The policies are made available to all employees via the Group's intranet, while external stakeholders can access the Code of Conduct and outline of the Keystones via VBG Group's website. Suppliers of direct materials are expected to be aware of and comply with the requirements set out in VBG Group's Code of Conduct.

Whistleblower service

VBG Group has a whistleblower service that is provided by an independent external partner in order to facilitate anonymity and protection against retaliation through encrypted reporting channels. The service is available on the Group's intranet and website. Whistleblowing gives an opportunity to report suspicions of misconduct, serving as an early warning system to reduce risks. Employees can also report concerns directly to managers, HR or senior executives. All reports are handled promptly, independently and objectively. Whistleblower protection is strengthened through clear commitments in both the Code of Conduct and the Whistleblower Directive, which ensures that employees and other stakeholders can report concerns without fear of retaliation. Incidents related to business conduct are addressed through the whistleblower service, direct engagement with HR and management, and regular performance reviews. The governance procedures include escalation protocols for severe cases and integration of

findings into risk management and internal control systems to strengthen that internal control. Corrective actions are implemented when violations are confirmed.

VBG Group maintains a zero-tolerance approach to bribery and corruption, as outlined in the Group's Code of Conduct. The Group does not permit any form of undue advantage. Although these principles are embedded in VBG Group's Code of Conduct, the Group does not currently have a standalone anti-corruption policy aligned with the UN Convention against Corruption. A policy of this type will be established in 2026.

G1-2

Management of relationships with suppliers

VBG Group regards suppliers as strategic partners and works to foster long-term relationships built on professionalism, mutual respect and shared value creation. Regular communication with suppliers is maintained through site visits, email contacts and online meetings to strengthen collaboration. All suppliers of direct materials are required to comply with our Code of Conduct or provide equivalent documentation. This ensures alignment with VBG Group's standards on human rights, environmental compliance and legal obligations. Preference is given to suppliers who are ISO 9001 and ISO 14001 certified. These certifications reflect a commitment to quality management and environmental responsibility. Selection of suppliers of direct materials is based primarily on compliance with the Code of Conduct and desired certificates and cost, but also on direct impressions from site visits and audits. Regular follow-up and on-site audits for suppliers of direct materials cover performance metrics such as delivery precision, product quality and efficiency in communication, and continuing compliance with the Code of Conduct as well as agreements and standards. Price competitiveness is continuously monitored.

The selection process differs among the business units, but generally includes initial comparisons of suppliers, followed by detailed assessments using checklists and audit forms. Suppliers are encouraged to propose improvements and contribute to mutual success. Long-term agreements are used selectively to promote stability and deepen strategic partnerships.

VBG Group promotes responsible financial practices by striving for timely payments. Payment terms are clearly defined and monitored via ERP systems, which flag overdue invoices for immediate action. Compliance with payment plans is monitored through KPIs. The Group's commitment to timely payments is strengthened by a statement from the CEO, and is reflected in the high credit ratings among our subsidiaries. To manage financial risks, especially concerning new suppliers or customers, VBG Group uses external credit assessment services. If risks are identified, payment conditions may be adjusted following a dialogue with the suppliers.

GOVERNANCE

G1-3
Anti-corruption and anti-bribery

VBG Group maintains a zero-tolerance approach to corruption and bribery across the Group. These efforts are governed by the Group's Code of Conduct, which sets requirements for business integrity, regulatory compliance and ethical behavior for employees, Board members and business partners.

The Code of Conduct contains specific anti-corruption guidelines, including rules for gifts, hospitality and other benefits, and prohibits direct and indirect bribery, even through third parties. Requirements are also set for correct accounting and transparency in all business transactions.

The Board of Directors bears overall responsibility for establishing and monitoring relevant policies and control mechanisms. The Chief Executive Officer is responsible for the operational application of the regulations.

To prevent corruption risks, the Group applies risk-based procedures when selecting and monitoring suppliers and other business partners. This is supplemented by policies for managing conflicts of interest, related-party transactions and inside information, including a Policy for Related Party Transactions. This policy regulates identification, documentation and reporting of related-party transactions in accordance with applicable legislation and the Group's internal decision-making system. The Group also has an Insider Policy that ensures correct handling of inside information and compliance with the EU Market Abuse Regulation (MAR).

Regular training on the Code of Conduct and anti-corruption is implemented, and compliance is monitored through risk assessments within the framework of the Group's risk management.

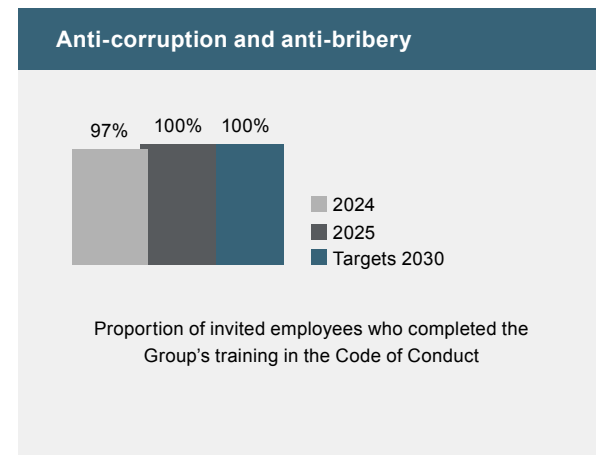
Completed training in Code of Conduct	2025	2024
Proportion of invited employees who completed the training, %	100	97

Targets and metrics

- 100% participation by all invited employees in our annual Code of Conduct training.

G1-4
Incidents of corruption or bribery

During the reporting period, no instances of corruption or bribery were identified in VBG Group's own operations or value chain, and therefore no fines, penalties, or sanctions were issued, and there was no need for corrective measures or compensation. No charges were brought against the Group or its employees during the reporting period. Confirmed incidents, if any are identified, are reported to Group Management and the Board of Directors in accordance with established procedures. This conclusion is based on internal audits, compliance reviews and reports



received through the whistleblower service. VBG Group continues to monitor and assess risks related to corruption and bribery as part of its governance framework.

G1-5
Political engagement and lobbying activities

VBG Group does not contribute to political parties, candidates or campaigns. The Group does not directly engage in any lobbying activities. However, some subsidiaries are members of industry associations and standard-setting committees.

G1-6
Payment practices

VBG Group applies standard payment terms that are in line with standard agreements and local provisions. These terms are communicated to the suppliers as part of the contracting process and monitored through the Group's ERP system to ensure compliance and minimize financial risk for suppliers, particularly small and medium-sized enterprises. During the reporting year, the average actual payment period amounted to 26 days, well within the Group's standard terms. To ensure a high degree of transparency and follow-up, VBG Group has categorized its payment terms into five intervals: 1–15 days; 16–30 days; 31–45 days; 46–60 days and 61–90 days; and the respective compliance rates are shown in the table on the right. This structure makes it possible to monitor the proportion of payments made in accordance with the contractual terms and identify deviations at an early stage. At year-end, there were no outstanding legal proceedings related to late payments. These practices reflect VBG Group's commitment to responsible business conduct and supplier relationship management, supported by continuous monitoring and internal controls to prevent late payments and strengthen supply chain resilience.

Days	Proportion of payments meeting these terms, %
1–15	100
16–30	92
31–45	91
46–60	68
61–90	64
All	86

Annexes

Annex A

Disclosure requirements included in the Group's Sustainability Report

IRO-2	Name of the disclosure requirement	Page
ESRS 2 BP-1	General basis for preparation of sustainability statements	51
ESRS 2 BP-2	Disclosures in relation to specific circumstances	51
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	44, 46, 53
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	53
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	54
ESRS 2 GOV-4	Statement on sustainability due diligence	54
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	54
ESRS 2 SBM-1	Strategy, business model(s) and value chain	55
ESRS 2 SBM-2	Interests and views of stakeholders	57
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	60
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	64
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statements	60
ESRS 2 MDR-P	Policies adopted to manage material sustainability matters	64
ESRS 2 MDR-A	Actions and resources in relation to material sustainability matters	64
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GOV-3	Integration of sustainability-related performance in incentive schemes	54
E1-1	Transition plan for climate change mitigation	66
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	66
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	66
E1-2	Policies related to climate change mitigation and adaptation	66
E1-3	Actions and resources in relation to climate change policies	67
E1-4	Targets related to climate change mitigation and adaptation	68
E1-5	Energy consumption and mix	69
E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	69

IRO-2	Name of the disclosure requirement	Page
E1-8	Internal carbon pricing	71
IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	72
E2-1	Policies related to pollution	72
E2-2	Actions and resources related to pollution	72
E2-3	Targets related to pollution	73
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E2-5	Total substances of concern and substances of very high concern	73
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SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	78
S1-1	Policies related to own workforce	78
S1-2	Processes for engaging with own workers and workers' representatives about impacts	78
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	78
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	78
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	79
S1-6	Characteristics of the undertaking's employees	80
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	80
S1-8	Collective bargaining coverage and social dialogue	80
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IRO-2	Name of the disclosure requirement	Page
S1-17	Incidents, complaints and severe human rights impacts	83
SBM-2	Interests and views of stakeholders	84
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	84
S2-1	Policies related to value chain workers	84
S2-2	Processes for engaging with value chain workers about impacts	84
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	84
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	84
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	85
GOV-1	The role of the administrative, management and supervisory bodies	87
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	87
G1-1	Corporate culture and business conduct policies	87
G1-2	Management of relationships with suppliers	87
G1-3	Prevention and detection of corruption and bribery	88
G1-4	Incidents of corruption or bribery	88
G1-5	Political influence and lobbying activities	88
G1-6	Payment practices	88

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Annex B

List of data points that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/181613, Annex II		Pages 44, 46, 53
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II)		Page 56
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				Page 54
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 14 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II)		N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II)		N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818 15, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Page 66
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a, Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12(1) (d) to (g), and Article 12(2)		Page 66
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a, Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Page 68
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex I				Page 69

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Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				Page 69
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				Page 69
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a, Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Page 69
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex I	Article 449a, Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Page 69
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	N/A
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change physical risk: Loans collateralized by immovable property – Energy efficiency of the collateral			Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				Page 73
ESRS 2 SBM3-S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material

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Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS 2 SBM3-S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Page 78
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II)		Page 78
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not material
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Page 78
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Page 78
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II)		Page 82
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Page 82
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II)		Page 82
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Page 82
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Page 83
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12(1)		Page 83
ESRS 2 SBM3-S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and number 13 Table #3 of Annex I				Page 84
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Page 84



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Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and number 4 Table #3 of Annex I				Page 84
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12(1)		Page 84
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II)		Page 84
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				Page 84
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				Page 87
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				Page 87
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Page 88
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				Page 88

Definitions and glossary

CapEx	Capital Expenditure
Corporate Sustainability Reporting Directive (CSRD)	An EU directive that sets requirements – including scope, content and review – for corporate sustainability reporting.
Cradle-to-gate	All environmental and resource-related procedures from raw materials extraction (cradle) until a product leaves the manufacturer's factory (gate).
Double Materiality Assessment (DMA)	The procedure for identifying and assessing material impacts on people and the environment (impact materiality), as well as sustainability-related risks and opportunities that impact the company's financial position (financial materiality).
European Sustainability Reporting Standards (ESRS)	Binding reporting standards under the CSRD that specify what sustainability information companies should provide.
Environmental, Social and Governance (ESG)	Umbrella term for environmental, social and corporate governance factors that are used to assess companies' sustainability performance.
EU Taxonomy	The EU's classification system to determine which economic activities are considered environmentally sustainable.
Fossil fuels	Non-renewable carbon-based energy sources such as solid fuels, natural gas and oil.
Physical risk	Risks related to the physical effects of climate change such as extreme weather events, rising ocean levels or long-term changes in climate patterns.
Greenhouse Gases (GHG)	The gases listed in Part 2 of Annex V to Regulation (EU) 2018/1999 of the European Parliament and of the Council.
ISO 14001	International standard for environmental management systems that help organizations systematically manage their environmental impact.
ISO 9001	International standard for quality management systems that focuses on procedures, customer satisfaction and continuous improvement.
Suppliers of direct materials	Suppliers that provide materials or components that are directly used in the company's products or services.

OEM	Original Equipment Manufacturer
Transition risk	Risks related to the transition to a low-carbon society, such as changes in legislation, technology shifts, market changes or changes in customer behavior.
OpEx	Operating Expenditure
SBTi	Science Based Targets initiative
Emissions	Release of substances, including greenhouse gases, to air, water or soil from the company's activities or value chain.
Disclosure requirements	
BP-1	General basis for preparation of sustainability statements
BP-2	Disclosures in relation to specific circumstances
SBM-1	Market position, strategy, business model(s) and value chain
SBM-2	Interests and views of stakeholders
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2	ESRS covered by the undertaking's sustainability statements
GOV-1	The role of the administrative, management and supervisory bodies
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV-3	Integration of sustainability-related performance in incentive schemes
GOV-4	Statement on sustainability due diligence

FINANCIAL STATEMENTS

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● Included in the Board of Directors' Report.



Despite a year characterized by turbulence in the market, VBG Group reported stable earnings and a financial position that remained strong. Through disciplined cost management and strategic acquisitions, we have strengthened our resilience and created good conditions for continued profitable growth going forward.

“
2025 – stable performance and financial resilience

Fredrik Jignéus
EVP & Group CFO

Summary of operations

GROUP

VBG Group AB (publ) Corp. ID No. 556069-0751
(All amounts are reported in SEK thousand unless otherwise stated.)

The Board of Directors and President of VBG Group AB (publ) hereby submit their annual report and consolidated financial statements for the 2025 fiscal year, the company's 66th year of operation.

Information on the business

General

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

Consolidated sales and earnings

Sales totaled SEK 5,394.2 M (5,583.1), a decrease of 3.4% compared to 2024. Adjusted for acquired sales and currency effects, organic growth amounted to -2.4% (-4.6). The strengthening of the SEK against primarily the USD, CAD and EUR continued to have negative currency effects for the VBG Group.

In 2025, errors were discovered in the inventory valuation at the Polish company in the Mobile Thermal Solutions division. These errors arose during the change of ERP system in 2022, and meant that the cost of goods sold had been incorrectly reported as inventory value in the consolidated financial statements for the period from 2022 to 2025. This impacted earnings for the fourth quarter of 2025 by SEK 13 M. The items concerned as of December 31, 2022; December 31, 2023 and December 31, 2024 have been corrected in this annual report as shown in Note 1. Refer to page 118.

Operating profit (EBITA) decreased to SEK 699.4 M (796.2), corresponding to an operating margin (EBITA) of 13.0% (14.3). Lower profitability levels are a result of reduced sales volumes in the first six months, primarily

in North America, in combination with a less favorable customer mix. The operating margin was impacted by higher prices for raw materials, in particular copper and aluminum. Approximately SEK 27.0 M in retroactive pandemic support in the US impacted the operating margin positively, while SEK 7.8 M in advisory costs for completed acquisitions and SEK 5.5 M in restructuring costs impacted the operating margin negatively. Furthermore, the operating margin was negatively affected by SEK 16.1 M in revaluation of working capital items in the balance sheet as a result of the strengthening of the SEK. The corresponding figure for the comparative year was a positive impact of SEK 11.7 M.

Consolidated net interest expense for the year was SEK -44.1 M (-30.9), affected mainly by lower interest income, but also by higher levels of borrowing. The currency effect on foreign currency-denominated financial liabilities totaled SEK -31.4 M (18.0). Other financial income and costs totaled SEK -2.0 M (1.7). Profit after financial items decreased to SEK 572.9 M (735.6) and profit after tax decreased to SEK 422.1 M (541.6). Earnings per share amounted to SEK 16.88 (21.66).

Tax expense

The tax expense for the year was SEK 150.9 M (194.0), of which current tax accounted for SEK 148.2 M (179.6) and deferred tax for SEK 2.7 M (14.4).

Tax expense for the year thereby corresponds to a tax rate for the Group of 26.3% (26.4).

Capital expenditures and depreciation/amortization

Consolidated new capital expenditures for the year totaled SEK 364.9 M (617.2), of which SEK 159.1 M (457.2) in buildings, with a large part pertaining to the new construction in Toronto, Canada; SEK 81.8 M (68.8) in machinery; SEK 70.1 M (72.9) in ongoing investments and equipment;

and SEK 53.9 M (18.3) in intangible assets and leases. Depreciation and amortization for the year amounted to SEK 179.1 M (150.2).

Exposure in foreign currencies, risks and uncertainties

A detailed account of the Group's exposure in foreign currencies, relevant risks and uncertainties is provided on pages 31-37 and under Note 3 Financial risks on page 120.

Cash flows

Cash flow from operating activities decreased year-on-year as an effect of the lower underlying earnings and higher levels of tied-up capital, primarily in trade receivables, and amounted to SEK 531.1 M (797.4). Investments completed during the year totaled SEK 765.8 M (617.7). Consolidated total borrowings and lease liabilities in 2025 increased by SEK 631.2 M (50.8), with loans raised being the main reason for the increase. The dividend that was paid out in May 2025 totaled SEK 181.3 M (175.0), which means that cash flow for the year totaled SEK 215.2 M (55.5).

Financial position

Profit after tax for the year decreased to SEK 422.1 M (541.6) and other comprehensive income - pertaining to translation differences in foreign currencies with intangible assets comprising the single largest item - totaled SEK -307.9 M (40.3), which resulted in comprehensive income for the year of SEK 114.1 M (582.0). Dividends paid for 2025 totaled SEK 181.3 M (175.0). Accordingly, consolidated equity decreased during the year to SEK 3,965.1 M (4,032.3).

The equity/assets ratio decreased during the year to 56.0% (62.7).

Important events in 2025

- Return to revenue growth.
- Increased order bookings.
- EBITA margin, 13.0%.
- Stable operating cash flow, SEK 531 M.
- Strengthened market position for all divisions through the acquisitions of Italytec, Ledson and Malmedie.
- Construction start for the new facility, which will replace Mobile Thermal Solutions' three existing facilities in Toronto, Canada.

Focus going forward

- ➔ Preparations for continued market volatility.
- ➔ Supplementary acquisitions of niche leaders.
- ➔ Organic growth: new geographic markets, expanded customer base and broadened customer offering.
- ➔ Complete construction and consolidation at the new Mobile Thermal Solutions facility in Toronto, Canada.



SUMMARY OF OPERATIONS

Change in cash and cash equivalents for the year, including currency effects, amounted to SEK 159.1 M (63.7).

Cash flow for 2025 was impacted by purchase considerations paid for acquired operations, lower levels of profitability from operating activities and increased utilization of the credit facilities to finance acquisitions and new construction in Toronto, Canada.

Cash and cash equivalents totaled SEK 1,108.8 M (949.7) at year-end. In addition, there were unutilized overdraft facilities of SEK 100.0 M (100.0), which means that at year-end the Group had available liquidity, excluding scope under credit agreements, of SEK 1,208.8 M (1,049.7).

Consolidated interest-bearing net debt increased by SEK 569.6 M in 2025, amounting to SEK 1,020.2 M (450.6) at year-end. Loans raised for acquired operations, as well as estimated earnouts for these acquisitions, were the main cause of the increase in net debt. The ratio of consolidated interest-bearing net debt to equity was 0.26 (0.11) at December 31, 2025 and the ratio of interest-bearing net debt to consolidated operating profit before depreciation/amortization and impairment (EBITDA, rolling four quarters) was 1.2 (0.5).

Parent Company

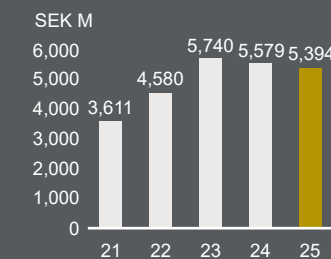
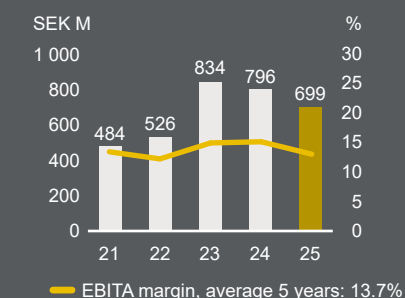
The Parent Company's operations are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and brands. The objective is for the Group's key intangible assets, in the form of brands and other rights, to be gathered directly in the Parent Company, which focuses on maintaining and securing all the Group's trademarks and rights. The Parent Company's net sales pertain primarily to intra-Group services and license revenues and amounted to SEK 59.1 M (58.8) during the year. Operating loss for the year amounted to SEK -16.6 M (-10.3). Profit after dividends from Group companies, net financial items and tax totaled SEK 212.8 M (228.6).

Group trend, SEK M

	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	5,394.2	1,312.5	1,367.9	1,362.4	1,351.3	5,583.1	1,277.7	1,274.4	1,495.4	1,536.1
EBITDA	829.6	218.3	193.4	209.5	208.4	899.6	211.2	185.5	231.7	271.3
EBITA	699.4	172.5	171.3	178.2	177.4	796.2	182.9	160.1	205.2	247.9
Operating margin (EBITA), %	13.0	13.1	12.5	13.1	13.1	14.3	14.3	12.6	13.7	16.1
Operating profit (EBIT)	650.5	159.4	158.3	167.1	165.8	749.3	159.6	152.5	197.4	239.9
Operating margin (EBIT), %	12.1	12.1	11.6	12.3	12.3	13.4	12.5	12.0	13.2	15.6
Operating profit after financial items (EBT)	572.9	145.3	139.5	136.6	151.5	735.6	160.9	136.2	200.0	238.7
Profit after tax	422.1	110.9	96.7	100.0	114.5	541.6	100.7	100.6	156.2	184.2
Earnings per share, SEK	16.88	4.44	3.87	4.00	4.58	21.66	4.02	4.03	6.25	7.37
Cash flow from operating activities	531.1	270.2	149.2	83.7	27.9	797.4	294.3	153.3	204.6	144.1
ROE (cumulative), %	10.6	10.6	10.5	10.8	11.2	14.0	14.0	15.4	17.3	18.0
ROCE (cumulative), %	11.2	11.2	11.4	11.6	12.2	20.7	20.7	19.2	17.3	16.1
Equity/assets ratio, %	56.0	56.0	57.1	57.5	60.1	62.7	62.7	64.4	62.6	62.5

Sales, SEK M

	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	362.5	105.6	85.7	80.2	91.1	309.9	72.9	61.8	79.8	95.4
Other Nordic countries	265.1	69.5	56.9	60.2	78.5	266.4	67.2	59.4	66.5	73.3
Germany	486.8	113.2	135.0	114.5	124.1	523.3	123.9	112.1	132.7	154.5
Other European countries	749.8	178.1	177.5	203.7	190.3	791.2	178.5	168.1	217.1	227.5
US	2,093.6	489.5	547.1	518.2	538.8	2,352.9	524.3	533.5	637.4	657.8
Rest of North America	650.0	159.6	162.5	186.6	141.3	687.4	146.7	170.8	189.7	180.2
Brazil	243.1	58.7	69.1	63.3	52.0	128.4	26.8	33.6	35.1	32.9
Australia/New Zealand	182.9	47.4	34.1	43.7	57.6	175.0	40.5	40.9	53.3	40.3
China	104.3	22.3	31.5	30.8	19.7	86.7	25.8	27.4	20.6	13.0
Rest of world	256.0	68.5	68.5	61.3	57.8	262.0	71.2	66.5	63.1	61.2
Group	5,394.2	1,312.5	1,367.9	1,362.4	1,351.3	5,583.1	1,277.7	1,274.0	1,495.4	1,536.1

Net sales

EBITA and EBITA margin


SUMMARY OF OPERATIONS

Sustainability reporting

Sustainability holds a central position in VBG Group. We have chosen to present our statutory Sustainability Report on pages 49–95. Climate-related risks, and how they are managed, are described together with other risks on pages 31–37. Strategy, business model and value chain are all described on pages 8 and 13–26.

Corporate Governance Report

VBG Group's Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code, and can be found on pages 38–48.

The company's anticipated future performance

VBG Group believes that the long-term demand for the Group's products and solutions is stable. However, operations are affected by external factors such as economic trends, commodity prices and currency effects.

Going forward, VBG Group will continue to focus on profitable growth through optimizing operational efficiency, further development of its product portfolio and close collaboration with customers. It is expected that continued investments in product development and improved production processes will strengthen the Group's competitiveness over time.

The Board of Directors assesses that VBG Group has good conditions for addressing future challenges within the framework of its established strategy.

Research and development

VBG Group's research and development activities are a key component of its strategy, aimed at enhancing competitiveness through the development of products, services and production processes. These activities are carried out in close collaboration with customers and with a focus on increased performance, quality and cost-efficiency as well as a reduced climate impact.

Development activities during the year were oriented primarily on further development of existing products and optimizing manufacturing processes.

VBG Group's research and development costs correspond to approximately 3% of its sales and pertain to technological development. We participate in local and global R&D collaboration projects, and we have a proactive

approach to new legislation to understand developments and to be part of influencing them.

Guidelines for remuneration to senior executives

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

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

of employment. Refer to pages 47–48 for complete guidelines on remuneration to senior executives, and pages 143–144 for the remuneration report for fiscal year 2025.

The VBG Group share and shareholders

Earnings per share for the year amounted to SEK 16.88 (21.66). Equity per share at December 31, 2025 was SEK 158.58, compared to SEK 161.27 on the year-earlier date.

At year-end, the share price was SEK 397.60, which corresponds to a market capitalization of SEK 9,959 M, compared with the end of 2024 when the share price was SEK 312.00, which yielded a market capitalization of SEK 7,801 M. The number of shareholders decreased by 893 during the year, totaling 10,872 (11,765).

Information on shares and owners has been prepared in accordance with the Annual Accounts Act and is presented on pages 146–147 and 152–153.

Significant events after the close of the fiscal year

No significant events took place after the close of the fiscal year.

Proposed distribution of profits

In proposing the dividend, the Board of Directors has taken into account the Parent Company's and Group's short- and long-term liquidity requirements, development potential, financial position and investment needs. Bearing these factors in mind, the Board of Directors of VBG Group AB (publ) proposes that the 2026 AGM resolve to approve a dividend of SEK 7.25 per share (7.25) for the 2025 fiscal year. The proposed dividend entails a total distribution of funds from the Parent Company of SEK 181.3 M (181.3), corresponding to 4.6% of consolidated equity – or 12.2% of Parent Company equity – at year end. The Group reported profit after tax of SEK 422.1 M (541.6), which means that the proposed dividend comprises 43.0% (33.5) of the net profit for the year for the Group.

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

SEK	2025	2024
Retained earnings	1,159,450,096	1,112,159,809
Net profit for the year	212,819,484	228,550,583
Total	1,372,269,580	1,340,710,392



SUMMARY OF OPERATIONS

Truck & Trailer Equipment

Growth, with high profitability maintained

Demand for automatic tire chains reached record-high levels in 2025. Demand for defense and lighting products also increased. Demand for sliding roofs remained low as a result of the slump in the semi-trailer industry.

The division's sales increased 4.7% year-on-year, totaling SEK 1,608.7 M (1,537.1). Operating profit (EBITA) increased to SEK 307.2 M (296.7), corresponding to an operating margin (EBITA) of 19.1% (19.3).

Ledson was acquired in April, strengthening the division's product portfolio with a new product category in accessories and aftermarket.

The market

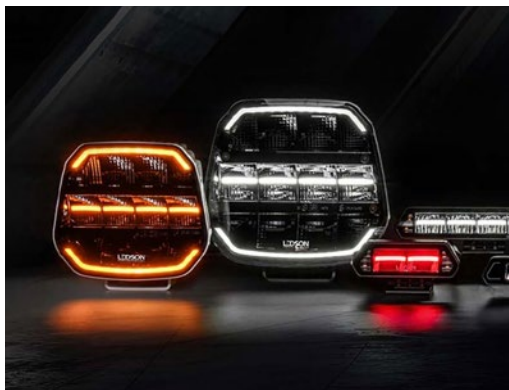
Population growth, urbanization and increased e-commerce are boosting demand for transportation. At the same time, more stringent safety and sustainability requirements are steering development toward more efficient transport with longer and more heavy-duty vehicles.

The demands on the division's products are increasing as a result of customers' and end-users' own requirements on climate and carbon emissions per ton-kilometer transported. Furthermore, haulers are facing challenges with fuel costs being a deciding factor for profitability at the same time as they must fulfill more rigorous safety requirements. This is why, as a customer-centric supplier, Truck & Trailer Equipment is developing new technologies and solutions to overcome these challenges. Examples of new solutions that have been developed to meet customer needs include a new ranger coupling that facilitates more efficient handling of longer and heavier vehicle combinations, a new underrun protection for increased traffic safety, and new lighting products that yield a better beam pattern and safer transportation.

Intense competition prevails in the drawbar couplings market, where Rockinger and Orlandi are the foremost competitors among a limited number of operators. The market for automatic tire chains and sliding roofs is also experiencing tough competition.

Operations

With six strong brands, Truck & Trailer Equipment is a leading global operator in the development, manufacture and sale of equipment for commercial vehicles. The division holds strong market positions in drawbar couplings (VBG and Ringfeder), automatic tire chains (Onspot), sliding roofs for trailers and railway wagons (Edscha Trailer Systems and Sesam) and vehicle lighting (Ledson).



Main product segments

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

Average number of employees

404

Share of Group

19%

Sales SEK M

1,609

Share of Group

30%

EBITA SEK M

307

Share of Group

42%

EBITA margin %

19

Brands



2025 was an eventful year for Truck & Trailer Equipment. A robust accessories and aftermarket in which we continued to capture market share in Onspot and Ledson offset the weak demand in the semi-trailer industry.

“Stable growth and good profitability in a challenging business environment”

Ola Hermansson
Division Manager

SUMMARY OF OPERATIONS

Truck & Trailer Equipment, cont.

Truck & Trailer Equipment conducts sales in some 70 countries and targets several customer segments.

- For drawbar couplings, the most common customer segment is body builders/integrators.
- For automatic tire chains, the most common customer segment is users of commercial goods vehicles, buses and emergency vehicles.
- For sliding roofs, the largest customer segment is manufacturers of tarpaulin-covered semitrailers.
- The most common customer segments in vehicle lighting are dealers and distributors. Body builders are a growing customer segment.

Truck & Trailer Equipment's focus on traffic safety has promoted the perception of the division as a value-creating, knowledge-driven partner. The division's capacity for delivering customized systems solutions is a key competitive advantage.

Reducing climate impact has been a priority for Truck & Trailer Equipment for several years. In 2025, a ranger coupling was developed that facilitates more efficient management of longer and heavier vehicle combinations.

The division has a clear focus on digitization, and invests in both digital marketing and development of the digital product offering.

Financial performance

Sales in 2025 increased 4.7% year-on-year, to SEK 1,608.7 M (1,537.1). Organic growth adjusted for acquired sales and currency effects amounted to 2.3%.

Operating profit (EBITA) for Truck & Trailer Equipment increased year-on-year to SEK 307.2 M (296.7), with an operating margin (EBITA) of 19.1% (19.3). Earnings were negatively impacted by SEK 9.1 M in remeasurement of balance sheet items as a result of the strengthening of the SEK. Advisory costs of SEK 1.5 M in conjunction with the acquisition of Ledson were charged to earnings. During the year, the division received SEK 2.6 M in retroactive pandemic support in the US, which had a positive impact on earnings.

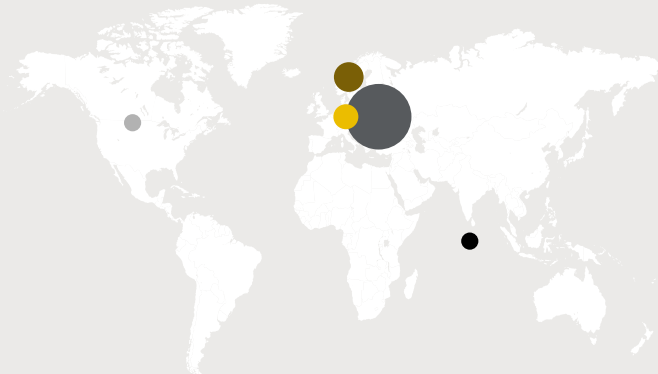
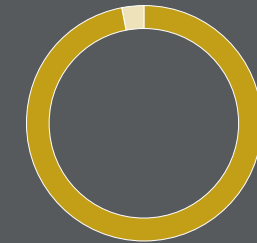
Sales/Earnings, SEK M

Truck & Trailer Equipment	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	1,608.7	405.7	370.0	399.8	433.2	1,537.1	367.0	340.7	390.5	439.0
EBITDA	351.6	95.9	73.7	77.9	104.1	328.9	91.0	60.5	68.6	108.8
EBITA	307.2	80.0	66.3	67.4	93.6	296.7	82.6	52.4	61.1	100.6
EBITA margin, %	19.1	19.7	17.9	16.9	21.6	19.3	22.5	15.4	15.6	22.9
Operating profit (EBIT)	300.6	78.3	64.6	65.8	91.9	290.1	80.9	50.8	59.4	99.0
Operating margin (EBIT), %	18.7	19.3	17.5	16.5	21.2	18.9	22.1	14.9	15.2	22.5
ROOC, %	53.2	53.2	53.0	52.2	51.4	52.0	52.0	50.6	54.8	59.1

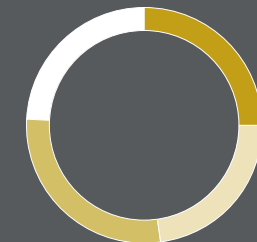
Market	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	309.1	91.7	74.4	66.7	76.4	258.4	59.6	50.7	66.7	81.3
Other Nordic countries	205.6	54.1	41.6	46.3	63.6	211.4	51.2	45.5	53.7	61.0
Germany	259.0	60.1	71.4	60.9	66.5	276.3	60.3	60.1	72.7	83.3
Other European countries	468.8	109.8	109.0	126.8	123.3	446.4	96.2	102.6	112.8	134.8
US	177.4	47.5	44.6	41.8	43.5	154.2	55.2	33.0	26.7	39.4
Rest of North America	7.4	2.4	1.8	1.1	2.1	17.0	3.4	4.4	3.7	5.5
Australia/New Zealand	130.1	34.2	19.2	32.4	44.3	115.9	26.3	23.6	38.7	27.2
China	26.0	0.4	0.2	18.0	7.5	29.4	11.3	12.0	6.1	—
Rest of world	25.2	5.5	7.7	6.0	6.0	28.1	3.5	8.7	9.4	6.5
Truck & Trailer Equipment	1,608.7	405.7	370.0	399.8	433.2	1,537.1	367.0	340.7	390.5	439.0

Sales by region

- Sweden 19%
- Germany 16%
- Other European countries 42%
- North America 12%
- Rest of world 11%


Sales by area of operation


- Goods, 97%
- People, 3%

Sales by channel


- OEM, 25%
- Distributors/importers, 23%
- Body builders/integrators, 28%
- Dealers, 24%

SUMMARY OF OPERATIONS

Truck & Trailer Equipment, cont.

The division's working capital increased by SEK 36.0 M to SEK 361.2 M (325.2). This increase was due largely to the acquisition of Ledson. With the added value of SEK 282.4 M for property, plant and equipment, operating capital at the end of December totaled SEK 643.6 M (615.8). The division's return on operating capital (ROOC) amounted to 53.2% (52.0).

New capital expenditures for 2025 amounted to SEK 46.6 M (79.3). Depreciation and amortizations amounted to SEK 51.0 M (38.8). Over the year, Truck & Trailer Equipment employed an average of 404 employees (414). Personnel costs amounted to SEK 347.2 M (326.4), resulting in a cost per employee of SEK 859.4 thousand (788.5).

The division, going forward

Truck & Trailer Equipment will continue to develop sustainable and reliable products and systems solutions that promote a safer, more efficient transportation system. The focus is on reducing climate impact, digitization and continued internationalization with strategic acquisitions.

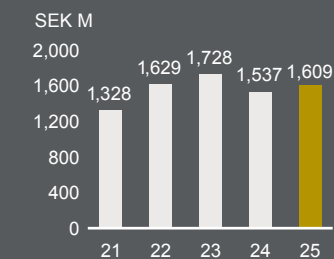
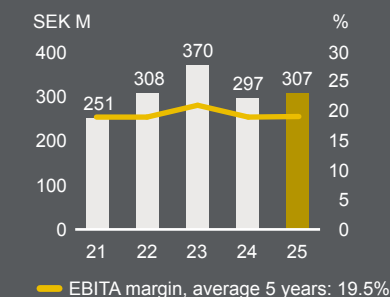
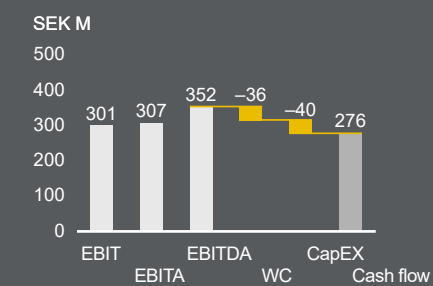
The division will continue to strive to be a partner that makes the customer journey simple, smooth and value-generating through efficient digital processes.

Significant events in 2025

- Continued robust profitability and EBITA margin.
- Expanded offering through continued development of systems solutions.
- Record-high sales of Onspot globally.
- Increased sales of defense products.
- New product category in accessories and aftermarket, through the acquisition of Ledson.
- Ola Hermansson, former Head of the VBG Truck Equipment business area, was appointed new Division Manager for Truck & Trailer Equipment in January.

Focus for 2026

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


Net sales

EBITA and EBITA margin

Operating cash flow


SUMMARY OF OPERATIONS

Mobile Thermal Solutions

Strengthened demand in second half of the year

The first half of the year was characterized by a challenging market environment, primarily due to tariff-related effects and weak demand in North America. During the second half of the year, market conditions improved and demand strengthened, resulting in Mobile Thermal Solutions returning to growth.

Net sales for the division decreased 8.3% year-on-year. Operating profit (EBITA) decreased to SEK 280.5 M (363.6), with an EBITA margin of 10.0% (11.9).

During the year, the division focused on ensuring operational stability while key development initiatives and major customer projects in the off-road and bus segments were further advanced.

In January, Mobile Thermal Solutions acquired the company Italytec. This acquisition expands the division's customer offering, and strengthens its presence in Brazil and the rest of South America.

In June, construction began on a new facility in Toronto, Canada, where Mobile Thermal Solutions will consolidate its three manufacturing units. This strategically important investment is expected to increase efficiency and strengthen Mobile Climate Control's position in the off-road segment.



The market

Demand for climate control systems for vehicles is influenced by global trends such as urbanization, digitization, electrification, and an increased focus on climate and the environment. More stringent customer requirements regarding energy efficiency and climate performance continue to drive the development of advanced climate control systems.

During the year, the division continued its work with several development projects in electrification and energy-efficient climate control systems, including solutions for electric vehicles. Integration of the next generation of electrical parallel units was initiated in Bus Climate Control, while the development of Gen 3 BTMS for hybrid trucks continued as planned in Mobile Climate Control. Testing was also conducted on heat pump solutions to investigate the potential for waste heat recovery, as well as on an R290 refrigerant-based electric modular monoblock system.

The competitive situation varies among different geographical markets. Thermo King, Bergstrom and Red Dot are the largest competitors in North America. In the European market, Hevac/Aurora, Pedro Sanz and Konvekta are the largest competitors.

Operations

Mobile Thermal Solutions is an international operator in heating, ventilation and air conditioning (HVAC) with three strong brands: Mobile Climate Control, Bus Climate Control and Italytec. The division has operations in Europe, North and South America and Asia.

Main product segments

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

Average number of employees

1,053

Share of Group

49%

Sales SEK M

2,794

Share of Group

52%

EBITA SEK M

281

Share of Group

39%

EBITA margin %

10

Brands



The first half of 2025 was characterized by a challenging market environment, driven above all by tariffs and weakening demand in North America. During the second half of the year, a turnaround was observed, with demand improving in the North American market. We acquired Italytec during the year, strengthening our market position in South America.

“A strengthened market position provides a solid foundation for continued profitable growth”

Eberhard Wolters
Division Manager

SUMMARY OF OPERATIONS

Mobile Thermal Solutions, cont.

The largest market is North America, which accounts for approximately 82.7% of net sales, while Europe accounts for 11.4%. The remaining sales are distributed primarily among China, Brazil and South Africa.

The division's customer offering comprises development, manufacture and sales of complete climate control systems. Mobile Thermal Solutions primarily serves customers within four market segments:

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

Mobile Thermal Solutions has a strong position in the North American off-road segment, and in Europe it is firmly established in climate control systems for utility vehicles. One key competitive advantage is the ability to develop and produce customized systems solutions in-house. As part of product development, the division has its own prototype lab for testing where the entire vehicle can be driven in to test and optimize the climate control system on site.

Electrification and digitization are creating new business opportunities and driving the development of more advanced and energy-efficient climate control systems. During the year, the division therefore continued to strengthen its resources within these areas in order to meet new customer needs, and to ensure high levels of quality and added value.

Financial performance

Mobile Thermal Solutions reported a decrease of 8.3% in sales year-on-year to SEK 2,794.3 M (3,048.7). Organic growth adjusted for acquired sales and currency effects amounted to -4.8%.

Inaccuracies in the inventory valuation at the division's company in Poland were discovered for the period from 2022 to 2025 and have been rectified. The corrections pertaining to the period from 2022 to 2024 are reported in Note 1.

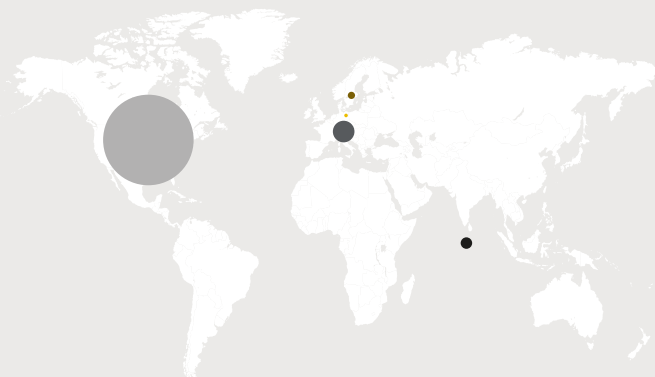
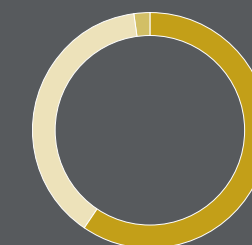
Sales/Earnings, SEK M

Mobile Thermal Solutions	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	2,794.3	640.6	718.3	731.8	703.6	3,048.7	636.8	707.4	848.6	855.9
EBITDA	336.1	61.4	85.0	99.3	90.4	411.1	63.8	96.6	122.3	128.4
EBITA	280.5	40.6	76.3	86.0	77.6	363.6	51.4	84.7	109.5	118.0
EBITA margin, %	10.0	6.3	10.6	11.7	11.0	11.9	8.1	12.0	12.9	13.8
Operating profit (EBIT)	256.7	33.7	69.4	81.0	72.6	343.2	46.4	79.7	104.4	112.7
Operating margin (EBIT), %	9.2	5.3	9.7	11.1	10.3	11.3	7.3	11.3	12.3	13.2
ROOC, %	21.5	21.5	22.5	25.4	29.3	31.4	31.4	40.0	39.4	36.3

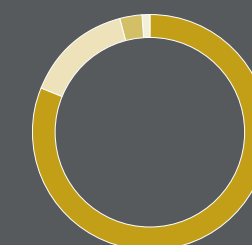
Market	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	47.6	12.2	10.2	11.8	13.4	46.6	11.8	9.9	11.9	13.0
Other Nordic countries	53.8	13.7	12.3	13.7	14.0	50.4	15.0	12.5	11.5	11.5
Germany	35.8	7.4	7.1	10.2	11.1	47.1	10.9	9.6	11.3	15.3
Other European countries	181.9	39.3	47.3	50.1	45.2	212.8	45.5	48.1	60.3	59.0
US	1,680.2	378.1	436.3	418.8	447.0	1,976.4	398.6	449.0	558.9	569.9
Rest of North America	630.3	151.5	159.1	182.7	137.0	662.6	140.9	164.2	184.3	173.3
China	25.3	6.6	5.9	6.5	6.3	30.9	8.0	9.2	6.1	7.6
Rest of world	139.3	31.7	40.1	38.0	29.5	22.0	6.2	5.0	4.2	6.5
Mobile Thermal Solutions	2,794.3	640.6	718.3	731.8	703.6	3,048.7	636.8	707.4	848.6	855.9

Sales by region

- Sweden 2%
- Germany 1%
- Other European countries 8%
- North America 83%
- Rest of world 6%


Sales by area of operation


- Off-road, 59%
- People, 39%
- Goods, 2%

Sales by channel


- OEM, 82%
- Distributors/importers, 14%
- Body builders/integrators, 3%
- Dealers, 1%

SUMMARY OF OPERATIONS

Mobile Thermal Solutions, cont.

Operating profit (EBITA) decreased year-on-year to SEK 280.5 M (363.6) with an operating margin (EBITA) of 10.0% (11.9). Earnings were negatively impacted by increased raw materials costs, currency effects and a less advantageous customer mix. The division received a total of approximately SEK 22 M in retroactive pandemic subsidies during the year, while SEK 5.5 M in costs were incurred for adapting the organization.

Working capital decreased to SEK 721.1 M (750.2) during the year. With the addition of SEK 881.3 M in property, plant and equipment, operating capital amounted to SEK 1,602.3 M (1,552.6) at year-end. Return on operating capital (ROOC) for the year deteriorated due to increased operating capital – with the construction start in Toronto, Canada in combination with lower earnings being the main reasons – and amounted to 21.5% (31.4).

The division's new capital expenditures totaled SEK 246.9 M (483.6), a large portion of which is attributable to construction of the new production facility in North America. Depreciation and amortization for the year amounted to SEK 79.4 M (67.9).

Mobile Thermal Solutions had an average of 1,053 employees (953) in 2025. Personnel costs during the year amounted to SEK 584.4 M (627.9), resulting in a cost per employee of SEK 555.0 thousand (658.9).

The division, going forward

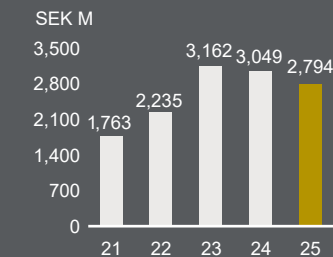
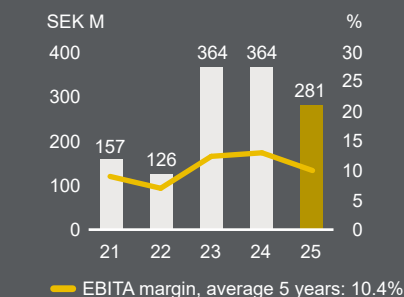
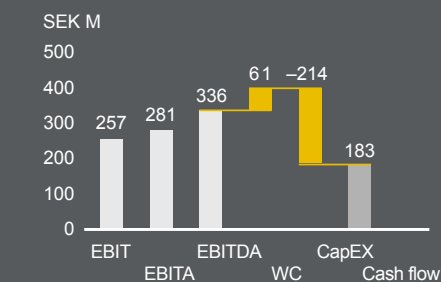
Mobile Thermal Solutions will continue to focus on strengthening its market position through advanced and customized climate control systems. In the years ahead, the focus will be on finalizing and consolidating operations in the new production facility in Toronto, Canada and further developing modularization and improving cost competitiveness.

Significant events in 2025

- Acquisition of Italytec.
- Construction of a new production facility in Toronto, Canada.
- Increased efficiency through improved processes in the US bus operations.
- Continued development of customized solutions.
- Focus on operational stability and quality.

Focus for 2026

- Consolidation of operations in the new facility in Toronto, Canada.
- Broadened customer base.
- Strengthened market position.
- Continuation of modularization projects.
- Organic growth in South America.


Net sales

EBITA and EBITA margin

Operating cash flow


SUMMARY OF OPERATIONS

Ringfeder Power Transmission

Stable sales and continued strong EBITA margin

Despite a challenging geopolitical and economic environment and a strong comparison year in 2024, Ringfeder Power Transmission posted stable operating earnings in 2025.

Net sales amounted to SEK 991.2 M (997.3). Adjusted for acquired sales and currency effects, organic growth amounted to -2.1%. EBITA amounted to SEK 140.0 M (156.9), with an EBITA margin of 14.1% (15.7).

During the year, the division worked to mitigate the effects of the imposed US tariffs, while continuing to develop its business in North America.

The acquisition of Malmedie was completed in July, which expanded the couplings portfolio and strengthened the division's presence in the port, crane and fast-growing MRO segments.



The market

The division operates in the markets for mechanical power transmission and energy and shock absorption, which are characterized by a fragmented structure, a large number of smaller operators and a limited number of global operators. The market has undergone consolidation in recent years, including the merger of Rexnord and Regal Beloit into Regal Rexnord. This has contributed to a change in competitive conditions, especially in mature industry markets.

Demand varies among geographical regions and customer segments. Demand in Asia and South America was impacted primarily by increased industrial production, while markets in Western Europe and North America were characterized to a greater extent by automation, efficiency improvements and an increased focus on reliability and life cycle costs.

Demand developed positively in several market segments during the year, with service and maintenance-related activities in particular contributing to stable demand. One particular highlight during the year was the signing of the first comprehensive service level agreement with a global mining company – an important milestone that emphasizes the division's ambition of being a long-term partner. At the same time, the market was characterized by turbulence linked to geopolitics, trade barriers and varying industrial investment appetite, all of which impacted demand.

Main product segments

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

Average number of employees

684

Share of Group

32%

Sales SEK M

991

Share of Group

18%

EBITA SEK M

140

Share of Group

19%

EBITA margin %

14

Brands



In 2025, Ringfeder Power Transmission continued to implement efficiency measures and strengthened its product portfolio through the acquisition of Malmedie. Despite a challenging market environment, demand developed positively in several key segments.

“Expanded offerings and strengthened global presence in a challenging business environment”

Thomas Moka
Division Manager

SUMMARY OF OPERATIONS

Ringfeder Power Transmission, cont.
Operations

Ringfeder Power Transmission is a global operator in mechanical power transmission and shock absorption, with operations in Europe, North and South America as well as Asia. Sales are conducted through own companies in locations including Germany, the Czech Republic, Poland, the USA, Brazil, India and China, as well as through an established network of agents and distributors.

The division's product offering comprises approximately twelve product groups marketed under five brands: Ringfeder, Carlyle Johnson, Henfel, Rathi and Malmedie. In general, the products can be divided into four different categories:

- Shaft-hub couplings for mechanical power transmission, such as locking assemblies, mainly used in freight handling, mining and energy production, as well as shrink discs, which are often used in gearboxes for industrial use.
- Shaft-shaft couplings, such as locking assemblies and shrink discs for mechanical power transmission, primarily used in freight handling, mining and energy production as well as motion control.
- Friction springs for shock absorption in applications such as drilling equipment, industrial rolling mills, aerospace and infrastructure.
- Electromagnetic industrial couplings and brakes, suitable for guidance by remote control – as standard and customized solutions for aerospace, medical and other applications.

The division's competitive advantages lie in technical expertise, a broad and complementary product portfolio, and the ability to offer customized solutions for demanding industrial applications. Efforts to enhance efficiency in logistics and production processes, as well as to gradually adapt the product mix toward products with higher profitability, continued during the year.

Demand was particularly stable in the mining sector, with repair and maintenance activities having a positive impact, as well as in defense-related applications, for friction spring-based damping technologies. The acquisition of Malmedie expanded the couplings portfolio and strengthened the division's offering in the port, crane and MRO segments, promoting a more diversified business base.

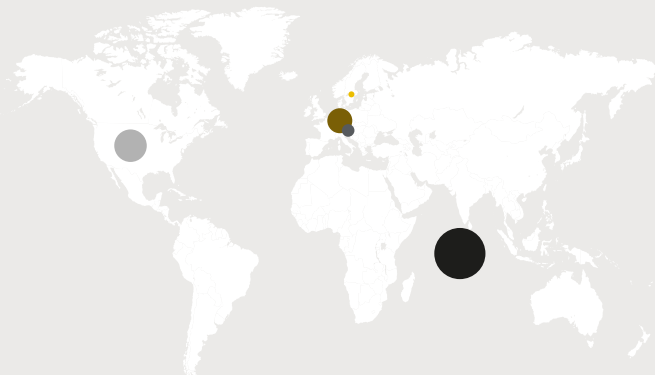
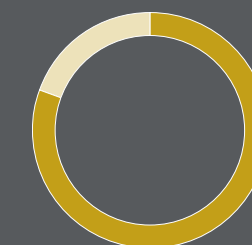
Sales/Earnings, SEK M

Ringfeder Power Transmission	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	991.2	266.3	279.5	230.9	214.5	997.3	273.9	225.9	255.8	241.7
EBITDA	168.4	66.6	41.1	39.5	21.2	179.8	61.9	32.2	46.0	39.5
EBITA	140.0	58.0	35.6	32.6	13.8	156.9	54.9	27.1	39.6	35.3
EBITA margin, %	14.1	21.8	12.7	14.1	6.4	15.7	20.0	12.0	15.5	14.6
Operating profit (EBIT)	121.6	53.4	31.1	28.1	9.0	137.1	38.2	26.1	38.5	34.2
Operating margin (EBIT), %	12.3	20.1	11.1	12.2	4.2	13.7	14.0	11.5	15.0	14.1
ROOC, %	29.0	29.0	28.7	28.3	30.2	33.4	33.4	29.8	33.1	31.3

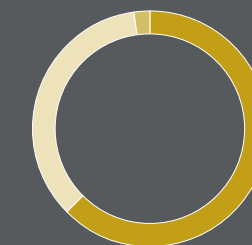
Market	2025					2024				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	5.8	1.8	1.0	1.7	1.3	4.9	1.5	1.2	1.1	1.1
Other Nordic countries	5.7	1.7	3.0	0.2	0.9	4.6	1.0	1.3	0.9	1.3
Germany	191.9	45.7	56.4	43.4	46.4	199.8	52.7	42.5	48.7	55.9
Other European countries	99.0	29.0	21.3	26.9	21.8	132.0	36.8	17.4	43.9	33.9
US	236.0	63.9	66.1	57.6	48.4	222.3	70.5	51.5	51.7	48.6
Rest of North America	12.3	5.7	1.6	2.8	2.3	7.8	2.4	2.2	1.8	1.4
Brazil	128.3	31.4	34.4	33.8	28.7	123.0	26.0	32.2	33.8	31.1
Australia/New Zealand	50.2	12.1	14.3	10.9	12.9	56.9	13.8	16.8	14.3	12.1
China	53.0	15.4	25.5	6.2	5.9	26.5	6.5	6.3	8.4	5.4
Rest of world	208.9	59.7	56.0	47.3	46.0	219.4	62.7	54.6	51.1	51.0
Ringfeder Power Transmission	991.2	266.3	279.5	230.9	214.5	997.3	273.9	225.9	255.8	241.7

Sales by region

- Sweden 1%
- Germany 19%
- Other European countries 11%
- North America 25%
- Rest of world 44%


Sales by area of operation


- Industrial, 80%
- Goods, 20%

Sales by channel


- OEM, 63%
- Distributors/importers, 35%
- Dealers, 2%

SUMMARY OF OPERATIONS

Ringfeder Power Transmission, cont.
Financial performance

Sales for 2025 increased marginally – 0.6% year-on-year – to SEK 991.2 M (997.3). Adjusted for acquired sales and currency effects, organic growth decreased 2.1%.

Operating profit (EBITA) for Ringfeder Power Transmission decreased year-on-year to SEK 140.0 M (156.9) and the operating margin (EBITA) was 14.1% (15.7). Operating profit was negatively impacted by lower volumes early in the year, as well as SEK 6.3 M in advisory costs in conjunction with the acquisition of Malmedie. This was partially offset by SEK 2.4 M in retroactive pandemic support, which impacted earnings positively.

The division's working capital increased by SEK 11.7 M during the year to SEK 362.9 M (351.2). With the addition of SEK 236.8 M in property, plant and equipment, operating capital amounted to SEK 599.7 M (559.2) at year-end. The division's return on operating capital (ROOC) decreased to 29.0% (33.4).

New capital expenditures for 2025 amounted to SEK 67.9 M (53.8). Depreciations and amortizations amounted to SEK 46.9 M (42.6).

Ringfeder Power Transmission employed an average of 684 persons (603) during the year. Personnel costs amounted to SEK 283.0 M (262.0), resulting in a cost per employee of SEK 413.7 thousand (434.5).

The division, going forward

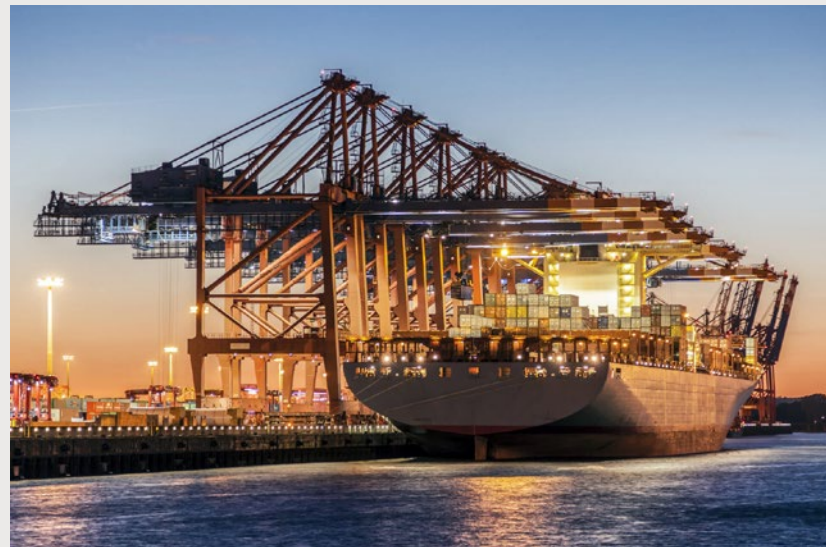
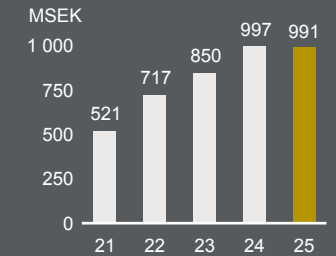
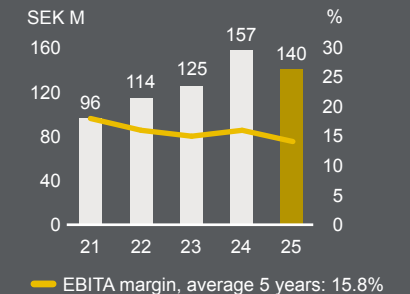
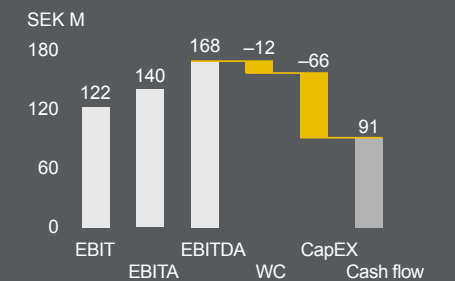
Going forward, Ringfeder Power Transmission's strategy involves a continued expansion of its presence in growth markets while further improving efficiency in delivery and production processes. The focus will remain on customized solutions and an end-to-end concept that meets high standards in industrial applications and promotes a more sustainable and robust society.

Significant events in 2025

- Acquisition of Malmedie.
- Continued growth outside Europe and North America.
- Expanded offering through integration of Malmedie's products into the Group's global sales channels.
- Continued measures to strengthen internal processes and increase operational productivity.
- New technology system for crane and lifting applications.

Focus for 2026

- Supplementary acquisitions of niche leaders.
- Expanded customer offering in the aftermarket business.
- Increased presence in growth markets.
- Continued optimization of deliveries and production processes.
- Continued development of customized solutions that promote an end-to-end concept.


Net sales

EBITA and EBITA margin

Operating cash flow


Financial statements

Consolidated Income Statement

SEK '000	Note	2025	2024 ¹
Net sales	4, 5	5,394,156	5,583,107
Cost of goods sold		-3,697,183	-3,820,232
Gross profit		1,696,973	1,762,875
Selling expenses		-481,135	-458,871
Administrative expenses		-429,888	-419,994
Research and development costs		-151,636	-162,875
Other operating income	6	61,664	56,814
Other operating expenses	7	-45,442	-28,564
Total operating expenses		-1,046,437	-1,013,490
Operating profit	8, 9, 10, 11, 12	650,536	749,385
Profit/loss from financial items			
Financial income	13, 15	171,169	220,757
Financial expenses	13, 15	-248,748	-234,481
Total financial items		-77,579	-13,724
Profit after financial items		572,957	735,661
Income tax	17	-150,892	-194,009
Net profit for the year		422,065	541,652
Net profit for the year attributable to Parent Company shareholders		422,065	541,652
Earnings per share, basic and diluted, SEK		16.88	21.66

¹ The income statement for 2024 has been rectified in accordance with the correction in Note 1.

Other comprehensive income

SEK '000	Note	2025	2024 ¹
Net profit for the year		422,065	541,652
Items that will not be reversed in the income statement			
Effect of translation of defined-benefit pension plans		19,342	-18,384
Deferred tax on effect of translation of defined-benefit pension plans		-4,142	3,988
Items that may later be reversed in the income statement			
Translation differences pertaining to foreign operations		-323,213	54,701
Other comprehensive income, net after tax		-308,013	40,305
Comprehensive income for the year		114,052	581,957
Comprehensive income for the year attributable to Parent Company shareholders		114,052	581,957

FINANCIAL STATEMENTS

Consolidated Balance Sheet

SEK '000	Note	Dec. 31, 2025	Dec. 31, 2024 ¹	Jan. 1, 2024 ¹
Assets				
Non-current assets				
Intangible assets 18				
Brands, customer relationships and other intangible assets		935,903	910,726	939,367
Goodwill		1,640,269	1,322,868	1,291,286
		2,576,172	2,233,594	2,230,653
Property, plant and equipment 19				
Land and buildings		771,735	697,538	251,734
Plant and machinery		291,420	220,373	178,244
Equipment, tools, fixtures and fittings		92,013	84,187	72,000
Construction in progress		37,760	47,425	16,204
Right-of-use assets	20	212,332	251,947	255,677
		1,405,260	1,301,470	773,859
Non-current receivables		3,043	2,534	916
Deferred tax asset	22	48,867	64,172	22,359
		51,910	66,706	23,275
Total non-current assets		4,033,342	3,601,770	3,027,787
Current assets				
Inventories 23				
Raw materials and consumables		405,089	486,570	536,233
Work in progress		151,748	135,767	142,898
Finished products and merchandise		339,210	329,823	348,762
		896,047	952,160	1,027,893
Current receivables				
Trade receivables	30	783,162	711,871	802,857
Current tax assets		113,748	60,291	35,922
Other receivables		90,341	85,915	93,340
Prepaid expenses and accrued income	24	51,665	52,928	39,288
Short-term investments		416	14,054	11,783
		1,039,332	925,059	983,190
Cash and cash equivalents		1,108,750	949,655	885,949
Total current assets		3,044,129	2,826,874	2,897,032
Total assets		7,077,471	6,428,644	5,924,819

SEK '000	Note	Dec. 31, 2025	Dec. 31, 2024 ¹	Jan. 1, 2024 ¹
Equity and liabilities				
Equity 25				
Share capital		65,490	65,490	65,490
Other contributed capital		781,316	781,316	781,316
Reserves		-19,629	303,584	248,883
Retained earnings, incl. net profit for the year		3,137,898	2,881,912	2,529,684
Total equity		3,965,075	4,032,302	3,625,373
Non-current liabilities				
Provisions for pensions and similar obligations	27	203,635	223,577	202,103
Deferred tax liability	22	302,355	302,748	231,443
Other provisions	28	69,383	93,889	95,791
Lease liability	29	186,887	232,015	238,384
Liabilities to credit institutions	29	1,504,774	861,992	730,479
Other non-current liabilities		176,169	26,144	55,744
Total non-current liabilities		2,443,203	1,740,365	1,553,944
Current liabilities				
Trade payables	29	239,231	240,301	322,486
Current tax liabilities		58,997	79,652	95,506
Other liabilities		50,822	50,132	50,929
Lease liability	29	60,114	60,698	55,253
Accrued expenses and deferred income	32	260,029	225,194	221,328
Total current liabilities		669,193	655,977	745,502
Total equity and liabilities		7,077,471	6,428,644	5,924,819

¹ Balance sheets rectified in accordance with correction in Note 1.

FINANCIAL STATEMENTS

Consolidated Changes in Equity

SEK '000	Share capital	Contributed capital	Reserves	Retained earnings, incl. net profit for the year	Total equity
Opening balance at Jan. 1, 2024	65,490	781,316	248,883	2,580,313	3,676,002
Effect of restatement resulting from correction of accounting error				-50,629	-50,629
New opening balance at Jan. 1, 2024¹	65,490	781,316	248,883	2,529,684	3,625,373
Effect of translation of defined-benefit pension plans				-18,384	-18,384
Deferred tax on effect of translation of defined-benefit pension plans				3,988	3,988
Translation differences			57,989		57,989
Other comprehensive income			57,989	-14,396	43,593
Net profit for the year				588,171	588,171
Total comprehensive income					631,764
Effect of restatement resulting from correction of accounting error ¹			-3,288	-46,519	-49,807
New other comprehensive income ¹					40,305
New net profit for the year ¹				541,652	541,652
New total comprehensive income¹					581,957
Dividend				-175,028	-175,028
Total transactions with shareholders					-175,028
Equity at Dec. 31, 2024¹	65,490	781,316	303,584	2,881,912	4,032,302
Opening balance at Jan. 1, 2025	65,490	781,316	303,584	2,881,912	4,032,302
Effect of translation of defined-benefit pension plans				19,342	19,342
Deferred tax on effect of translation of defined-benefit pension plans				-4,142	-4,142
Translation differences			-323,213		-323,213
Other comprehensive income			-323,213	15,200	-308,013
Net profit for the year				422,065	422,065
Total comprehensive income					114,052
Dividend				-181,279	-181,279
Total transactions with shareholders				-181,279	-181,279
Equity at Dec. 31, 2025	65,490	781,316	-19,629	3,137,898	3,965,075

¹ Consolidated changes in equity for 2024 have been rectified in accordance with correction in Note 1.

Consolidated Cash Flow Statement

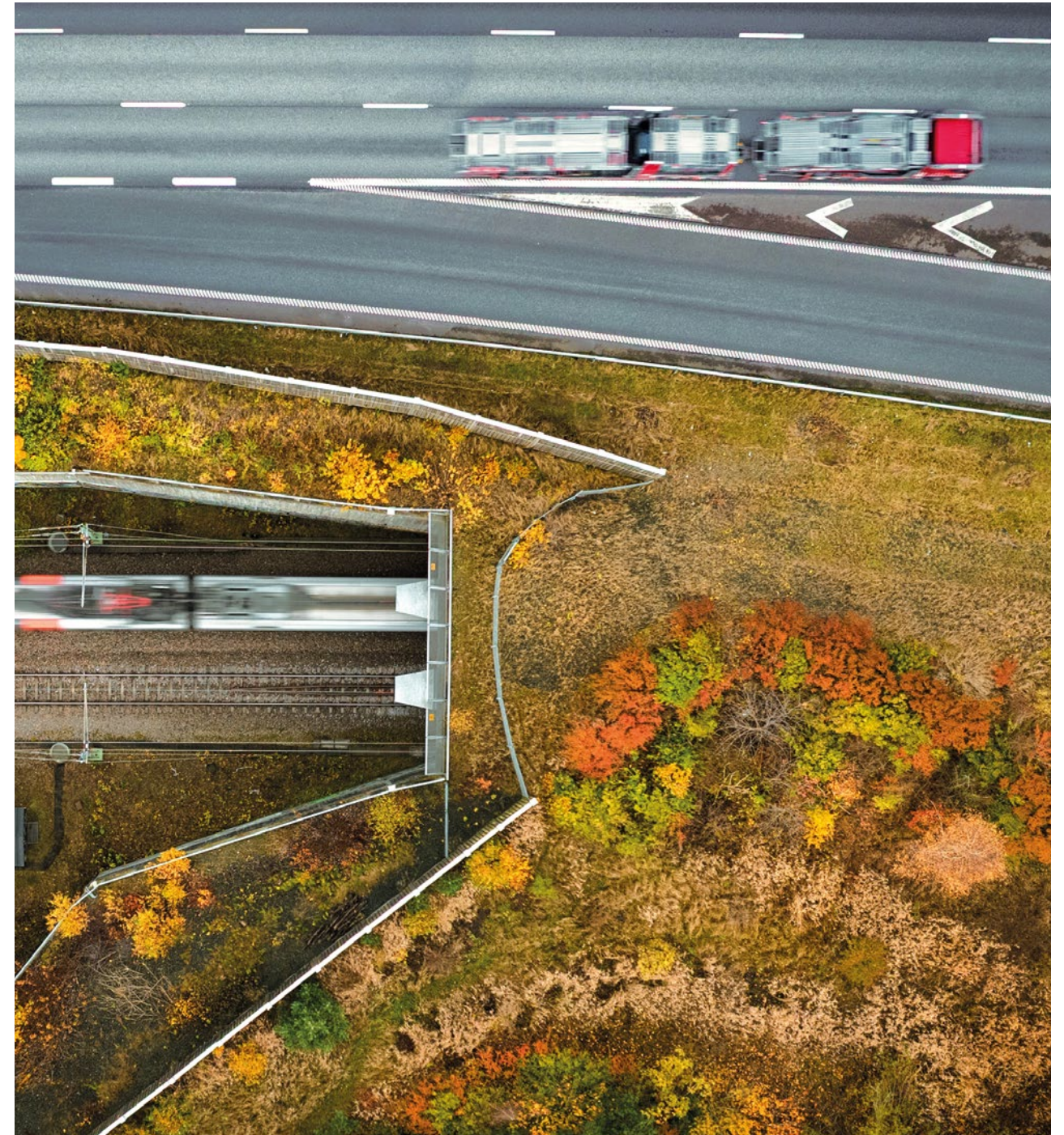
SEK '000	Note	2025	2024 ¹
Operating activities			
Operating profit		650,536	749,385
Depreciation/amortization	10	179,107	150,229
Gains from divestment of property	1, 6	—	-9,843
Other items not affecting liquidity	1, 34	-53,029	-36,136
Interest received, etc.		24,893	37,917
Interest paid, etc.		-56,384	-56,652
Tax paid		-229,262	-152,784
Cash flow before change in working capital		515,861	682,116
Investing activities			
Decrease/increase (-) in inventories		41,353	115,681
Decrease/increase (-) in trade receivables		-111,499	124,707
Decrease/increase (-) in other current receivables		12,001	-14,286
Increase/decrease (-) in trade payables		27,969	-107,210
Increase/decrease (-) in other current liabilities		45,401	-3,587
Cash flow from operating activities		531,086	797,421
Investing activities			
Investments in intangible assets	34	-9,448	-3,024
Investments in property, plant and equipment	34	-307,479	-589,978
Investments in other financial assets		—	-1,462
Divestment of property		—	12,751
Net settlements, business combinations	35	-448,828	-35,932
Cash flow from investing activities		-765,755	-617,645
Financing activities			
Loans raised and changes to existing loans		696,070	98,284
Amortization of lease liability		-64,897	-47,547
Dividend paid		-181,279	-175,028
Cash flow from financing activities		449,894	-124,291
Cash flow for the year		215,225	55,485
Cash and cash equivalents at start of year		949,655	885,949
Translation difference, cash and cash equivalents		-56,130	8,221
Cash and cash equivalents at year-end		1,108,750	949,655
Unutilized overdraft facilities		100,000	100,000
Total cash and cash equivalents available		1,208,750	1,049,655

¹ Consolidated cash flow statement for 2024 has been rectified in accordance with correction in Note 1.

FINANCIAL STATEMENTS

Parent Company Income Statement

SEK '000	Note	2025	2024
Net sales		59,084	58,818
Gross profit		59,084	58,818
Administrative expenses		-75,654	-69,158
Total operating expenses		-75,654	-69,158
Operating loss	8, 9, 10	-16,570	-10,341
Profit/loss from financial items			
Financial income	13, 15	313,186	207,563
Financial expenses	13, 15	-202,629	-72,422
Total financial items		110,557	135,141
Profit after financial items		93,987	124,800
Appropriations	14	138,220	124,985
Tax	17	-19,387	-21,235
Net profit and comprehensive income for the year		212,819	228,551



FINANCIAL STATEMENTS

Parent Company Balance Sheet

SEK '000	Note	Dec. 31, 2025	Dec. 31, 2024
Assets			
Non-current assets			
Intangible assets			
Trademarks and other intellectual property	18	—	—
		—	—
Property, plant and equipment			
Equipment, tools, fixtures and fittings	19	1,170	1,167
		1,170	1,167
Long-term investments			
Participations in Group companies	21	1,635,301	1,656,351
Non-current receivables, Group companies		1,174,776	616,853
		2,810,078	2,273,204
Total non-current assets			
		2,811,247	2,274,371
Current assets			
Current receivables			
Receivables from Group companies		331,299	287,880
Other receivables		532	5
Prepaid expenses and accrued income	24	15,597	16,732
		347,428	304,617
Cash and cash equivalents			
		575,166	547,353
Total current assets			
		922,595	851,970
Total assets			
		3,733,841	3,126,341

SEK '000	Note	Dec. 31, 2025	Dec. 31, 2024
Equity and liabilities			
Equity			
Restricted equity			
Share capital	25	65,490	65,490
Statutory reserve		53,249	53,249
		118,739	118,739
Non-restricted equity			
Retained earnings		1,159,450	1,112,160
Net profit for the year		212,819	228,551
		1,372,269	1,340,710
Total equity			
		1,491,008	1,459,449
Liabilities			
Untaxed reserves			
	26	69,000	49,800
Provisions			
Provisions for pensions	27	20,037	19,225
		20,037	19,225
Non-current liabilities			
Liabilities to credit institutions	29	1,479,464	861,414
Total non-current liabilities			
		1,479,464	861,414
Current liabilities			
Trade payables	29	5,164	2,895
Liabilities to Group companies		635,900	694,994
Tax liability		11,662	14,667
Other liabilities		3,587	1,272
Accrued expenses and deferred income	32	18,019	22,625
Total current liabilities			
		674,332	736,453
Total equity and liabilities			
		3,733,841	3,126,341

FINANCIAL STATEMENTS

Parent Company Changes in Equity

SEK '000	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance at Jan. 1, 2024	65,490	53,249	1,287,170	1,405,909
Other			17	17
Net profit for the year			228,551	228,551
Dividend			-175,028	-175,028
Equity at Dec. 31, 2024	65,490	53,249	1,340,710	1,459,449
Opening balance at Jan. 1, 2025	65,490	53,249	1,340,710	1,459,449
Other			19	19
Net profit for the year			212,819	212,819
Dividend			-181,279	-181,279
Equity at Dec. 31, 2025	65,490	53,249	1,372,269	1,491,008

Parent Company Cash Flow Statement

SEK '000	Note	2025	2024
Operating activities			
Operating loss		-16,570	-10,341
Depreciation/amortization		484	504
Other items not affecting liquidity	34	80,737	182,919
Interest received		50,226	57,417
Dividend received		120,000	150,000
Interest paid, etc.		-60,173	-71,397
Tax paid		-22,392	-4,989
Cash flow before change in working capital		152,312	304,113
Decrease/increase (-) in other current receivables		15,663	-123,426
Increase/decrease (-) in trade payables		2,269	-907
Increase/decrease (-) in other current liabilities		-61,385	-12,398
Cash flow from operating activities		108,859	167,382
Investing activities			
Investments in property, plant and equipment	34	-487	-822
Divestment of subsidiaries		48	—
Shareholder contributions repaid		21,000	—
Loans to Group companies		-616,397	-95,441
Cash flow from investing activities		-595,836	-96,263
Financing activities			
Loans raised and changes to existing loans		696,070	99,713
Dividend paid		-181,279	-175,028
Cash flow from financing activities		514,791	-75,315
Cash flow for the year		27,813	-4,196
Cash and cash equivalents at start of year		547,353	551,549
Cash and cash equivalents at year-end		575,166	547,353
Unutilized overdraft facilities		100,000	100,000
Total cash and cash equivalents available		675,166	647,353

Notes to Parent Company and consolidated financial statements

1 GENERAL INFORMATION AND ACCOUNTING POLICIES

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

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

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

Accounting and valuation policies

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

New or amended standards and interpretations in 2025

Only one change in standards was announced and entered force as of January 1, 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates

This standard does not have any material impact on the consolidated or Parent Company financial statements.

New or amended accounting standards after 2025

From January 1, 2026, the following changes in standards will enter force: IFRS 7 Financial instruments: Disclosures and IFRS 9 Financial instruments. A new standard, IFRS 18 Presentation and Disclosure in Financial Statements, was published in 2024 and will go into effect from January 1, 2027. None of the new or amended standards or interpretations have been applied in advance by the Group. These amended standards or interpretations – with the exception of IFRS 18 Presentation and Disclosure in Financial Statements – are not expected to have any material impact on the consolidated or Parent Company's financial statements.

Consolidated financial statements

Subsidiaries are all companies (including structured companies) over which the Group holds a controlling interest. For the composition of the Group, refer to Note 21.

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

This report may contain rounding differences.

Tax

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

Effects of changes in exchange rates

Functional currency and reporting currency

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

Transactions and line items

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. Exchange gains and exchange losses arising in connection with the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the closing rate are recognized in profit or loss. Exchange gains and exchange losses on operating receivables and liabilities are offset against each other and recognized among other operating income or other operating expenses.

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

Group companies

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

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

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

	Closing rate, Dec. 31, 2025	Average cur- rency exchange rate 2025
SEK/BRL	1.6661	1.7563
SEK/CAD	6.7176	7.0195
SEK/CZK	0.4460	0.4482
SEK/EUR	10.8180	11.0652
SEK/PLN	2.5597	2.6104
SEK/USD	9.2013	9.8215

Net sales (revenue recognition)

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

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

Inventories

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

Financial assets and liabilities

Financial assets and liabilities are measured and recognized in the Group and the Parent Company in accordance with the regulations in IFRS 9. Under IFRS 9, financial instruments are classified into categories. The classification depends on the intent behind the acquisition of the financial instrument.

NOTES
Note 1, cont.

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

Financial assets at amortized cost

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

Trade receivables

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

Cash and cash equivalents

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

Liabilities

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

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise earn-outs in conjunction with business combinations. Financial instruments of this

type measured at fair value through profit or loss are classified as Level 3, where the input data for the liability is not based on observable market data.

Financial liabilities

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

The loans are recognized as non-current since the Group, in accordance with the terms in the loan agreements, has an unconditional right to postpone repayments more than 12 months after the balance sheet date. However, the non-current classification is dependent on the Group meeting the financial covenants set out in the agreements. The central financial covenant means that interest-bearing net debt in relation to EBITDA, excluding IFRS 16, may not exceed 3.5. Covenants are tested quarterly, on the basis of rolling 12-month periods.

Impairment of financial assets

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

Leases

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

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

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

Pension obligations

There are both defined-contribution and defined-benefit pension plans in the Group. The defined-benefit pension obligation is calculated annually by independent actuaries with the application of the projected unit credit method. The present value of the defined-benefit obligation is established through the discounting of estimated future cash flows with the application of interest rates for top-grade corporate bonds, or the equivalent, that are issued in the same currency as the benefits which are to be paid, with maturity periods comparable to

those of the relevant pension obligation. Actuarial gains and losses as a result of experience-based adjustments and changed to actuarial assumptions are recognized under "Other comprehensive income" within the period in which they arise. Expenses pertaining to employment during earlier periods are recognized directly in profit or loss.

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

Further details, including information on essential actuarial assumptions, are given in Note 27.

Intangible assets

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

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

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

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

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

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

Research and development

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

NOTES

Note 1, cont.

Property, plant and equipment

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

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

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

Impairment losses

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

Equity

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

Share capital consists of the nominal value of issued shares.

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

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

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

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

Provisions

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

Segment reporting

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

Cash Flow Statement

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

Parent Company accounting policies

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

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

Dividend from subsidiaries

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

Appropriations

Group contributions are recognized as appropriations in profit or loss.

Income tax

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

Shares and participations in Group companies

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

Related-party transactions

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

Financial guarantees

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

NOTES

Note 1, cont.

Errata

In 2025, inaccuracies pertaining to inventory valuation were discovered at the Polish company in the Mobile Thermal Solutions division. These errors arose during the change of ERP systems in 2022, and meant that the cost of goods sold had been incorrectly reported as inventory value in the consolidated financial statements for the period from 2022 to 2024. This correction means that earnings per share decreased by SEK 1.04 for 2022 (from 14.73 to 13.69); SEK 1.08 for 2023 (from 22.88 for 21.80) and SEK 1.86 for 2024 (from 23.52 to 21.66). The correction for periods earlier than 2024 has been rectified in the opening balances for 2024. The items affected as of December 31, 2022; December 31, 2023; and December 31, 2024 have been corrected in this Annual Report as follows:

	2022		
	According to 2022 Annual Report as adopted, corrected 2024	Amount of correction	Corrected balance sheet 2022
Consolidated balance sheet, SEK M			
Raw materials and consumables	628.1	-1.2	626.9
Finished products and merchandise	358.5	-16.6	341.9
Other receivables	127.4	-3.8	123.6
Retained earnings, including net profit for the year	2,151.9	-21.6	2,130.3

	According to 2022 Annual Report as adopted, corrected 2024	Amount of correction	Corrected income statement, 2022
Consolidated income statement, SEK M			
Net sales	4,580.0	6.8	4,586.8
Cost of goods sold	-3,239.4	-29.0	-3,268.4
Gross profit	1,340.6	-22.2	1,318.3
Other operating expenses	-32.1	-0.4	-32.5
Net profit/loss for the year	364.9	-22.7	342.2

	According to 2022 Annual Report as adopted, corrected 2024	Amount of correction	Corrected cash flow, 2022
Consolidated statement of cash flow, SEK M			
Operating activities			
Operating profit before financial items	519.0	-22.7	496.3
Cash flow before change in working capital	524.3	-22.7	501.6
Decrease/increase (-) in inventories	-201.4	18.8	-182.6
Decrease/increase (-) in other current receivables	-64.2	3.9	-60.3
Cash flow from operating activities	236.2	—	236.2

	2023		
	According to 2023 Annual Report as adopted, corrected 2024	Amount of correction	Corrected balance sheet, 2023
Consolidated balance sheet, SEK M			
Construction in progress	14.9	1.3	16.2
Deferred tax asset	27.5	-5.1	22.4
Raw materials and consumables	531.9	4.3	536.2
Finished products and merchandise	364.4	-15.6	348.8
Trade receivables	826.4	-23.5	802.9
Other receivables	100.0	-6.6	93.4
Retained earnings, including net profit for the year	2,580.3	-50.6	2,529.7
Other liabilities	45.6	5.4	50.9

	According to 2023 Annual Report as adopted, corrected 2024	Amount of correction	Corrected income statement, 2023
Consolidated income statement, SEK M			
Net sales	5,739.8	3.0	5,742.8
Cost of goods sold	-3,980.7	-27.8	-4,008.6
Gross profit	1,759.1	-24.8	1,734.2
Other operating expenses	-14.2	-2.3	-16.5
Net profit/loss for the year	572.1	-27.1	545.0

	According to 2023 Annual Report as adopted, corrected 2024	Amount of correction	Corrected cash flow, 2023
Consolidated statement of cash flow, SEK M			
Operating activities			
Operating profit before financial items	827.5	-27.0	800.5
Tax paid	-176.0	5.0	-171.0
Cash flow before change in working capital	678.3	-22.0	656.3
Decrease/increase (-) in inventories	92.8	-7.8	85.0
Decrease/increase (-) in trade receivables	-125.3	23.3	-102.0
Decrease/increase (-) in other current receivables	63.5	2.5	66.0
Increase/decrease in other current liabilities	27.3	5.3	32.6
Cash flow from operating activities	722.9	1.3	724.2
Investments in property, plant and equipment	-111.5	-1.3	-112.8
Cash flow from financing activities	-115.0	-1.3	-116.3

	2024		
	According to 2024 Annual Report as adopted	Amount of correction	Corrected balance sheet, 2024
Consolidated balance sheet, SEK M			
Construction in progress	45.0	2.4	47.4
Deferred tax asset	73.9	-9.7	64.2
Raw materials and consumables	467.7	18.9	486.6
Finished products and merchandise	354.3	-24.5	329.8
Trade receivables	738.3	-26.4	711.9
Other receivables	142.5	-56.6	85.9
Reserves	306.8	-3.2	303.6
Retained earnings, including net profit for the year	2,979.1	-97.2	2,881.9
Other liabilities	45.6	4.5	50.1

	According to 2024 Annual Report as adopted	Amount of correction	Corrected income statement, 2024
Consolidated income statement, SEK M			
Net sales	5,578.9	4.2	5,583.1
Cost of goods sold	-3,773.2	-47.1	-3,820.3
Gross profit	1,805.7	-42.8	1,762.9
Other operating expenses	-1.1	-3.7	-4.8
Net profit/loss for the year	588.2	-46.5	541.6

	According to 2024 Annual Report as adopted	Amount of correction	Corrected cash flow, 2024
Consolidated statement of cash flow, SEK M			
Operating activities			
Operating profit before financial items	795.9	-46.5	749.3
Tax paid	-157.0	4.2	-152.8
Cash flow before change in working capital	724.4	-42.4	682.0
Decrease/increase (-) in inventories	121.8	-6.1	115.7
Decrease/increase (-) in trade receivables	123.1	1.6	124.7
Decrease/increase (-) in other current receivables	-63.2	49.0	-14.2
Increase/decrease in other current liabilities	-2.5	-1.0	-3.5
Cash flow from operating activities	796.4	1.1	797.5
Investments in property, plant and equipment	-588.9	-1.1	-590.0
Cash flow from financing activities	-616.6	-1.1	-617.7

NOTES

2 SIGNIFICANT ASSESSMENTS IN APPLYING ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

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

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

Senior management also makes assessments in applying consolidated accounting policies.

Assessments

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

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

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

Estimates and assumptions

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

- *Impairment of goodwill (note 18)*

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

- *Obsolescence reserves for inventories (Note 23)*

The Group recognized a total inventory value of SEK 896,047 thousand (952,160) after obsolescence reserves of SEK 71,085 thousand (67,778). An obsolescence reserve is recognized if the estimated net realizable value is lower than the cost, and in conjunction with this, the Group makes estimates and assessments regarding, for example, future market conditions and the estimated net realizable value. These assessments are made in accordance with the Group's obsolescence policy. This policy takes into account the past rate of scrapping and the time certain items spend in inventory, which together with the actual and estimated future sales volumes provide data for the obsolescence reserve.

- *Provisions for pensions (Note 27)*

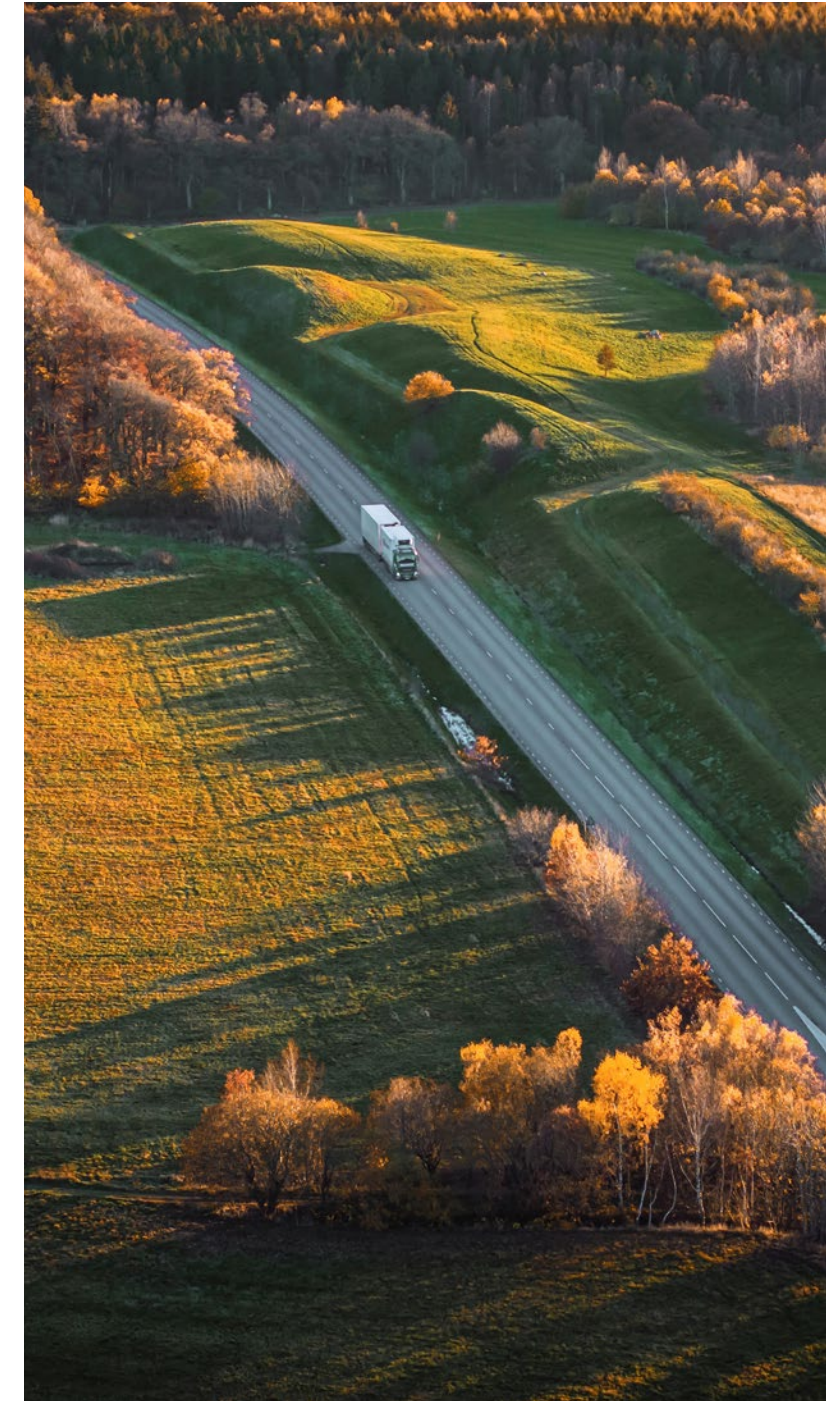
Provisions for remuneration after the conclusion of employment in the form of pensions are dependent on actuarial assumptions. Disclosures on essential actuarial assumptions are presented in Note 27.

- *Other provisions (Note 28)*

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

- *Business combinations (Note 35)*

Business combinations are reported using the acquisition method, which means that acquired assets and liabilities are recognized at fair value on the acquisition date. In order to determine fair value, company management uses valuation models with elements of estimates and assumptions. The purchase price often includes an assessment pertaining to any contingent earnouts.



NOTES

3 FINANCIAL RISKS

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

Financing and liquidity risk

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

Policy

The Group's goal with regard to the capital structure is to safeguard the Group's ability to remain in business so that it can generate return for the shareholders, creating benefit for other stakeholders and maintaining an optimal capital structure in order to keep the cost of capital down. The Group's long-term target is that the equity/assets ratio should exceed 40%. The equity/assets ratio at 31 December 2025 was 56.0%.

Comments

VBG Group has had an expanded financing agreement with its primary bank, Nordea, since 2024. The revolving facility of SEK 2,150 M is valid until September 2029. At the end of 2025, the unutilized portion of the credit facility amounted to SEK 670.5 M. Credits drawn under the financing agreement currently bear a three-month interest rate. A maturity analysis of the financial liabilities is shown in Note 29.

Interest-rate risk

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

Policy

VBG Group has had an expanded financing agreement with its primary bank, Nordea, since 2024. The revolving facility of SEK 2,150 M is valid until September 2029. At the end of 2025, the unutilized portion of the credit facility amounted to SEK 670.5 M. Credits drawn under the financing agreement currently bear a three-month interest rate. A maturity analysis of the financial liabilities is shown in Note 29.

Comments

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

Interest-bearing net debt at year-end amounted to SEK 1,020.2 M (450.6) and comprised SEK 203.6 M (223.6) in pension liabilities, SEK 247.0 M (292.7) in lease liabilities, SEK 173.6 M (22.0) in earnouts, SEK 1,479.5 M (862.0) in credits drawn under the credit facility, SEK 25.3 M (0) in other liabilities to credit institutions and SEK 1,108.8 M (949.7) in cash on hand. Under the financing agreement with the Group's primary bank, credits drawn currently bear a three-month interest rate. A maturity analysis of the financial liabilities is shown in Note 29.

In calculating VBG Group's interest-rate sensitivity, an adjustment was made to net debt pertaining to pension liabilities of SEK 203.6 M (223.6) in accordance with IFRS, an earnout of SEK 173.6 M (22.0) and lease liabilities under IFRS 16 of SEK 247.0 M (292.7), as the lease liability is to be regarded as a fixed interest-rate contract. This leaves a net loan receivable/net cash on hand (liability) of SEK 396.0 M (87.7) that the interest-rate sensitivity assessment is to be based on.

A change in the interest rate corresponding to two (2) percentage points would have impacted profit before tax by approximately SEK 7.9 M (1.8) based on the interest-bearing net debt on December 31, 2025. The results of the sensitivity assessment in conjunction with an increase of 2 percentage points in the interest rate is regarded as a marginal impact on the Group.

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

Credit risk

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

Policy

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

Comments

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

The Group applies the simplified model for trade receivables. A loss allowance is recognized for the expected remaining term of the receivable. Assessing whether a loss allowance is to be recognized takes into account the current status of the anticipated credit loss together with the future potential status.

Changes in the counterparty's business prospects, along with macroeconomic changes, must also be taken into account. Beyond a collective assessment of any need for impairment of the Group's trade receivables, an individual assessment is conducted as a result of changes in the counterparty's ability to pay.

Group Management is tasked with ensuring that there is no significant credit risk concentration for the Group in relation to any given customer or counterparty, or in relation to any given geographic region.

The Group's trade receivables amounted to SEK 783.2 M at year end and are recognized at the amounts that are expected to be paid. All receivables are expected to be paid within 12 months. The geographic distribution of the trade receivables largely matches the distribution of sales by region. The Group's bad debt losses normally amount to less than 0.05% of sales; refer to Note 30.

Currency risk

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

Policy

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

Comments

The total value of net flows in foreign currencies amounted to a value of approximately SEK 716 M (1,109). The currency flows with the greatest impact on EBIT are inflows in USD and EUR to SEK. An exchange rate difference of 10% between EUR and SEK affects the Group's operating profit (EBIT) by approximately SEK 23 M (9), while the effect of a similar change between USD and SEK is approximately SEK 21 M (12) and an exchange rate difference between CAD and SEK yields an impact on operating profit (EBIT) of SEK 108 M (97).

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

NOTES

4 SEGMENT REPORTING

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

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

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

No sales are transacted between the divisions, and unallocated costs are Group-wide overheads. Assets in each division consist primarily of property, plant and equipment, intangible assets, inventories and receivables, but exclude cash on hand and securities. Liabilities consist of operating liabilities but not tax. Investments consist of purchases of property, plant and equipment and intangible assets. No customer comprises 10% or more of income.

SEK M	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group-wide	Group
2025 fiscal year					
External sales	1,609	2,794	991	—	5,394
Direct material incl. change in inventories	-649	-1,691	-459	—	-2,799
Employee benefits	-347	-584	-283	-30	-1,244
Depreciation/amortization	-51	-79	-47	-2	-179
Other expenses	-261	-183	-81	4	-521
Operating profit/loss (EBIT)	301	257	122	-28	651
Financial income	—	—	—	171	171
Financial expenses	—	—	—	-249	-249
Tax expense for the year	—	—	—	-151	-151
Net profit/loss for the year	301	257	122	-257	422
Other information					
Non-current assets	658	2,495	874	6	4,033
– of which Czech Republic	198	—	67	—	265
– of which Germany	46	1	104	—	152
– of which Sweden	179	970	—	6	1,154
– of which USA	111	628	131	—	870
Current assets	502	972	449	16	1,935
Cash and cash equivalents	—	—	—	1,109	1,109
Assets	1,596	2,592	1,314	1,576	7,077
Non-current liabilities	300	413	209	1,521	2,443
Current liabilities	192	297	200	-21	669
Liabilities	492	711	409	1,500	3,112
Capital expenditures	47	247	68	3	365
Depreciation/amortization	-51	-79	-47	-2	-179

SEK M	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group-wide	Group
2024 Fiscal year					
External sales	1,537	3,049	997	—	5,583
Direct material incl. change in inventories	-618	-1,880	-443	—	-2,940
Employee benefits	-326	-628	-262	-33	-1,249
Depreciation/amortization	-39	-68	-42	-1	-150
Other expenses	-264	-131	-113	12	-495
Operating profit/loss (EBIT)	290	343	137	-21	749
Financial income	—	—	—	221	221
Financial expenses	—	—	—	-235	-235
Tax expense for the year	—	—	—	-194	-194
Net profit/loss for the year	290	343	137	-229	542
Other information					
Non-current assets	635	2,253	717	4	3,609
– of which Czech Republic	201	—	51	—	252
– of which Germany	59	—	121	—	180
– of which Sweden	181	896	—	4	1,081
– of which USA	135	759	163	—	1,057
Current assets	433	1,066	436	32	1,967
Cash and cash equivalents	—	—	—	950	950
Assets	1,068	3,319	1,153	986	6,525
Non-current liabilities	268	475	98	899	1,740
Current liabilities	186	262	166	37	651
Liabilities	454	737	264	936	2,391
Capital expenditures	79	484	54	1	617
Depreciation/amortization	-39	-68	-43	-1	-150

NOTES

5 REVENUE FROM CONTRACTS WITH CUSTOMERS
Sales per geographical area

2025, SEK M	Truck & Trailer	Mobile Thermal	Ringfeder Power	Group
	Equipment	Solutions	Transmission	
Sweden	309	48	6	363
Other Nordic countries	206	54	6	266
Germany	259	36	192	487
Other European countries	469	182	99	750
North America	185	2,311	248	2,744
Brazil	4	110	128	242
Australia/New Zealand	130	3	50	183
China	26	25	53	104
Rest of world	21	25	209	255
Total	1,609	2,794	991	5,394

Sales per geographical area

2024, SEK M	Truck & Trailer	Mobile Thermal	Ringfeder Power	Group
	Equipment	Solutions	Transmission	
Sweden	258	47	5	310
Other Nordic countries	211	50	5	266
Germany	276	47	200	523
Other European countries	446	213	132	791
North America	171	2,639	230	3,040
Brazil	5	—	123	128
Australia/New Zealand	116	2	57	175
China	29	31	27	87
Rest of world	25	20	219	264
Total	1,537	3,049	997	5,583

Sales by area of operation

2025, SEK M	Truck & Trailer	Mobile Thermal	Ringfeder Power	Group
	Equipment	Solutions	Transmission	
Off-road	—	1,652	—	1,652
People	44	1,074	—	1,118
Goods	1,565	68	204	1,837
Industrial	—	—	787	787
Sales	1,609	2,794	991	5,394

2024, SEK M	Truck & Trailer	Mobile Thermal	Ringfeder Power	Group
	Equipment	Solutions	Transmission	
Off-road	—	1,632	—	1,632
People	36	1,309	—	1,345
Goods	1,501	108	299	1,908
Industrial	—	—	698	698
Sales	1,537	3,049	997	5,583

Sales by channel

2025, SEK M	Truck & Trailer	Mobile Thermal	Ringfeder Power	Group
	Equipment	Solutions	Transmission	
OEM	401	2,285	626	3,312
Distributors/importers	374	383	344	1,101
Body builders/integrators	449	97	—	546
Dealers	385	29	21	435
Sales	1,609	2,794	991	5,394

2024, SEK M	Truck & Trailer	Mobile Thermal	Ringfeder Power	Group
	Equipment	Solutions	Transmission	
OEM	319	2,550	631	3,500
Distributors/importers	357	369	344	1,070
Body builders/integrators	471	100	—	571
Dealers	390	30	22	442
Sales	1,537	3,049	997	5,583

6 OTHER OPERATING INCOME

SEK '000	Group	
	2025	2024
Reduction of earnout	19,708	—
Capital gain on property, plant and equipment	49	10,457
Exchange gains	27,976	35,416
Rental income	—	2,138
State support	—	1,238
Insurance income	—	817
Other	13,931	6,748
Total	61,664	56,814

7 OTHER OPERATING EXPENSES

SEK '000	Group	
	2025	2024
Exchange losses	44,096	23,718
Integration costs	—	940
Other	1,346	3,906
Total	45,442	28,564

NOTES

8 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

SEK '000	2025		2024	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
Parent Company	18,242	11,517	20,043	12,311
of which pension expenses	—	4,529	—	3,347
Subsidiaries	968,887	245,636	985,520	230,788
of which pension expenses	—	32,608	—	22,914
Group	987,129	257,153	1,005,563	243,099
of which pension expenses	—	37,137	—	26,261

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

SEK '000	2025		2024	
	Board and President	Other employees	Board and President	Other employees
Parent Company	6,570	11,672	7,158	12,885
of which bonuses, etc.	126	—	868	—
Subsidiaries	32,964	935,923	32,268	953,252
of which bonuses, etc.	4,483	—	7,275	—
Group total	39,534	947,595	39,426	966,137
of which bonuses, etc.	4,609	—	8,143	—

Average number of employees	2025		2024	
	Number of employees	Of which men	Number of employees	Of which men
Parent Company				
Sweden	9	4	10	5
Total in Parent Company	9	4	10	5
Subsidiaries				
Sweden	242	193	220	179
Norway	8	7	8	7
Denmark	5	5	5	5
Belgium	23	17	20	15
UK	7	5	6	4
Germany	166	140	144	115
Czech Republic	138	86	137	82
Poland	162	94	173	106
US	272	203	297	213
Canada	547	489	530	470
China	55	25	54	25
India	265	247	266	253
Brazil	248	202	107	92
Australia	3	3	3	3
Total in subsidiaries	2,141	1,716	1,970	1,569
Total, Group	2,150	1,720	1,980	1,574

At year-end, the Group had 2,190 employees (1,972).

Remuneration to Board members and senior executives

In accordance with a resolution by the 2025 AGM, the Chairman and members of the Board receive a total of SEK 2,260,000 in fixed annual fees. Of the total fee, SEK 200,000 is paid to the Audit Committee and SEK 70,000 to the Compensation Committee, to be distributed by the Board of Directors.

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

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

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

No variable remuneration for acquisitions of shares was utilized in 2025. Basic salary is defined here as the sum of their monthly salaries.

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

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

Board fees are paid as salaries to Board members. The payments occur twice a year, with the result that the cost in 2025 pertains to half of the Board fee resolved at the 2024 AGM and to half of the Board fee resolved at the 2025 AGM.

Related-party disclosures

There have been no other related party transactions in 2025, other than those in relation to senior executives, that significantly affected the company's financial position and results.

Board of Directors and senior executives

	2025		2024	
	Number on closing date	Of which men	Number on closing date	Of which men
Group (incl. subsidiaries)				
Board members	15	12	14	11
Presidents and other senior executives	31	28	25	22

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

	2025		2024	
	Number on closing date	Of which men	Number on closing date	Of which men
Parent Company				
Board members	6	4	6	4
Presidents and other senior executives	3	2	3	2

NOTES
Note 8, cont.
Board of Directors and Group Management

2025, SEK '000	Fees/basic salary	Variable	Other benefits	Pension cost	Total
Chairman of the Board Anders Birgersson	813	—	—	—	813
Board member Louise Nicolin	308	—	—	—	308
Board member Peter Augustsson	308	—	—	—	308
Board member Mats R. Karlsson	340	—	—	—	340
Board member Anna Stålenbring	431	—	—	—	431
President Anders Erkén	4,244	126 ¹	103	1,434	5,907
Other senior executives (2 persons)	3,864	826	245	1,461	6,396
Total (8 persons)	10,308	952	348	2,895	14,503

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

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

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

9 FEES AND COST REIMBURSEMENT PAID TO AUDITOR

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Auditing assignments	8,525	6,886	2,074	1,575
(of which Parent Company's auditor)	(3,389)	(2,057)	(2,074)	(1,575)
Auditing activities other than auditing assignments	36	—	—	—
(of which Parent Company's auditor)	(36)	—	—	—
Tax advice	181	129	—	35
(of which Parent Company's auditor)	—	(35)	—	(35)
Other services	278	374	278	374
(of which Parent Company's auditor)	(278)	(374)	(278)	(374)
Total, Auditor in Charge	9,020	7,389	2,352	1,984
Other auditors				
Auditing assignments	1,377	2,635	—	—
Auditing activities other than auditing assignments	—	63	—	—
Tax advice	2,689	2,899	381	478
Other services	3,809	1,377	17	82
Total other auditors	7,875	6,974	398	560
Total	16,895	14,363	2,750	2,544

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

NOTES

10 DEPRECIATION/AMORTIZATION AND IMPAIRMENT

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

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Cost of goods sold	82,172	74,290	—	—
Selling expenses	60,090	41,100	—	—
Administrative expenses	32,748	28,730	484	504
Research and development costs	4,097	6,109	—	—
Total depreciation/amortization	179,107	150,229	484	504

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

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Computer software	3,427	3,231	—	—
Brands	2,763	2,944	—	—
Customer relationships	42,647	40,600	—	—
Land and buildings	13,419	13,526	—	—
Plant and machinery	42,944	34,408	—	—
Equipment, tools, fixtures and fittings	23,198	21,089	484	504
Right of use	50,709	34,431	—	—
Total depreciation/amortization	179,107	150,229	484	504

11 EMPLOYEE BENEFITS

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

SEK '000	Group	
	2025	2024
Cost of goods sold	639,963	629,635
Selling expenses	216,127	206,555
Administrative expenses	224,588	273,152
Research and development costs	163,605	139,323
Total employee benefits	1,244,283	1,248,665

12 OPERATING EXPENSES CLASSIFIED BY NATURE OF EXPENSE

SEK '000	Group	
	2025	2024
Direct material incl. change in inventories	2,798,657	2,939,551
Employee benefits	1,244,283	1,248,665
Depreciation/amortization	179,107	150,229
Other expenses	521,573	495,277
Total operating expenses	4,743,620	4,833,722

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

13 FINANCIAL INCOME AND COSTS

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Financial income				
Dividend from participations in subsidiaries	—	—	120,000	150,000
Interest income from bank balances	20,660	34,699	50,226	57,414
Exchange rate differences – income, financial items	146,276	182,840	142,960	146
Other financial income	4,233	3,218	—	3
Total financial income	171,169	220,757	313,186	207,563

Financial expenses				
Interest expenses, liabilities to credit institutions	–44,129	–44,964	–56,722	–68,486
Exchange rate differences – costs, financial items	–177,704	–164,860	–142,454	–1,025
Interest expenses, lease liabilities	–13,695	–12,969	—	—
Interest expenses, pension provisions	–6,980	–7,434	–589	–552
Other financial expenses	–6,240	–4,254	–2,864	–2,359
Total financial expenses	–248,748	–234,481	–202,629	–72,422

14 APPROPRIATIONS

SEK '000	Parent Company	
	2025	2024
Change in tax-allocation reserve	–19,200	–25,000
Group contributions received	180,000	150,000
Group contributions paid	–22,580	–15
Total	138,220	124,985

NOTES

15 FINANCIAL INSTRUMENTS

Financial income SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Interest income from other financial assets	20,660	34,699	50,226	57,414
Total interest income under the effective-rate method	20,660	34,699	50,226	57,414
Dividends from participations in subsidiaries	—	—	120,000	150,000
Exchange rate differences – income, financial items	146,276	182,840	142,960	146
Other financial income	4,233	3,218	—	3
Total	150,509	186,058	262,960	150,149
Total financial income	171,169	220,757	313,186	207,563
Financial expenses SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Interest expenses, liabilities to credit institutions	–44,129	–44,964	–56,722	–68,486
Total interest expenses under the effective-rate method	–44,129	–44,964	–56,722	–68,486
Exchange rate differences – costs, financial items	–177,704	–164,860	–142,454	–1,025
Interest expenses, lease liabilities	–13,695	–12,969	—	—
Interest expenses, pension provisions	–6,980	–7,434	–589	–552
Other financial expenses	–6,240	–4,254	–2,864	–2,359
Total	–204,619	–189,517	–145,907	–3,936
Total financial expenses	–248,748	–234,481	–202,629	–72,422

Financial instruments SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Financial assets				
Trade receivables	783,162	711,871	—	—
Receivables from Group companies	—	—	1,506,076	904,733
Short-term investments	416	14,054	—	—
Other current receivables	90,342	85,915	532	5
Cash and cash equivalents	1,108,750	949,655	575,166	547,353
Total	1,982,670	1,761,495	2,081,774	1,452,091
Financial liabilities				
Liabilities to credit institutions	1,504,774	861,992	1,479,464	861,414
Earnout	173,589	21,996	—	—
Liabilities to Group companies	—	—	635,900	694,994
Trade payables	239,231	240,301	5,164	2,895
Lease liabilities	247,001	292,713	—	—
Accrued interest	7,545	10,641	7,508	10,641
Other liabilities	50,822	50,132	3,587	1,272
Total	2,222,962	1,477,775	2,131,623	1,571,216

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

16 EARNINGS PER SHARE

SEK '000	Group	
	2025	2024
Net profit for the year	422,065	541,652
Net profit for the year attributable to Parent Company shareholders	422,065	541,652
Earnings per share, basic and diluted	16.88	21.66
Average number of shares outstanding during the year	25,004,048	25,004,048

17 TAX ON PROFIT FOR THE YEAR

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Current tax				
Swedish companies	–25,646	–28,619	–19,387	–21,234
Foreign companies	–122,518	–150,981	—	—
Deferred tax	–2,728	–14,409	—	—
Total	–150,892	–194,009	–19,387	–21,234

The difference between the tax expense according to the Swedish tax rate (20.6%) and the actual tax rate comprises the following sub-items: The effective tax amounted to 26.3% (26.4).

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Reported profit before tax	572,957	782,180	232,207	249,785
Tax under Swedish tax rate	–118,029	–161,129	–47,835	–51,456
Difference between tax rate in Sweden and weighted tax rate of foreign subsidiaries	–25,619	–26,394	—	—
Non-deductible expenses	–8,592	–10,869	–333	–296
Non-taxable revenue	–589	3,523	24,721	30,901
Imputed income, tax allocation reserve	–793	–899	–201	–96
Tax attributable to prior income years	–153	474	–37	36
Other	2,883	1,285	4,298	–323
Total tax	–150,892	–194,009	–19,387	–21,234

NOTES

18 INTANGIBLE ASSETS

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Patents and licenses				
Opening cost	124,297	120,270	4,751	4,751
Business combinations	4,944	—	—	—
Purchases for the year	1,606	1,536	—	—
Reclassification	2,202	—	—	—
Sale and retirement of assets	-1,578	-75	—	—
Translation differences	-4,808	2,566	—	—
Closing accumulated costs	126,663	124,297	4,751	4,751
Opening amortization	-117,668	-112,085	-4,751	-4,751
Business combinations	-4,366	—	—	—
Amortization for the year	-3,427	-3,231	—	—
Reclassification	—	—	—	—
Sale and retirement of assets	1,578	66	—	—
Translation differences	4,517	-2,418	—	—
Other receivables	—	—	—	—
Closing accumulated amortization	-119,366	-117,668	-4,751	-4,751
Closing balance	7,297	6,629	—	—
Trademarks				
Opening cost	460,531	459,293	28,267	28,267
Translation differences	-5,926	1,238	—	—
Closing accumulated costs	454,605	460,531	28,267	28,267
Opening amortization	-46,580	-41,988	-28,267	-28,267
Amortization for the year	-2,763	-2,944	—	—
Sale and retirement of assets	5,194	-1,648	—	—
Closing accumulated amortization	-44,149	-46,580	-28,267	-28,267
Closing balance	410,456	413,951	—	—

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Customer relationships				
Opening cost	700,001	669,233	—	—
Business combinations	122,880	—	—	—
Translation differences	-68,916	30,768	—	—
Closing accumulated costs	753,965	700,001	—	—
Opening amortization	-211,360	-167,767	—	—
Amortization for the year	-42,647	-40,600	—	—
Sale and retirement of assets	8,927	-2,993	—	—
Closing accumulated amortization	-245,080	-211,360	—	—
Closing balance	508,885	488,641	—	—
Other intangible assets				
Opening cost	1,505	—	—	—
Business combinations	2,351	—	—	—
Purchases for the year	7,842	1,497	—	—
Reclassification	-2,202	—	—	—
Translation differences	-231	8	—	—
Closing accumulated costs	9,265	1,505	—	—
Closing balance	9,265	1,505	—	—

SEK '000	Group	
	2025	2024
Goodwill		
Opening cost	1,322,868	1,291,286
Business combinations	393,471	23,680
Translation differences	-76,070	7,902
Closing accumulated costs	1,640,269	1,322,868

SEK '000	Group	
	2025	2024
Goodwill is allocated to the Group's divisions as follows		
Truck & Trailer Equipment	327,269	282,381
Mobile Thermal Solutions	859,502	764,903
Ringfeder Power Transmission	453,498	275,584
Carrying amount	1,640,269	1,322,868

SEK '000	Group	
	2025	2024
Brands with indefinite useful lives		
Opening cost	400,000	400,000
Closing accumulated costs	400,000	400,000

SEK '000	Group	
	2025	2024
Brands with indefinite useful lives are allocated among the divisions of the Group as follows		
Mobile Thermal Solutions	400,000	400,000
Carrying amount	400,000	400,000

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

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

NOTES
Note 18, cont.

These calculations are based on estimated future cash flows for a period of five years. An established budget is used for the first forecast year, 2026, and available strategy plans for each of the three divisions are used for the coming four years. For each of the Group's divisions, individual assumptions have been made for growth, gross profit margins, overhead levels, operating margin (EBITA), tied-up capital and investment needs for the five-year period. Forecast gross and operating margins (EBITA) have been established by management based on historical outcomes and activities and plans in the forecasts adopted.

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

The discount rate was determined based on expected cost of capital, weighted between borrowed capital and equity. The components of the discount rate comprise risk-free interest, with a 10-year state bond used as a basis; and a systematic risk premium (beta), which was assessed and calculated by looking at a number of comparison companies, the market's risk premium and a company-specific risk premium. The discount rate after tax, which as used in the 2025 impairment test, was 9.0% (9.0) for the three cash-generating units.

The impairment tests for 2025 did not entail any impairments, and all the tests indicated significant headroom.

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

The average remaining amortization period for intangible assets with a definite useful life is 11 years for customer relationships and 4 years for brands.

19 PROPERTY, PLANT AND EQUIPMENT

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Land and buildings				
Opening cost	827,337	367,094	—	—
Business combinations	35,077	—	—	—
Purchases for the year	159,179	457,180	—	—
Reclassification	2,397	1,109	—	—
Sale and retirement of assets	-1,096	-7,123	—	—
Translation differences	-88,905	9,077	—	—
Closing accumulated costs	933,989	827,337	—	—
Opening depreciation	-129,799	-115,360	—	—
Business combinations	-32,078	—	—	—
Depreciation for the year	-13,419	-13,526	—	—
Reclassification	-1	—	—	—
Sale and retirement of assets	987	4,075	—	—
Translation differences	12,056	-4,988	—	—
Other receivables	—	—	—	—
Closing accumulated depreciation	-162,254	-129,799	—	—
Closing balance	771,735	697,538	—	—
Plant and machinery				
Opening cost	529,066	456,942	—	—
Business combinations	35,757	—	—	—
Purchases for the year	81,791	72,878	—	—
Reclassification	40,881	7,324	—	—
Sale and retirement of assets	-4,099	-6,846	—	—
Translation differences	-37,334	-1,232	—	—
Closing accumulated costs	646,062	529,066	—	—
Opening depreciation	-308,693	-278,698	—	—
Business combinations	-29,786	—	—	—
Depreciation for the year	-42,944	-34,408	—	—
Reclassification	—	—	—	—
Sale and retirement of assets	3,539	6,300	—	—
Translation differences	23,242	-1,887	—	—
Closing accumulated depreciation	-354,642	-308,693	—	—
Closing balance	291,420	220,373	—	—

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Equipment, tools, fixtures and fittings				
Opening cost	259,369	222,398	10,784	9,962
Business combinations	22,631	—	—	—
Purchases for the year	28,299	27,275	487	822
Reclassification	3,204	2,967	—	—
Sale and retirement of assets	-41,779	-5,574	-5,303	—
Translation differences	-30,248	12,303	—	—
Closing accumulated costs	241,476	259,369	5,968	10,784
Opening depreciation	-175,182	-150,398	-9,617	-9,113
Business combinations	-14,118	—	—	—
Depreciation for the year	-23,198	-21,089	-484	-504
Reclassification	—	—	—	—
Sale and retirement of assets	41,247	5,235	5,303	—
Translation differences	21,788	-8,930	—	—
Closing accumulated depreciation	-149,463	-175,182	-4,798	-9,617
Closing balance	92,013	84,187	1,170	1,167
Construction in progress				
Opening balance	47,425	14,925	—	—
Business combinations	775	—	—	—
Purchases for the year	41,760	43,550	—	—
Reclassification	-46,482	-11,366	—	—
Translation difference	-3,294	316	—	—
Closing balance	37,760	47,425	—	—

NOTES

20 LEASES

Right-of-use assets

SEK '000	Group	
	2025	2024
Land and buildings		
Opening costs	370,279	338,069
Purchases for the year	29,247	12,345
Translation differences	-49,534	22,089
Other receivables	—	-2,224
Closing accumulated costs	349,992	370,279
Opening depreciation	-146,301	-112,397
Depreciation for the year	-35,760	-30,747
Translation differences	18,573	-3,328
Other receivables	—	171
Closing accumulated depreciation	-163,488	-146,301
Closing balance	186,504	223,978

SEK '000	Group	
	2025	2024
Vehicles		
Opening costs	34,677	34,049
Purchases for the year	12,708	2,180
Sale and retirement of assets	-144	—
Translation differences	-2,144	532
Other receivables	—	-2,084
Closing accumulated costs	45,097	34,677
Opening depreciation	-17,452	-14,557
Depreciation for the year	-11,416	-2,180
Translation differences	1,201	-532
Other receivables	—	-183
Closing accumulated depreciation	-27,667	-17,452
Closing balance	17,430	17,225

SEK '000	Group	
	2025	2024
Plant and machinery		
Opening costs	17,096	16,063
Purchases for the year	2,425	911
Translation differences	-1,958	548
Other receivables	—	-426
Closing accumulated costs	17,563	17,096
Opening depreciation	-6,351	-5,138
Depreciation for the year	-3,532	-1,504
Translation differences	718	-279
Other receivables	0	570
Closing accumulated depreciation	-9,165	-6,351
Closing balance	8,398	10,745
Total closing balance, rights of use	212,332	251,947

Profit after financial items, right-of-use assets

SEK '000	Group	
	2025	2024
Interest on lease liability	13,695	14,355
Leases regarding contracts shorter than 12 months	1,154	2,787
Leases regarding low-value contracts	971	295
Cash flow regarding leases	65,721	59,468

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

The Group's leases comprise largely right-of-use assets pertaining to premises, but also to vehicles and machinery. Leases are recognized as right-of-use assets with a corresponding lease liability on the date that the leased asset is made available for use by the Group. Short-term leases and leases with low-value underlying assets are excluded.

Each lease payment is divided between amortization of the lease liability and the financial cost. The finance cost will be allocated over the lease term so that each reporting period will be charged an amount corresponding to a fixed interest rate for the liability reported during each period.

The lease period is set as the non-cancelable period, but since there are difficulties in determining the duration of a lease far in the future, 15 years is the longest period that is set as a lease period.

The Group's lease liabilities are recognized at the present value of the Group's fixed charges. Call options are included in the fees if it is reasonably certain that they will be exercised to acquire the underlying asset. Penalties payable on termination of the lease are included if the lease period reflects that the lessee will exercise an option to terminate the lease. Lease payments that will be made for reasonably certain extension options are also included in the measurement of the liability.

The Group determines the incremental borrowing rate by taking the base rate for each currency, maturity and country as the starting point, plus the Group's borrowing margin for each asset class. The Group is exposed to possible future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.

The Group's right-of-use assets are recognized at cost and initially include the present value of the lease liability, adjusted for lease payments made on or before the commencement date and initial direct costs.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life of the asset and the length of the lease term. Depreciation according to plan is based on original cost.

NOTES

21 PARTICIPATIONS IN GROUP COMPANIES, CHANGES IN CARRYING AMOUNTS

Participations in Group companies SEK '000	Parent Company	
	2025	2024
Opening cost	1,656,350	1,656,350
Shareholder contributions repaid	-21,000	—
Liquidation of subsidiaries	-50	—
Closing balance	1,635,300	1,656,350

Specification of interests in Group companies	Share of equity, %	Share of votes, %	Carrying amount	Corp. ID No.	Domicile
VBG Group Truck Equipment AB	100	100	21,197	556229-6573	Vänersborg, Sweden
VBG Group Sales AS	100	100			Skjetten, Norway
VBG Group Sales A/S	100	100			Ejby, Denmark
VBG Group Sales Ltd	100	100			Warrington, UK
Onspot of North America, Inc.	100	100			North Vernon, IN (US)
VBG Group Truck Equipment NV	100	100			Beringen, Belgium
VBG Group Truck Equipment GmbH	100	100			Krefeld, Germany
European Trailer Systems GmbH	100	100			Moers, Germany
European Trailer Systems s r. o.	100	100			Kamenice nad Lipou, Czech Republic
Ledson Lights AB	100	100		556740-5443	Åstorp, Sweden
Ringfeder Power Transmission GmbH	100	100	90,309		Groß-Umstadt, Germany
Ringfeder Power Transmission India Pvt. Ltd.	100	100			Chennai, India
Rathi Transpower GmbH	50	50			Barntrup, Germany
Ringfeder Power Transmission Australia Pty Ltd.	100	100			Springvale, Australia
Rathi Transpower GmbH	50	50			Barntrup, Germany
Ringfeder Power Transmission s r. o.	100	100			Dobruany, Czech Republic
Kunshan Ringfeder Power Transmission Co. Ltd.	100	100			Kunshan, China
Ringfeder Power Transmission Sp. z o.o.	100	100			Ruda Śląska, Poland
M.A.T. Malmedie Antriebstechnik GmbH	100	100			Solingen, Germany
Malmedie Inc.	100	100			Allentown, PA (US)

Specification of interests in Group companies	Share of equity, %	Share of votes, %	Carrying amount	Corp. ID No.	Domicile
Ringfeder Power Transmission USA Corp.	100	100	35,995		Bolton, CT (US)
Carlyle Johnson Machine Co., LLC	100	100			Bolton, CT (US)
Regent Controls, LLC	100	100			Greenville, RI (US)
Centritec Seals, LLC	100	100			Bolton, CT (US)
Artic Tool & Engineering Co, LLC	100	100			Greenville, RI (US)
Henfel Industria Metalurgica Ltda.	100	100	107,033		Jaboticabal, Brazil
Mobile Climate Control Group Holding AB	100	100	1,380,766	556723-5642	Vänersborg, Sweden
Mobile Climate Control Sverige AB	100	100		556535-3074	Norråljä, Sweden
Mobile Climate Control China Holding AB	100	100		556819-6629	Vänersborg, Sweden
Mobile Climate Control Manufacturing Co., Ltd.	100	100			Ningbo, China
Mobile Climate Control Trading Co., Ltd.	100	100			Ningbo, China
Mobile Climate Control Corp.	100	100			York, PA (US)
Mobile Climate Control Inc.	100	100			Toronto, Canada
Mobile Climate Control Sp. z o.o	100	100			Oława, Poland
Mobile Climate Control Thermal Systems India Pvt. Ltd.	100	100			Bangalore, India
Mobile Climate Control GmbH	100	100			Rutesheim, Germany
Italytec Imex Indústria e Comércio Ltda.	100	100			Nova Odessa, Brazil
Total			1,635,300		

NOTES

22 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Deferred tax asset pertaining to pension liability	6,804	10,273	—	—
Other temporary differences	20,327	14,875	—	—
Deferred tax liabilities relating to difference between carrying amounts of assets and residual values for tax purposes	19,670	26,898	—	—
Deferred tax asset on tax-loss carry forward	2,066	12,126	—	—
Recognized deferred tax assets	48,867	64,172	—	—
Deferred tax liabilities				
Deferred tax liabilities relating to tax allocation reserves	51,518	44,301	14,214	10,259
Deferred tax liabilities relating to difference between carrying amounts of assets and residual values for tax purposes	125,474	143,903	—	—
Deferred tax liabilities on intangible assets identified in connection with acquisitions	125,363	114,544	—	—
Recognized deferred tax liabilities	302,355	302,748	14,214	10,259

23 INVENTORIES

SEK '000	Group	
	2025	2024
Truck & Trailer Equipment		
Raw materials and consumables	69,293	77,045
Semi-finished products and work in progress	46,857	42,831
Finished products and merchandise	118,328	100,804
Total inventory, Truck & Trailer Equipment	234,478	220,680
Mobile Thermal Solutions		
Raw materials and consumables	281,681	366,146
Semi-finished products and work in progress	38,457	31,298
Finished products and merchandise	120,507	142,375
Total inventories Mobile Thermal Solutions	440,645	539,819
Ringfeder Power Transmission		
Raw materials and consumables	54,115	43,379
Semi-finished products and work in progress	66,434	61,638
Finished products and merchandise	100,375	86,644
Total inventories Ringfeder Power Transmission	220,924	191,661
Total	896,047	952,160

The obsolescence reserve for outgoing inventories amounts to SEK 71,085 thousand (67,778), divided among: Truck & Trailer Equipment, SEK 27,116 thousand (31,520); Mobile Thermal Solutions, SEK 27,607 thousand (21,011); and Ringfeder Power Transmission, SEK 16,362 thousand (15,247). Refer also to the change in Note 12.

24 PREPAID EXPENSES AND ACCRUED INCOME

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Prepaid rent costs	5,853	3,836	304	298
Prepaid insurance premiums	6,567	8,039	2,137	533
Prepaid service charges	25,155	29,374	12,790	15,736
Prepaid marketing activities	639	1,847	—	—
Accrued income	855	1,240	—	—
Accrued licenses	4,267	—	—	—
Advance payments from customers	8,329	8,592	—	—
Other items	—	—	366	165
Total	51,665	52,928	15,597	16,732

25 EQUITY

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

The AGM on 24 April 2002 resolved to repurchase every tenth Series B share for SEK 31.25 per share. All shareholders were offered the chance to sell back their shares. 1,191,976 shares were repurchased, which is equivalent to 96% of the number that could be repurchased. At the same General Meeting, the Board was authorized to use repurchased shares to pay for acquisitions during the period up until the next AGM in 2003. This authorization has been extended repeatedly, most recently at the 2025 AGM to apply until the next AGM (2026). This authorization had not been utilized at year-end, so all redeemed shares are still owned by VBG Group AB (publ).

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

26 UNTAXED RESERVES

SEK '000	Parent Company	
	2025	2024
Tax allocation reserves	69,000	49,800
Total	69,000	49,800

NOTES

27 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

SEK '000	2025	2024
Parent Company		
Provisions in accordance with Swedish Pension Obligations Vesting Act		
FPG/PRI pensions	20,037	19,225
Group		
Provisions		
Defined-benefit pension plans	203,635	223,577

Defined-benefit pension plans

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

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

SEK '000	Sweden	Germany	Other countries	Dec. 31, 2025 Total	Dec. 31, 2024 Total
Present value of unfunded obligations	125,413	77,890	332	203,635	223,577
Total obligation				203,635	223,577

Amounts recognized in the consolidated income statement for pensions

SEK '000	Group	
	2025	2024
Current service costs	5,418	4,372
Interest expense	6,980	7,434
Costs for defined-benefit plans	12,398	11,806
Costs for defined-contribution plans	31,719	23,567
Total costs recognized in profit or loss	44,117	35,373
Of which		
Amount charged to operating profit	37,137	27,939
Amount charged to financial expenses	6,980	7,434
Total costs recognized in profit or loss	44,117	35,373

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

Other comprehensive income was impacted by SEK 15,200 thousand (-14,396), net after tax, as a result of the restatement of defined-benefit pension plans.

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

SEK '000	Group	
	2025	2024
Net debt at beginning of year	223,577	202,103
Acquired net debt	3,434	—
Net cost recognized in profit or loss	12,398	11,806
Benefits paid	-8,757	-8,261
Contributions to defined-benefit plans	-2,597	-3,042
Gains (-) losses (+) resulting from changed financial assumptions	-19,342	18,384
Exchange rate differences on foreign plans	-5,078	2,587
Net debt at year-end	203,635	223,577

Actuarial assumptions regarding significant defined-benefit pension plans

Percentage	2025		2024	
	Sweden	Germany	Sweden	Germany
Discount rate	3.8	4.2	3.0	3.5
Future annual salary increases	2.7	1.2	2.8	2.8
Inflation rate	1.7	1.4	1.8	2.1

The discount rate in Sweden for both 2025 and 2024 is based on the interest rate for mortgage bonds with a comparable maturity. Through its defined-benefit pension plans, the Group is exposed to a number of risks, the most significant of which are described below:

Change in the return from bonds

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

Inflation risk

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

Rate of salary increase

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

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

2025	Impact on defined benefit obligation		
	Change in assumption, %	Increase in assumption, %	Decrease in assumption, %
Discount rate	0.5	Decrease of 5.3	Increase of 6.7
Salary increases	0.5	Increase of 3.8	Increase of 3.8
Inflation rate	0.5	Increase of 4.5	Decrease of 3.5

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

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

NOTES

28 OTHER PROVISIONS

SEK '000	Group	
	2025	2024
Opening value, other provisions	93,889	95,791
Utilization of warranty obligations for the year	-76,437	-29,496
Guarantee reserves for the year	51,931	27,594
Closing value, other provisions	69,383	93,889

Warranty obligations

The products sold by the VBG Group are covered by warranties that are valid for a predetermined period. Provisions for such product warranties are based on historical data plus expected costs for quality problems that are known or can be foreseen.

29 FINANCIAL LIABILITIES

In September 2024, VBG Group signed a new financing agreement with its primary bank, Nordea. The revolving credit facility of SEK 750 M was expanded, and now totals SEK 2,150 M. At the same time, the existing agreement was extended until September 2029.

At the end of 2025, the unutilized portion of the credit facility amounted to SEK 670.5 M. A maturity analysis of the financial liabilities is shown in the note below.

Maturity of the Group's financial liabilities including calculated interest payments

Dec. 31, 2025, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	1,504,774	58,378	433,782	1,211,233	8,921	1,712,314
Earnout	173,589	—	173,589	—	—	173,589
Trade payables	239,231	239,231	—	—	—	239,231
Lease liability	247,001	61,648	71,777	48,559	129,174	311,158
Total	2,164,595	359,257	679,148	1,259,792	138,095	2,436,292

Maturity of the Group's financial liabilities including calculated interest payments

Dec. 31, 2024, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	861,992	50,934	151,600	858,257	—	1,060,791
Earnout	21,996	21,996	—	—	—	21,996
Trade payables	240,301	240,301	—	—	—	240,301
Lease liability	292,713	60,698	83,134	49,472	161,613	354,917
Total	1,417,002	373,929	234,734	907,729	161,613	1,678,005

Maturity of the Parent Company's financial liabilities including calculated interest payments

Dec. 31, 2025, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	1,479,464	54,186	425,399	1,203,421	—	1,683,006
Trade payables	5,164	5,164	—	—	—	5,164
Total	1,484,628	59,350	425,399	1,203,421	—	1,688,170

Maturity of the Parent Company's financial liabilities including calculated interest payments

Dec. 31, 2024, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	861,414	50,934	151,022	858,257	—	1,060,213
Trade payables	2,895	2,895	—	—	—	2,895
Total	864,309	53,829	151,022	858,257	—	1,063,108

NOTES

30 TRADE RECEIVABLES

	Group	
	2025	2024
Age distribution of trade receivables and reserve for doubtful debts, SEK '000		
Trade receivables not due	667,482	602,736
Trade receivables due in 1–30 days	78,499	83,763
Trade receivables due in 31–90 days	29,513	21,858
Trade receivables due in more than 90 days	13,457	11,685
Reserve for doubtful debts	-5,789	-8,171
Total	783,162	711,871
Reserve for doubtful debts		
Reserve for trade receivables 1–30 days	—	-498
Reserve for trade receivables 31–90 days	-94	-61
Reserve for trade receivables older than 90 days	-4,696	-7,612
Reserve for trade receivables not due	-999	—
Total	-5,789	-8,171
Change for the year in reserve for doubtful debts		
Opening reserve	-8,171	-11,342
Changes written off as bad debt losses	2,413	286
Reversed unutilized reserves	827	5,487
New provisions for doubtful trade receivables	-1,346	-1,860
Currency effects	488	-742
Closing reserve	-5,789	-8,171

The Group's bad debt losses normally amount to less than 0.05% of sales.

31 OVERDRAFT FACILITIES

The Group has overdraft facilities amounting to SEK 100 M (100), which remained unutilized at year-end.

In addition, there is a revolving credit facility totaling SEK 2,150 M (2,150), including overdraft facility.

32 ACCRUED EXPENSES AND DEFERRED INCOME

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Special employer's contribution	14,348	12,525	1,418	1,575
Accrued personnel costs	117,905	124,970	6,404	8,475
Audit fees	7,378	7,091	950	320
Supplier invoices not received	61,044	11,951	1,738	1,614
Commissions and customer bonuses	12,665	18,946	—	—
Accrued interest	7,545	10,641	7,508	10,641
Accrued warranty obligations	22,340	13,594	—	—
Advance payment from customers	1,033	—	—	—
Other items	15,771	25,476	—	—
Total	260,029	225,194	18,019	22,625

33 CONTINGENT LIABILITIES

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Guarantees for the benefit of subsidiaries	—	—	82,994	78,092
Pension obligations toward PRI	2,061	1,946	401	384
Total contingent liabilities	2,061	1,946	83,395	78,476

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34 CASH FLOW STATEMENT

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Other items not affecting liquidity in operating activities				
Change in provisions	-10,638	-9,490	812	1,640
Group contributions received	—	—	157,420	149,985
Currency effect, line items	-17,556	-18,680	-77,514	31,277
Other items	-24,835	-7,966	19	17
Total	-53,029	-36,136	80,737	182,919

SEK '000	Group		Parent Company	
	2025	2024	2025	2024
Acquisition of non-current assets				
Intangible investments for the year	-9,448	-3,024	—	—
Capital expenditures in property, plant and equipment for the year	-307,749	-589,978	-487	-822
Financial investments for the year	—	-1,462	—	—
Effect of capital expenditures on cash and cash equivalents for the year	-316,927	-594,464	-487	-822

Group trend, SEK '000	January 2025	Cash flows	Items not affecting liquidity					December 2025
			Acquisitions	Interest	Currency effects	New leases	Reclassification	
Non-current liabilities, bank	888,136	643,451	—	—	-669	—	-26,144	1,504,774
Lease liability	292,713	-6,972	—	—	-38,740	—	—	247,001
Total financial liabilities	1,180,849	636,479	—	—	-39,409	—	-26,144	1,751,775
Cash and cash equivalents	949,655	215,225	—	—	-56,130	—	—	1,108,750
Total cash and cash equivalents	949,655	215,225	—	—	-56,130	—	—	1,108,750

Group trend, SEK '000	January 2024	Cash flows	Items not affecting liquidity					December 2024
			Acquisitions	Interest	Currency effects	New leases	Reclassification	
Non-current liabilities, bank	786,223	99,713	—	—	2,200	—	—	888,136
Lease liability	293,637	-47,547	—	14,355	30,012	2,256	—	292,713
Total financial liabilities	1,079,860	52,166	—	14,355	32,212	2,256	—	1,180,849
Cash and cash equivalents	885,949	55,485	—	—	8,221	—	—	949,655
Total cash and cash equivalents	885,949	55,485	—	—	8,221	—	—	949,655

Cash flow in financing activities

Parent Company performance, SEK '000	January 2025	Cash flows	Items not affecting liquidity					December 2025
			Acquisitions	Interest	Currency effects	New leases	Reclassification	
Non-current liabilities, bank	861,414	696,070	—	—	-78,020	—	—	1,479,464
Total financial liabilities	861,414	696,070	—	—	-78,020	—	—	1,479,464
Cash and cash equivalents	547,353	27,813	—	—	—	—	—	575,166
Total cash and cash equivalents	547,353	27,813	—	—	—	—	—	575,166

Parent Company performance, SEK '000	January 2024	Cash flows	Items not affecting liquidity					December 2024
			Acquisitions	Interest	Currency effects	New leases	Reclassification	
Non-current liabilities, bank	729,545	99,713	—	—	32,156	—	—	861,414
Total financial liabilities	729,545	99,713	—	—	32,156	—	—	861,414
Cash and cash equivalents	551,549	-4,196	—	—	—	—	—	547,353
Total cash and cash equivalents	551,549	-4,196	—	—	—	—	—	547,353

NOTES

35 ACQUISITIONS

On January 27, 2025, the Group acquired 100% of the shares in Italytec Imex Industria Comercio LTDA through its wholly owned subsidiary, Mobile Climate Control Group Holding AB. The acquired operation contributed revenue of SEK 112 M and EBIT of SEK 16 M for the period from February 1 to December 31, 2025. If the acquisition had occurred on January 1, 2025, the company's revenue would have been SEK 120 M and EBIT SEK 20 M. Goodwill is attributable to the synergies that will arise in Mobile Thermal Solutions when global customers in new market segments where local production in Brazil is important are brought into the division. Transaction costs for the acquisition, which have been charged to the profit for the year, amount to SEK 1 M. The formerly preliminary acquisition plan was adopted in the third quarter of the year, and the final acquisition balance is presented below.

SEK M	Final acquisition balance Fair value
Purchase consideration	251.8
Acquired net assets	
Cash and cash equivalents	0.2
Property, plant and equipment	2.2
Intangible assets	9.8
Customer relationships	122.9
Long-term investments	1.3
Inventories	36.0
Receivables	16.1
Liabilities	-24.3
Deferred tax	-18.4
Goodwill	106.0
Impact on consolidated cash and cash equivalents	
Total purchase consideration	-251.8
Previously paid portion of purchase consideration	251.8
Cash and cash equivalents in acquired subsidiaries, and adjustment in previous assumptions	0.2
Change in cash and cash equivalents due to acquisition	-251.6

On April 4, 2025, the Group acquired 100% of the shares in Ledson Lights AB through its wholly owned subsidiary, VBG Group Truck Equipment AB. The acquired operation contributed revenue of SEK 87 M and EBIT of SEK 11 M for the period from April 1 to December 31, 2025. If the acquisition had occurred on January 1, 2025, the company's revenue would have been SEK 115 M and EBIT SEK 15 M. A provision has been made for an estimated earnout. The final outcome is based on earnings performance in coming years and can amount to a maximum of SEK 60 M. Goodwill is attributable to market position and future profitability. Transaction costs for the acquisition, which have been charged to the profit for the year, amount to SEK 1.5 M. The formerly preliminary acquisition plan was adopted in the third quarter of the year, and the final acquisition balance is presented below.

SEK M	Final acquisition balance Fair value
Purchase consideration	103.5
Acquired net assets	
Cash and cash equivalents	8.6
Property, plant and equipment	1.4
Intangible assets	0.4
Inventories	25.2
Receivables	15.4
Liabilities	-11.8
Goodwill	64.3
Impact on consolidated cash and cash equivalents	
Total purchase consideration	-103.5
Previously paid portion of purchase consideration	43.5
Portion of purchase consideration not settled	60.0
Cash and cash equivalents in acquired subsidiaries, and adjustment in previous assumptions	8.6
Change in cash and cash equivalents due to acquisition	-34.9

On July 1, 2025, the Group acquired 100% of the shares in Malmedie Antriebstechnik GmbH through its wholly owned subsidiary, Ringfeder Power Transmission GmbH. The acquired operation contributed revenue of SEK 75 M and EBIT of SEK 17 M for the period from July 1 to December 31, 2025. If the acquisition had occurred on January 1, 2025, the company's revenue would have been SEK 162 M and EBIT SEK 44 M. A provision has been made for an estimated earnout. The final outcome is based on earnings performance in coming years and can amount to a maximum of SEK 113 M. Goodwill is attributable to market position and future profitability in Malmedie Antriebstechnik GmbH. Transaction costs for the acquisition, which have been charged to the profit for the year, amount to SEK 6.3 M. The formerly preliminary acquisition plan was adopted in the fourth quarter of the year, and the final acquisition balance is presented below.

SEK M	Final acquisition balance Fair value
Purchase consideration	291.4
Acquired net assets	
Cash and cash equivalents	10.8
Property, plant and equipment	14.9
Intangible assets	2.5
Inventories	26.6
Receivables	33.3
Liabilities	-19.8
Goodwill	223.1
Impact on consolidated cash and cash equivalents	
Total purchase consideration	-291.4
Previously paid portion of purchase consideration	174.2
Portion of purchase consideration not settled	117.2
Cash and cash equivalents in acquired subsidiaries, and adjustment in previous assumptions	10.8
Change in cash and cash equivalents due to acquisition	-163.4

NOTES

36 SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FISCAL YEAR

No significant events took place after the close of the fiscal year.

37 PROPOSED DISTRIBUTION OF PROFITS

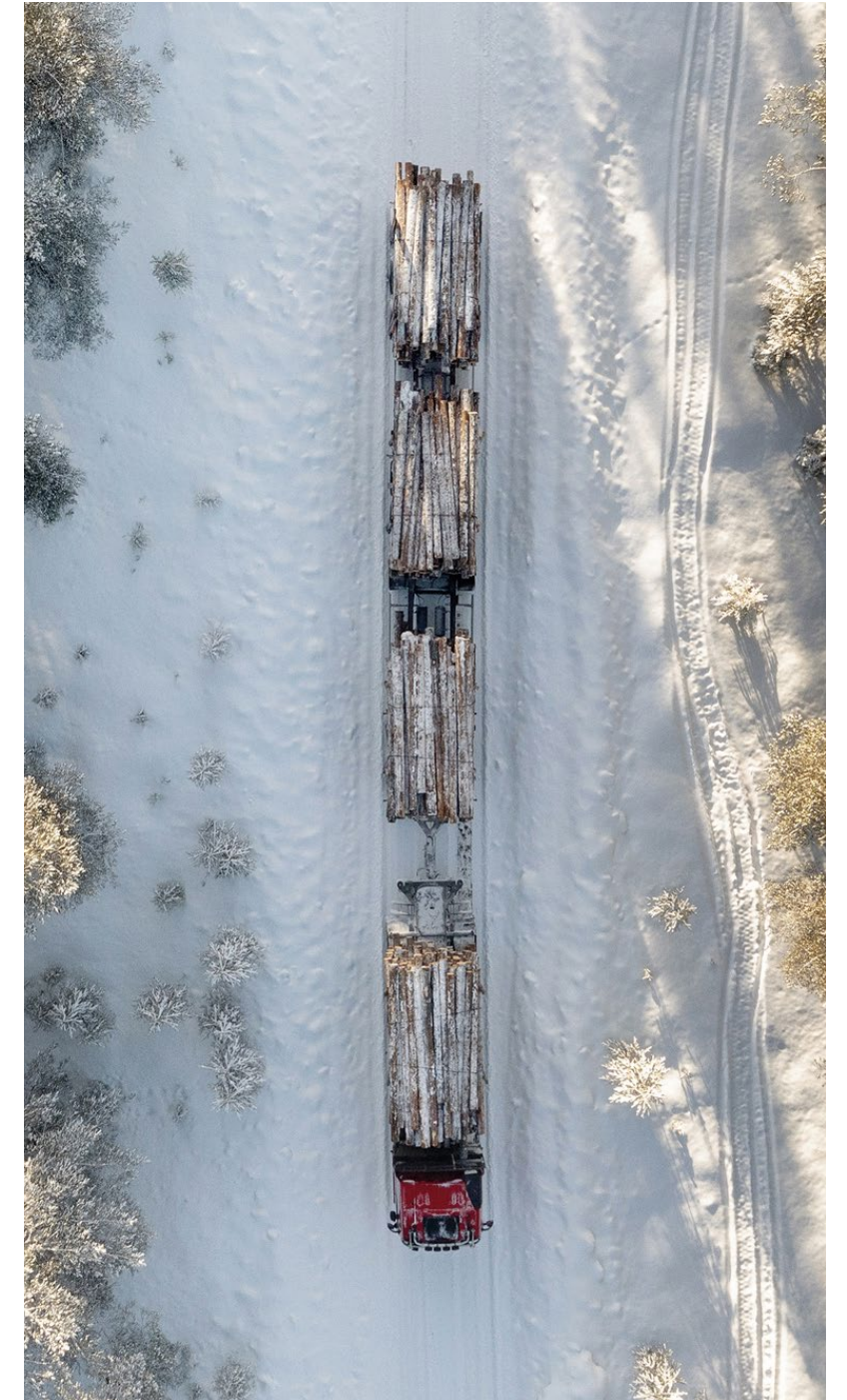
In proposing the dividend, the Board of Directors has taken into account the Parent Company's and Group's short- and long-term liquidity requirements, development potential, financial position and investment needs. Consolidated equity attributable to Parent Company shareholders at December 31, 2025 was SEK 3,965,075 thousand, and non-restricted equity in the Parent Company was SEK 1,372,269. Bearing these factors in mind, the Board of Directors of VBG Group AB (publ) proposes that the 2026 AGM resolve to approve a dividend of SEK 7.25 per share (7.25) for the 2025 fiscal year. The proposed dividend entails a total distribution of funds from the Parent Company of SEK 181,279,348 (181,279,348), corresponding to 4.6% of the Group's equity – or 12.2% of the Parent Company's equity – at year end. The Group reported profit after tax of SEK 422,065 thousand (541,652), which means that the proposed dividend comprises 43.0% (33.5) of the net profit for the year for the Group.

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

	2025	2024
Retained earnings	1,159,450,096	1,112,159,809
Net profit for the year	212,819,484	228,550,583
Total	1,372,269,580	1,340,710,392

The Board of Directors proposes that these funds be distributed as follows:

	2025	2024
Dividend to shareholders	181,279,348	181,279,348
To be carried forward	1,190,990,232	1,159,431,044
Total	1,372,269,580	1,340,710,392



The income statements and balance sheets will be submitted to the Annual General Meeting on 12 May 2026 for adoption.

The undersigned ensure that the consolidated accounts and annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and with generally accepted accounting policies and give a true and fair view of the Group's and the Company's results of operations and financial position, and that the Report of the Directors provides a true and fair view of the performance, financial position and results of operations of the Group and the Company and describes significant risks and uncertainties faced by the companies included in the Group.

The Board of Directors and the CEO also certify that this Annual Report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the specifications that have been adopted pursuant to the EU Taxonomy Regulation.

The final content of this Annual Report was completed and adopted on April 10, 2026.

Vänernsberg, as per the date indicated by our electronic signature

Anders Birgersson
Chairman of the Board

Anders Erkén
President and CEO

Peter Augustsson
Board member

Louise Nicolin
Board member

Mats R. Karlsson
Board member

Anna Stålenbring
Board member

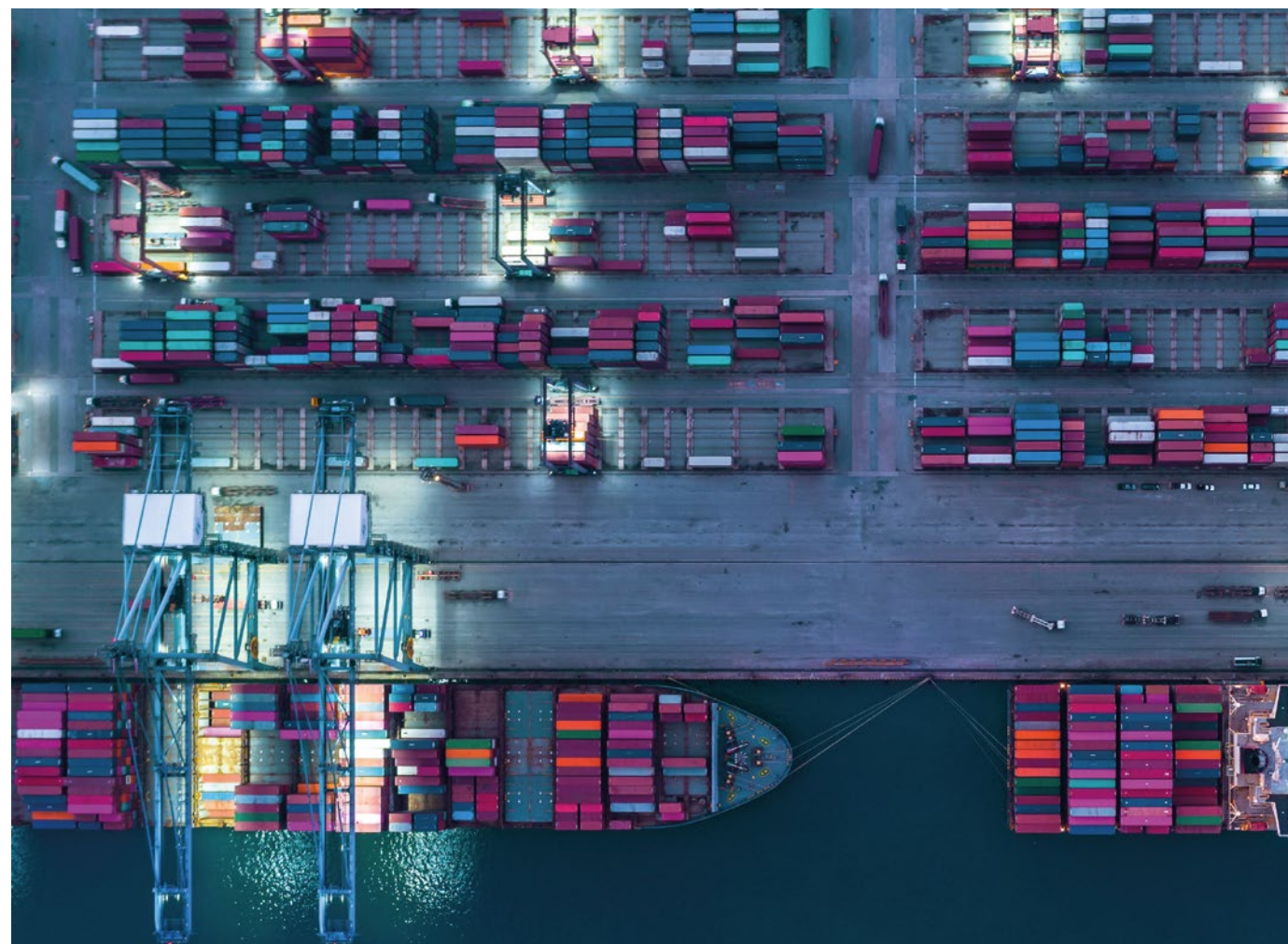
Alexander Andersson
Employee representative

Cecilia Pettersson
Employee representative

Our auditor's report pertaining to the Annual Report and consolidated financial statements was submitted on April 10, 2026 in Gothenburg.
Our review report pertaining to the statutory Sustainability Report was submitted on April 10, 2026 in Gothenburg.

Ernst & Young AB

Andreas Mast
Authorized Public Accountant



Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Uttalanden Opinions

We have audited the annual accounts and consolidated accounts of VBG Group AB (publ) except for the statutory sustainability report on pages 49-95 for the year 2025. The annual accounts and consolidated accounts of the company are included on pages 4-8, 10, 12, 15-18, 20-23, 28-36, 49-95, 97-138, 148 and 152-153 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 49-95. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Valuation of goodwill and brand with indefinite useful life

Description

As of December 31, 2025, the reported goodwill amounts to SEK 1 640 million and the brand with an indefinite useful life to SEK 400 million, which corresponds to 29% of the total assets in the group. As described in notes 1 and 18 of the Annual Report, goodwill and assets with an indefinite useful life are tested annually to identify any potential impairment needs in accordance with IAS 36. The assessment is based on an evaluation of the recoverable amount for the group's three divisions, which constitute all the smallest cash-generating units identified by management, with individual assumptions regarding growth, profit margin, capital requirements, investment needs, and discount rate. Management's estimate of future cash flows is based on market, growth, and margin considering the asset's existing structure without the effect of future acquisitions. The test is based on complex valuation models, significant assumptions, and judgments with inherent uncertainty. Changes in assumptions can have a significant impact on the recoverable amount. Furthermore, the value of goodwill and the brand with an indefinite useful life amounts to significant sums. Considering the above, we consider the valuation of goodwill and the brand with an indefinite useful life to be a particularly significant area in our audit.

How our audit addressed this key audit matter

Our audit procedures to evaluate management's impairment assessment have included:

- evaluation of the model and assumptions. The evaluation has included whether the model is prepared according to accepted valuation techniques and the appropriateness of the applied discount rates and assumptions compared to comparable companies,
- testing of management's sensitivity analysis and conducting an independent sensitivity test of significant assumptions to identify whether a reasonable future change in these would lead to an impairment need,
- assessment of the reasonableness of future cash flows against the approved budget for 2026, the business plan for 2027-2028, and other information obtained after discussions with management and reviewing minutes from board meetings and other management meetings,
- evaluation of management's accuracy in estimating future cash flows by comparing historical forecasts against actual results; and evaluation of whether management has provided the necessary disclosures in the Annual Report as of December 31, 2025.

AUDITOR'S REPORT
Valuation of inventory
Description

As of December 31, 2025, the inventory amounts to SEK 896 million, which corresponds to 13% of the total assets in the group. As described in notes 1 and 23 of the Annual Report, the inventory is reported at the lower of cost and net realizable value on the balance sheet date. The cost is based on the First-In-First-Out (FIFO) principle. In assessing whether the net realizable value exceeds the cost, management must also consider any provided product discounts and assess the risk of obsolescence. To identify and consistently calculate the risk of obsolescence, the group has established division-specific models that consider the content of the inventory, turnover rates for individual items (slow-moving), and historical scrap rates. This, along with an assessment of actual and estimated future sales volumes based on developments in each market and the latest selling prices, provides a basis for management to establish a reasonable estimate of obsolescence.

Given that critical judgments and estimates by management are required in identifying slow-moving and obsolete items, as well as the fact that the nature and composition of the inventory differ among the group's three divisions, we have identified the valuation of inventory as a particularly significant area in our audit.

How our audit addressed this key audit matter

Our audit procedures to evaluate the appropriateness of the group's process for recognizing and valuing inventory have included:

- understanding how management has established structures and processes to monitor compliance with the FIFO principle.
- understanding how management identifies slow-moving and obsolete items in inventory and evaluates the need for recognized obsolescence,
- evaluation of compliance with implemented and established models for identifying obsolescence at the division level,
- review of the accuracy of the aging analysis of inventory through detailed testing,
- assessment of the net realizable value through detailed testing and reviewing relevant documentation to evaluate management's assessment of the net realizable value;
- first, discussions with management and reviewing minutes from board meetings and other management meetings to identify forward-looking changes in the company's operations and sales that could lead to inventory becoming obsolete, and
- evaluation of whether management has provided the necessary disclosures in the Annual Report as of December 31, 2025.

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 1–3, 9, 11, 13–14, 19, 24–26, 38–48, 143–147, 149–151 and 154. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the

company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
Report on the audit of the administration and the proposed appropriations of the company's profit or loss
Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ABC AB (publ) for the year 201X (the financial year ...) and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

[A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.]

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.

AUDITOR'S REPORT

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.

A further description of our responsibilities for the audit of the administration is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT**Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for VBG Group AB (publ) for the financial year 2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of VBG Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB with Andreas Mast as lead auditor, was appointed auditor of VBG Group AB (publ) by the general meeting of the shareholders on the 13 May 2025 and has been the company's auditor since the 28 May 2021.

Gothenburg
Ernst & Young AB

Andreas Mast
Authorized Public Accountant

Auditor's limited assurance report on VBG Group AB (publ)'s sustainability statement

This is the translation of the auditor's limited assurance report in Swedish. To the General Meeting of the shareholders VBG Group AB (publ), corporate identity number 556069-0751

Conclusion

We have conducted a limited assurance engagement of the sustainability statement prepared by VBG Group AB (publ) (the company) for the financial year 2025. The sustainability statement is included on page 49-95 of this document.

Based on our limited assurance engagement as described in the section Auditor's Responsibility, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects, prepared in accordance with the Swedish Annual Accounts Act, which includes:

- Whether the sustainability statement meets the requirements of ESRS
- Whether the process carried out by the company to identify reported sustainability information has been conducted as described in the sustainability statement; and
- Compliance with the reporting requirements in Article 8 of the EU's Green Taxonomy Regulation.

Basis for Conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 – Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Our responsibility under this recommendation is described in more detail in the section Auditor's Responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information than the sustainability statement

This document also contains other information than the sustainability statement, found on pages 1-48 och 96-154. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information, and we do not express any conclusion with assurance regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If we based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The sustainability statement for the previous financial year 2024 has not been subject to a limited assurance engagement according to RevR 19 Revisorns översiktliga

granskning av den lagstadgade hållbarhetsrapporten. Therefore, no limited assurance engagement of comparative figures in the sustainability statement for 2025 has been performed.

Responsibilities of the Board of directors and Managing Director

The Board of Directors, and the Managing Director, are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12-12f of the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion whether the sustainability statement is prepared in accordance with Chapter 6, Sections 12-12 f of the Swedish Annual Accounts Act based on our limited assurance engagement.

The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement, and manage a quality management system including guidelines or procedures regarding compliance with ethical requirements, standards of professional practice, and applicable laws and regulations.

We are independent of VBG Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

Our review procedures regarding the sustainability statement included, but were not limited to the following:

- Through inquiries, obtaining a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability statement.

- Evaluating whether information identified as material through the process the company has undertaken to identify the content of the sustainability statement is also included.
- Evaluating whether the structure and presentation of the sustainability statements are consistent with the requirements of ESRS;
- Conducting inquiries with relevant personnel and analytical review procedures regarding selected disclosures in the sustainability statements;
- Performing substantive review procedures of selected disclosures in the sustainability statements;
- Obtain, through inquiries and analytical review procedures, support for the methods used for preparing material estimates and forward-looking information and on how these methods were applied;

Our review procedures regarding the process the company have undertaken to identify sustainability information to report included, but were not limited to the following:

- Obtaining an understanding of the process by conducting inquiries to understand the sources of the information used by management (e.g., stakeholder dialogues, business plans, and strategy documents), and
- Reviewing the company's internal documentation of its process; and
- Evaluating whether the information obtained from our procedures regarding the process implemented by the company aligns with the description of the process in page 51-52 in the sustainability statement.

Our review procedures regarding the taxonomy disclosures included, but were not limited to the following:

- Obtaining an understanding of the process for identifying economic activities that are covered by and are consistent with the EU Green Taxonomy and the corresponding disclosures in the sustainability statement.
- Conducting inquiries to relevant personnel and analytical review procedures on the taxonomy disclosures;
- Conducting inquiries to understand the sources of the information used in the taxonomy disclosures;
- Evaluating whether the presentation of the taxonomy disclosures is consistent with the requirements of the EU Taxonomy Regulation.

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the board and management of VBG Group AB (publ) must prepare forward-looking information based on specified assumptions about events that may occur in the future and possible future activities of VBG Group AB (publ). Actual outcomes are likely to differ, as expected events often do not occur as anticipated.

Gothenburg, 10 April 2026
Ernst & Young AB

Andreas Mast
Authorized Public Accountant

Malin Ekman Lorentzon
Authorized Public Accountant

REMUNERATION REPORT

Guidelines for remuneration and other terms of employment for senior executives

VBG Group AB (publ) Remuneration report for fiscal year 2025

Introduction

This remuneration report describes how the guidelines of VBG Group AB (publ) (“VBG Group”) for remuneration and other terms of employment for senior executives (the “Guidelines”), adopted by the 2025 Annual General Meeting, were implemented during the year. The report also provides information on remuneration to the President of VBG Group. This report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes from the Swedish Corporate Governance Board.

Further information on remuneration to senior executives is provided in Note 8 on pages 123–124 of VBG Group’s Annual Report for 2025. Information on the activities of the Compensation Committee in 2025 is provided in the Corporate Governance Report on page 41 of the Annual Report for 2025. Information in accordance with Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act is provided in Note 8 on pages 123–124 of the Annual Report for 2025. Information on VBG Group’s earnings and performance in 2025 is provided on pages 109–114 and 148–151 of the Annual Report for 2025.

Remuneration to the Board of Directors is not covered by this remuneration report. This remuneration is determined by the Annual General Meeting, and information on remuneration to the Board of Directors is provided in Note 8 on pages 123–124 of the Annual Report for 2025.

VBG Group’s application of the guidelines

One prerequisite for successfully implementing VBG Group’s business strategy is recruiting and retaining management with strong competence and the capacity for achieving the goals that have been set. It is therefore necessary for VBG Group to offer senior executives competitive remuneration. These guidelines promote VBG Group’s business strategy, long-term interests and sustainability by providing the company with the possibility of offering senior executives competitive remuneration.

Under the guidelines, VBG Group’s remuneration system must be on market terms and competitive. Remuneration can be paid in fixed cash salary, variable remuneration, pension and other customary forms. The criteria forming the basis for disbursement of variable remuneration are to be adopted yearly by the Board for the purpose of ensuring the criteria are in line with VBG Group’s current business strategy and earnings targets. The criteria may be individual or shared, financial or otherwise and must be designed in a way that they promote VBG Group’s business strategy and long-term interests, which means the criteria must be clearly linked to the company’s business strategy and objectives. The guidelines are provided on pages 47–48 of the Annual Report for 2025.

Total remuneration to the President in 2025 has complied with the guidelines. No departures from the guidelines have taken place, and no departures have been made from the decision-making process that is to be applied under the guidelines for establishing remuneration. The auditor’s account of whether VBG Group has complied with the guidelines is provided on the company’s web site, www.vbggroup.com/en

Remuneration to VBG Group’s President

The table on the following page shows remuneration to VBG Group’s President in 2025. The President of VBG Group did not receive remuneration in the form of shares in 2025.

During the fiscal year reported, the President’s performance fully met the criteria set, and the remuneration outcome for variable remuneration totaled SEK 126 thousand (868), of which SEK 0 thousand (387) is associated with the condition of acquiring shares in VBG Group.

Application of the criteria for disbursement of variable remuneration

The criteria for disbursement of variable remuneration are designed to promote VBG Group’s business strategy and long-term interests and are thus clearly linked to the company’s business strategy and objectives.

The table on the following page shows VBG Group’s application of the criteria for disbursement of variable remuneration in 2025.

Remuneration to senior executives and the company’s performance, etc.

The table on the following page presents an overview of remuneration to VBG Group’s President, of VBG Group’s performance and the average remuneration in full-time equivalents for the other employees of VBG Group.

REMUNERATION REPORT

Remuneration to VBG Group's President in 2025

SEK '000					Total fixed remuneration in 2025	Proportion of fixed remuneration, %	Proportion of variable remuneration, %
Name and position	Fixed cash salary	Variable remuneration	Pension benefits	Other benefits			
Anders Erkén, President	4,244	126 ¹	1,434	104	5,907	98	2

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

Application of the criteria for disbursement of variable remuneration in 2025

SEK '000		Relative weight of criteria, %	a) Criterion assessed
Name and position	Criteria		b) Maximum remuneration
Anders Erkén, President	Based on the EBIT margin, excluding preliminary costs for incentive programs for the relevant year for VBG Group.	100	c) Remuneration disbursed
			a) 782,180
			b) 1,980
			c) 607

In addition, the CEO may receive variable remuneration subject to the condition of acquiring shares in VBG Group AB (publ). For 2025, this variable remuneration amounted to SEK 0 thousand (387).

Remuneration to senior executives and the company's performance, etc.

SEK '000					
Position	2025	2024	2023	2022	2021
Total remuneration to President	5,907	6,408	7,230	7,561	8,014
Total remuneration to Executive Vice President ¹	—	—	—	5,640	5,006
VBG Group's earnings	422,065	541,652	572,075	368,273	337,109
Average remuneration in full-time equivalents for VBG Group's other employees	474	518	543	507	454

1 All remuneration to former Executive Vice President Anders Erkén was paid from VBG Group Truck Equipment AB between 2021 and 2022.



FOR SHAREHOLDERS

Information for
existing and
potential shareholders

Six excellent reasons to invest in VBG Group

Over time, VBG Group has posted profitable growth as well as stable, long-term healthy returns for shareholders. Future shareholder value will be created through organic and structural growth, sustainable business development and continued efficiency enhancements throughout the Group.

1 Strong brands in attractive niches

Over time, the VBG Group has built up and acquired several companies with strong brands, which has enabled the Group's three divisions to take strong positions today in their respective industrial niches. In these divisions, customers and users are offered leading systems solutions that promote a safer society. The Group's focus on strong brands and leading market positions in several different niches enables stability and profitability as well as diversification and a strong risk spread.



2 Working for reduced climate impact

For VBG Group, continued development of its operations without exceeding planetary limits is important. Mitigating the Group's climate footprint and reducing its GHG emissions are top priorities. In Scope 1 and 2, our target is a reduction in GHG emissions of at least 50% by 2030, as measured against base year 2024. In 2025, our Scope 1 and 2 emissions increased by 2%, with the change due to lower sales levels in 2025. In Scope 3, our target is a minimum 62% reduction in GHG emissions by 2040, as measured against base year 2024, including annual organic growth of 5%. In 2025, our Scope 3 emissions decreased by 7%.

“In 2025, we adopted a new Scope 3 sustainability target.”

3 Long-term financial strength

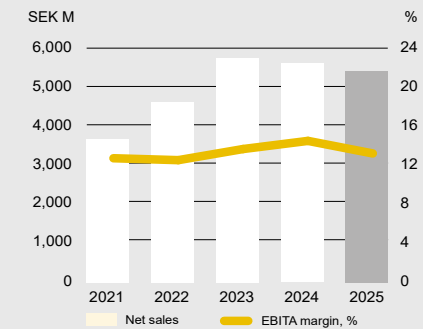
The VBG Group's ownership model, together with strong earnings and profitability performance, has provided financial stability through the years with a high equity/assets ratio. A strong financial foundation for continued operational development and new acquisitions is created by balancing a stable, long-term dividend yield for owners with earnings that are retained in the Group and put to work.

56%
EQUITY/ASSETS RATIO

4 Profitable growth

The VBG Group's business concept is built on both organic and structural growth. The objective is average annual sales growth of at least 10% over a five-year period. Sales in 2025 decreased 3.3% (2.4% organic growth) as a result of sustained low demand in the European trailer market and a soft market for Mobile Thermal Solutions' off-road products in the first half of the year. Total average growth over a five-year period was 11.4%, of which 9.1% was organic growth and 3.1% was structural growth. VBG Group's objective is an operating margin (EBITA margin) greater than 15%. In 2025, the Group attained an EBITA margin of 13.0%.

Historical performance



REASONS TO INVEST

5

Stable, secure ownership situation

The VBG Group's Parent Company and Group Management lead the overall operations, steering the Group forward based on a long-term perspective. This is made possible by a solid base of stable long-term owners. The largest owners comprise the three owner foundations started by Herman Krefting, the founder of VBG Group, and a number of major institutional owners.

67.1%

10 LARGEST OWNERS,
BY CAPITAL



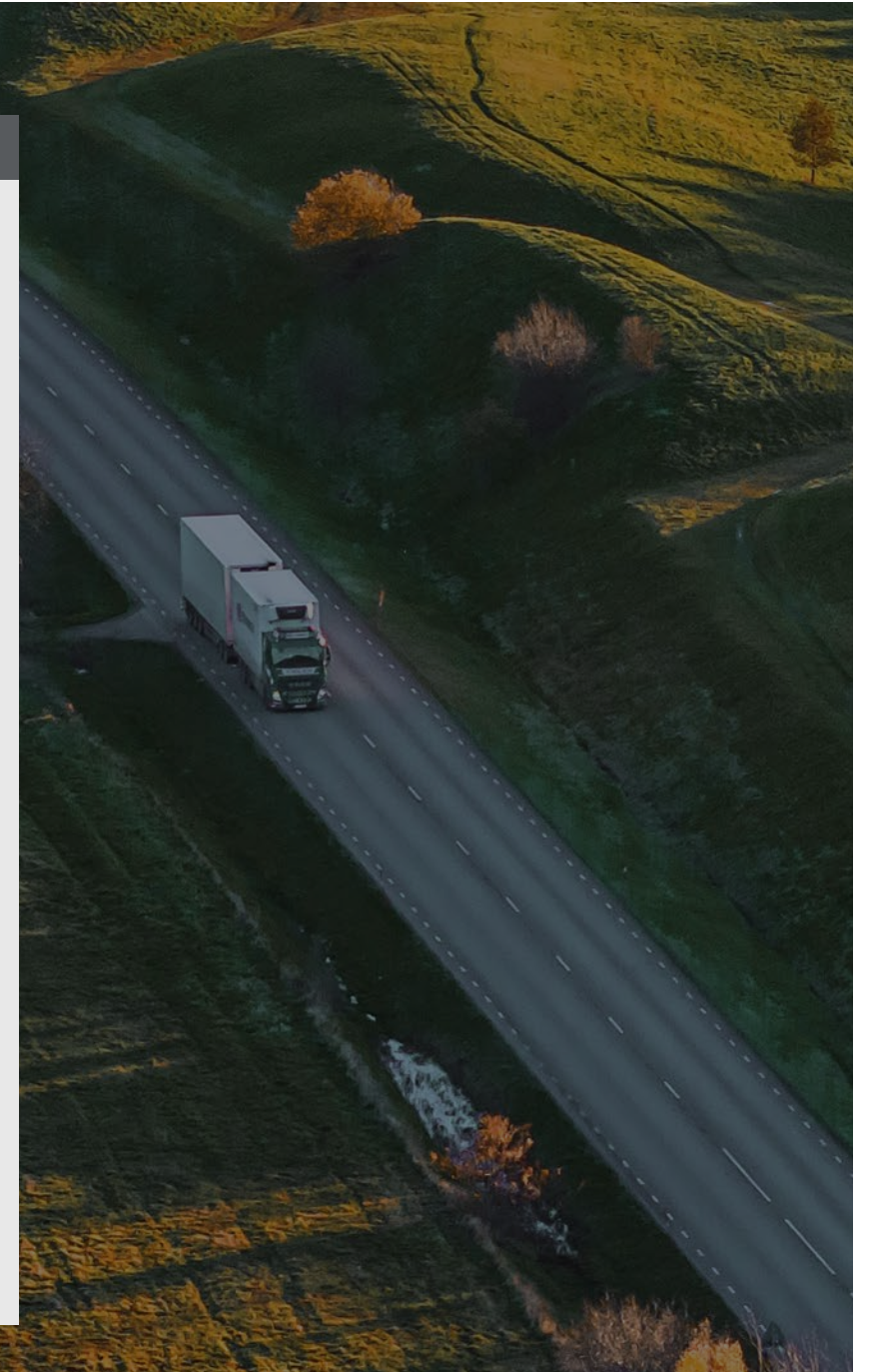
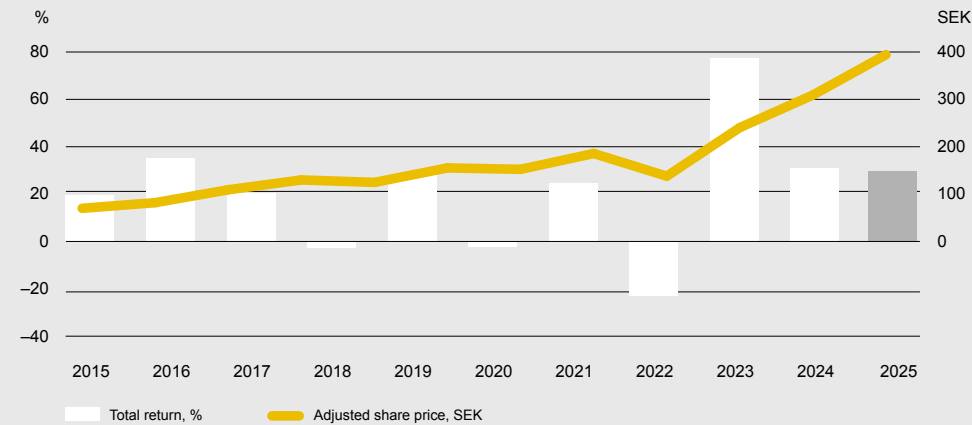
6

Stable, healthy returns

According to its dividend policy, in normal circumstances the VBG Group will distribute 30% of the Group's profit after tax. Over the last five years – including the proposed dividend for 2025 – an average of 35.7% of net profit has been disbursed. The proposed dividend yield for 2025 totals 1.8% (2.3) and over the five-year period averaged 2.9% per year including the proposed dividend on the earnings for 2025. The total return for 2025 was 29.8% (31.3). Over the latest five-year period, the aggregate total return was 176.3% (112.1).

1.8%
PROPOSED
DIVIDEND YIELD

Total return & share price



Five-year summary of the Group's financial performance and position¹

SEK M	2025	2024	2023	2022	2021
Sales and earnings					
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Gross profit	1,697.0	1,762.9	1,734.2	1,318.3	1,164.8
EBITDA	829.6	899.6	933.7	632.4	562.4
EBITA	699.4	796.2	833.8	526.4	484.1
Operating profit (EBIT)	650.5	749.3	800.7	496.1	456.0
Profit after financial items	572.9	735.6	739.2	460.7	441.4
Profit after tax	422.1	541.6	545.0	342.2	337.1
Financial position					
Balance sheet total	7,077.5	6,428.6	5,924.8	5,248.6	4,663.5
Capital employed	5,860.4	5,425.2	4,847.0	4,314.5	3,798.1
Equity	3,965.1	4,032.3	3,625.4	3,265.1	2,793.5
Equity per share, SEK	158.58	161.27	145.0	130.58	111.72
Equity/assets ratio, %	56.0	62.7	61.2	62.2	59.9
Interest-bearing net debt (incl. pension liability)	1,020.2	450.6	374.0	577.3	455.5
Interest-bearing net debt/EBITDA	1.2	0.5	0.4	0.9	0.8
Goodwill/Equity	0.4	0.3	0.4	0.4	0.4

¹ Definitions, refer to pages 149–151.

SEK M	2025	2024	2023	2022	2021
Profitability					
Gross margin, %	31.5	31.6	30.2	28.7	32.3
EBITDA margin, %	15.4	16.1	16.3	13.8	15.6
EBITA margin, %	13.0	14.3	14.5	11.5	13.4
Operating margin (EBIT), %	12.1	13.4	13.9	10.8	12.6
Profit margin before tax, %	10.6	13.2	12.9	10.0	12.2
Return on equity (ROE), %	10.6	14.0	15.1	10.7	12.2
Return on capital employed (ROCE), %	11.2	20.7	16.6	11.1	12.2
Earnings per share, SEK	16.88	21.66	21.80	13.69	13.48
Personnel					
Number of employees at year-end	2,190	1,972	2,065	1,773	1,714
Average number of employees	2,150	1,980	1,864	1,731	1,600
Personnel costs	1,244.3	1,248.7	1,205.8	1,086.4	871.3
Salaries and social security contributions per employee, SEK thousand	578.7	630.6	577.8	627.6	544.6
Other					
Amortization of intangible assets	48.8	46.8	33.1	30.3	28.1
Depreciation of property, plant and equipment	79.6	69.0	65.8	56.6	52.5
Depreciation of right-of-use assets	50.7	34.4	34.1	49.4	25.8
Cash flow from operating activities	531.0	797.4	724.2	2	187.3
Cash flow for the year	215.2	55.5	394.5	-183.5	-247.9
Cash flow per share, SEK	8.61	2.22	15.78	-7.34	-9.91

Alternative performance measures

Reconciliation between IFRS and performance measures used

Certain information in this report that is used by Group Management and analysts to assess the Group's performance has not been defined under the IFRS. Group Management believes that this information makes it easier for investors to analyze the Group's earnings performance and financial structure. Investors should view this information as a supplement to, rather than a replacement of, financial reporting in accordance with IFRS.

All key figures are presented in their respective tables in this section, except for the three key figure to the right that are presented on the pages indicated.

Organic growth

Net sales excluding effects of structural changes, meaning acquired or divested operations, and currency effects.

SEK M	2025	2024	2023	2022	2021
Group					
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Acquired volume (incl. full-year effect from preceding year)	-281.4	-140.1	-26.1	-78.0	—
Currency effect	334.8	36.0	-299.5	-407.7	135.5
Net sales excluding acquisitions and currencies	5,447.5	5,479.0	5,417.2	4,101.1	3,746.7
Organic growth	-135.5	-263.8	830.4	489.9	599.6
Organic growth, %	-2.4	-4.5	18.2	13.6	19.1
Truck & Trailer Equipment					
Net sales	1,608.7	1,537.1	1,727.7	1,628.8	1,327.9
Acquired volume	-86.9	—	—	—	—
Currency effect	50.1	5.1	-80.2	-76.6	33.7
Net sales excluding acquisitions and currencies	1,571.8	1,542.2	1,647.5	1,552.1	1,361.7
Organic growth	34.7	-185.5	18.8	224.2	307.4
Organic growth, %	2.3	-10.7	1.2	16.9	29.2

Equity/assets ratio

Equity as a percentage of balance sheet total. Refer to pages 12, 98 och 148.

Return on capital employed (ROCE)

Profit after financial items plus interest expenses as a percentage of average capital employed, expressed as the balance sheet total less non-interest-bearing liabilities. Refer to pages 12 and 98.

Return on equity (ROE)

Net profit for the year as a percentage of average equity. Refer to pages 12 and 98.

SEK M	2025	2024	2023	2022	2021
Mobile Thermal Solutions					
Net sales	2,794.3	3,048.7	3,164.7	2,241.3	1,762.7
Acquired volume	-111.7	—	—	—	—
Currency effect	216.9	19.4	-110.3	-260.7	70.5
Net sales excluding acquisitions and currencies	2,899.5	3,068.1	3,054.4	1,980.6	1,833.2
Organic growth	-149.2	-96.6	813.1	217.9	215.6
Organic growth, %	-4.8	-3.0	36.3	12.3	13.3
Ringfeder Power Transmission					
Net sales	991.2	997.3	850.4	716.7	520.5
Acquired volume (incl. full-year effect from preceding year)	-82.7	-140.1	-26.1	-78	—
Currency effect	67.7	11.5	-109.0	-70.4	31.3
Net sales excluding acquisitions and currencies	976.2	868.7	715.2	568.3	551.8
Organic growth	-21.1	18.3	-1.5	47.8	76.6
Organic growth, %	-2.1	2.1	-0.2	9.2	16.1

EBITDA

Operating profit before depreciation/amortization and impairment.

SEK M	2025	2024	2023	2022	2021
Group					
Operating profit	650.5	749.3	800.7	496.1	456.0
Depreciation/amortization	179.1	150.2	133.0	136.3	106.4
EBITDA	829.6	899.6	933.7	632.4	562.4

EBITDA margin

Operating profit before depreciation/amortization and impairment as a percentage of net sales.

SEK M	2025	2024	2023	2022	2021
Group					
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Operating profit	650.5	749.3	800.7	496.1	456.0
Depreciation/amortization	179.1	150.2	133.0	136.3	106.4
EBITDA margin, %	15.4	16.1	16.3	13.8	15.6

ALTERNATIVE PERFORMANCE MEASURES
EBITA

Operating profit before amortization and impairment of intangible assets.

SEK M	2025	2024	2023	2022	2021
Group					
Operating profit	650.5	749.3	800.7	496.1	456.0
Amortization of intangible assets	48.8	46.8	33.1	30.3	28.1
EBITA	699.4	796.2	833.8	526.4	484.1

EBITA margin

Operating profit before amortization and impairment of intangible assets as a percentage of net sales.

SEK M	2025	2024	2023	2022	2021
Group					
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Operating profit	650.5	749.3	800.7	496.1	456.0
Amortization of intangible assets	48.8	46.8	33.1	30.3	28.1
EBITA margin, %	13.0	14.3	14.5	11.5	13.4

Gross profit margin

Profit after cost of goods sold as a percentage of net sales.

SEK M	2025	2024	2023	2022	2021
Group					
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Gross profit	1,697.0	1,762.9	1,734.2	1,318.3	1,164.8
Gross profit margin, %	31.5	31.6	30.2	28.7	32.3

Profit margin

Profit after financial items as a percentage of net sales.

SEK M	2025	2024	2023	2022	2021
Group					
Net sales	5,394.2	5,583.1	5,742.8	4,586.8	3,611.2
Profit after financial items	572.9	735.6	739.2	460.7	441.4
Profit margin, %	10.6	13.2	12.9	10.0	12.2

Interest-bearing net debt

Interest-bearing loan liabilities and provisions less cash and cash equivalents.

SEK M	2025	2024	2023	2022	2021
Group					
Provisions for pensions	203.6	223.6	202.1	196.9	252.1
Loans	1,504.8	862.0	730.5	576.0	752.5
Earnout	173.6	22.0	33.7	—	—
Lease liability	247.0	292.7	293.6	303.2	118.4
Bank balances	-1,108.8	-949.7	-885.9	-498.8	-667.4
Interest-bearing net debt	1,020.2	450.6	374.0	577.3	455.5

Interest-bearing net debt/EBITDA

Interest-bearing loan liabilities as a percentage of operating profit before depreciation/amortization and impairment.

SEK M	2025	2024	2023	2022	2021
Group					
Interest-bearing net debt	1,020.2	450.6	374.0	577.3	455.5
EBITDA, rolling 12 months	829.6	899.6	933.7	632.4	562.4
Interest-bearing net debt/EBITDA	1.2	0.5	0.4	0.9	0.8

Earnings per share

Earnings per share outstanding as a percentage of profit after tax.

	2025	2024	2023	2022	2021
Group					
Operating profit after tax, SEK M	422.1	541.6	545.0	342.2	337.1
Number of shares outstanding ('000)	25,004	25,004	25,004	25,004	25,004
Earnings per share, SEK	16.88	21.66	21.80	13.69	13.48

ALTERNATIVE PERFORMANCE MEASURES

ROOC by division

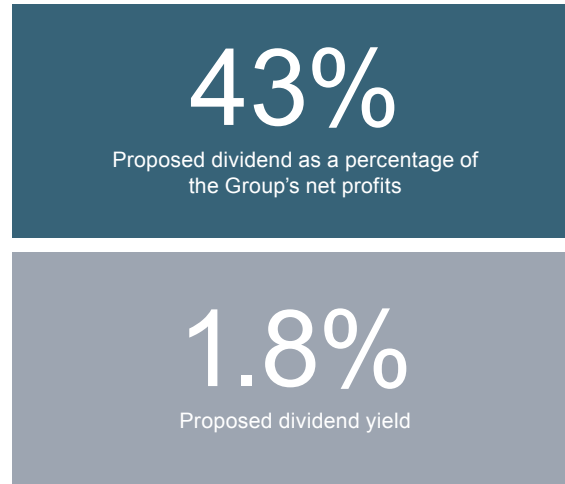
EBITDA as a percentage of average operating capital, expressed as property, plant and equipment and working capital (inventory, trade receivables and trade payables).

SEK M	Full-year 2025	Full-year 2024
Group		
Inventories	896.0	952.2
Trade receivables	783.2	711.9
Trade payables	-239.2	-240.3
Working capital	1,440.0	1,423.7
Property, plant and equipment	1,405.3	1,301.5
Operating capital	2,845.2	2,725.2
EBITDA, rolling 12 months	829.6	899.6
Average operating capital, 12 months	2,797.6	2,478.2
ROOC, %	29.7	36.3
Truck & Trailer Equipment		
Inventories	234.5	220.7
Trade receivables	197.3	167.0
Trade payables	-70.6	-62.5
Working capital	361.2	325.2
Property, plant and equipment	282.4	290.6
Operating capital	643.7	615.8
EBITDA, rolling 12 months	351.6	328.9
Average operating capital, 12 months	660.7	632.6
ROOC, %	53.2	52.0

SEK M	Full-year 2025	Full-year 2024
Mobile Thermal Solutions		
Inventories	440.6	539.8
Trade receivables	406.6	353.1
Trade payables	-126.2	-143.3
Working capital	721.0	750.2
Property, plant and equipment	881.3	802.4
Operating capital	1,602.3	1,552.6
EBITDA, rolling 12 months	336.1	411.1
Average operating capital, 12 months	1,562.1	1,309.1
ROOC, %	21.5	31.4
Ringfeder Power Transmission		
Inventories	220.9	191.7
Trade receivables	179.2	191.2
Trade payables	-37.3	-31.6
Working capital	362.9	351.2
Property, plant and equipment	236.8	207.9
Operating capital	599.7	559.2
EBITDA, rolling 12 months	168.4	179.8
Average operating capital, 12 months	579.9	537.5
ROOC, %	29.0	33.4

The share and owners

VBG Group has been listed on Nasdaq Stockholm since 1987, and the company's Series B share is traded on Mid Cap Industry (VBG Group B).



In 2025, the share price for the VBG Group Series B share rose 27.4% to SEK 397.60 (SEK 312.00 at the preceding year-end). The VBG Group share has attracted increased interest, in part for the growth it displayed in the latter half of 2025 and in part owing to the sector rotation that occurred from growth-oriented companies with high levels of indebtedness to companies with strong balance sheets and stable cash flows.

The highest share price (SEK 397.60) was noted on December 30 and the lowest (SEK 243.40) on June 2. A total of 15,356,166 VBG Group Series B shares, equivalent to a turnover rate of 68.1% (49.3), were traded during the year. At year-end, VBG Group's market capitalization amounted to approximately SEK 10.0 billion (7.8).

Total return

The VBG Group's intention is to create shareholder value by offering stable, long-term healthy returns to shareholders, which is supported by the Group's overall objective of profitable growth. The total return (i.e. the change in share

price plus reinvested dividend) for the VBG Group Series B share during 2025 was 29.8%. Over the latest five-year period, the total return for the VBG Group Series B share was 176.3%.

Dividend and dividend policy

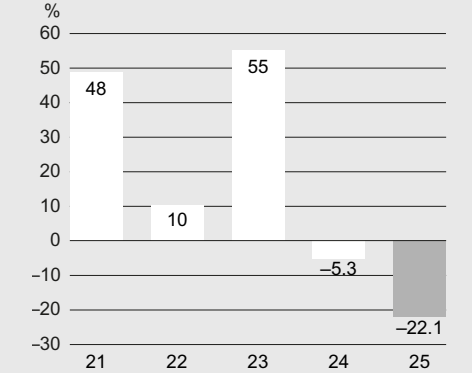
In March 2012, the Board adopted a dividend policy that stipulates that the company normally will pay out 30% of the net profit to the shareholders. The proposed dividend for fiscal year 2025 is equivalent to 43.0% (33.5) of the Group's profit for the year, corresponding to a dividend yield of 1.8% (2.3) based on the closing share price for 2025. Since the company's initial listing on the stock exchange in 1987, and including the dividend of SEK 7.25 (7.25) proposed by the Board to the 2025 Annual General Meeting, the company has paid an average dividend amounting to 33.7% of the net profit. However, the canceled dividend for 2019 (as a result of the pandemic) had a negative impact. Disregarding 2019, the company has disbursed an average of 36.1% of net profits. If 2019 is excluded, the latest ten-year average is 37.3%.

Data per share

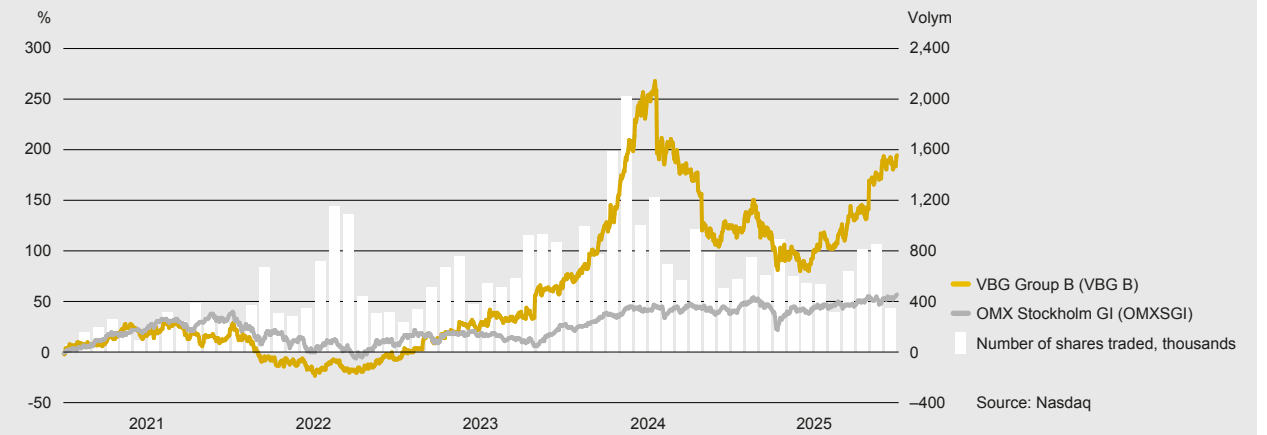
	2025	2024	2023	2022	2021
Earnings, SEK	16.88	21.66	21.80	13.69	13.48
Dividend, SEK	7.25 ¹	7.25	7.00	5.50	5.00
Share price, SEK	397.60	312.00	243.00	140.00	188.00
P/E ratio	23.55	14.40	10.62	9.50	13.95
Equity, SEK	158.58	161.27	145.00	130.58	111.72
Cash flow from operating activities	21.24	31.85	28.91	10.02	1.48
Dividend yield, %	1.8	2.3	2.9	3.9	2.7
Total number of shares outstanding (thousands)	25,004	25,004	25,004	25,004	25,004
Average number of shares outstanding (thousands)	25,004	25,004	25,004	25,004	25,004

1 Proposed dividend per share.

Growth in earnings per share



Price of the VBG Group share over five years, adjusted for dividend



THE SHARE AND OWNERS

Share capital

VBG Group's share capital at December 31, 2025 was SEK 65.5 M distributed among 26,196,024 shares with a quotient value of SEK 2.50 each. The VBG Group's shares are divided into two classes of shares: 2,440,000 Series A shares and 23,756,024 Series B shares. Each Series A share carries ten votes and each Series B share carries one vote, except for the Series B shares bought back by VBG Group AB, which carry no votes or dividend rights. Following the buy-back program that was implemented in 2002, VBG Group AB owns 1,191,976 Series B shares representing 4.6% of the share capital. The Board of Directors has been authorized by the Annual General Meeting to resolve on one or more occasions to transfer these shares in connection with acquisitions.

Shareholders

VBG Group had 10,873 shareholders (11,765) at year-end, December 31, 2025. The Series A shares, which represent 62.9% of the votes in the VBG Group, are held by the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation. Of the total capital, 85.1% (84.7) is owned by institutions (including the three foundations, and the VBG Group's treasury shares). Foreign ownership is 17.8% (20.7).

Contacts with the stock market

The VBG Group's contacts with the stock market are mainly based on quarterly financial reports, press releases and presentations by the VBG Group in various contexts. In 2025, a number of physical meetings with investors took place, as well as several telephone meetings with investors and analysts. VBG Group participated in the SEB Nordic Seminar in Copenhagen in January, the SEB Small & Mid Cap Days in Stockholm in May, the Nordea Annual Small & Mid Cap Days in Stockholm in August, and the Nordea Micro Cap Seminar in Stockholm in November. Financial statements and other information, both financial and general, can be found on the Group's web site at www.vbggroup.com/en

Ten largest shareholders at December 31, 2025, sorted by percentage of votes

Name	VBG Group A	VBG Group B	Holding	Capital, %	Votes, %
Herman Krefting Foundation for Allergy and Asthma Research	817,400	5,109,042	5,926,442	22.6	28.3
The SLK Employees' Foundation	1,134,600	—	1,134,600	4.3	24.2
VBG-SLK Foundation	488,000	14,000	502,000	1.9	10.4
Nordea Funds	—	2,492,174	2,492,174	9.5	5.3
Lannebo Kapitalförvaltning AB	—	1,721,043	1,721,043	6.6	3.7
SEB Funds	—	1,681,228	1,681,228	6.4	3.6
The First Swedish National Pension Fund	—	1,300,000	1,300,000	5.0	2.8
If Skadeförsäkring AB	—	1,099,192	1,099,192	4.2	2.3
Swedbank Robur Fonder	—	961,772	961,772	3.7	2.0
The Fourth Swedish National Pension Fund	—	764,613	764,613	2.9	1.6
Total 10	2,440,000	15,143,064	17,583,064	67.1	84.2
Other	—	7,420,984	7,420,984	28.3	15.8
Shares in own holding, VBG Group AB	—	1,191,976	1,191,976	4.6	0.0
Total number of shareholders	10,873				
Total number of shares	26,196,024				

Source: Modular Finance AB. Compiled and processed data from sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Owner categories

Dec. 31, 2025	Percentage of capital
Foreign shareholders	17.8
Swedish shareholders	82.2
Of which:	
Institutions	85.1
Private persons	14.9

Size of shareholdings

Dec. 31, 2025		
Number of shares	Number of shareholders	Percentage of capital
<500	9,832	3.2
501–5,000	897	4.9
5,001–10,000	48	1.4
10,001–50,000	60	4.9
>50,001	35	85.6
Total	10,872	100.0

Shareholders in Sweden and abroad

Dec. 31, 2025	Percentage of capital
Sweden	82.2
Other Nordic countries	13.0
Other European countries	2.7
Rest of world	2.1

Dividend policy

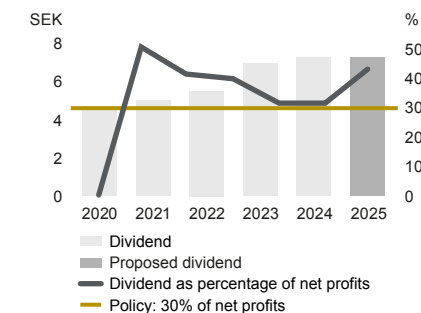
POLICY

30%

OUTCOME

43%

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



Comments on 2025

- With a strong financial position and stable cash flows as a basis, SEK 181.3 M (or SEK 7.25 per share) was distributed in 2025.
- For the 2026 Annual General Meeting, the Board of Directors proposes that the dividend remained unchanged at SEK 7.25 per share, corresponding to 43.0% of earnings per share.

Focus going forward

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

The person in charge of Investor Relations is Group CFO Fredrik Jignéus.

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Welcome to the 2026 Annual General Meeting

The Annual General Meeting (AGM) of VBG Group AB (publ) will be held at 5:00 p.m. on Tuesday, May 12, 2026 in the company's offices at Herman KrefTINGS gata 4 in Vänersborg, Sweden.

To facilitate carrying out the General Meeting, the Board has decided – in accordance with the Articles of Association – that the voting rights of shareholders at the AGM can also be exercised through voting in advance (postal voting). Additional information will be provided in the notice to attend the meeting, which will be published on the company's web site (www.vbggroup.com/en/) and in Post- och Inrikes Tidningar.

Registration

Shareholders wishing to attend the meeting must:

- be recorded in the share register prepared by Euroclear Sweden AB pertaining to conditions as of May 4, 2026.
- have registered for the meeting by having submitted their postal vote, which must have arrived at the address indicated in the notice to attend by May 6, 2026 at the latest.

- for physical participation on site, register their participation at the address indicated in the notice to attend by May 6, 2026 at the latest.

Shareholders whose shares are registered to a nominee must have the shares re-registered in their own name by the nominee (voting rights registration) in good time before May 4, 2026. Voting rights registration completed by the nominee by May 6, 2026 at the latest will be taken into account in preparing the share register.

Dividend

The Board of Directors and President propose a dividend of SEK 7.25 per share (7.25), with a record date of May 15, 2026. If the AGM approves this proposal, the dividend is expected to be distributed by Euroclear Sweden AB starting May 20, 2026.

Report dates

April 27	Three-month Interim Report January–March 2026
July 17	Half-Year Report January–June 2026
October 27	Nine-month Interim Report January–September 2026
February 17, 2027	Year-end report 2026

The VBG Group welcomes inquiries about the Group and its development. Contact persons are: Anders Erkén, President and CEO, telephone: +46 521 27 77 67, and Fredrik Jignéus, Group CFO, telephone: +46 521 27 77 53. More information is available at the company's web site, www.vbggroup.com/en/

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VBG Group is a long-term active owner of successful industrial companies and brands. The Group's three divisions – operating in 14 countries with just over 2,000 employees – are run on a foundation of industrial expertise, strong brands and financial stability.



VBG Group AB (publ)
www.vbgroup.com