Investments shaping the future

Ependion AB Annual & Sustainability Report 2025

ependion

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Ependion–digitalizing Dutch power grids in an uncertain world

In a tendering process, Dutch network owner Alliander selected Ependion's Westermo business entity as its strategic partner for digitalization and secure communication across its power grid. Alliander manages one of the largest energy infrastructures in Europe, with some six million connections, ranging from transformer substations to solar and wind installations that must be securely connected and controlled.

Alliander made its decision in a business environment characterized by burgeoning cyber threats to critical infrastructure and increasing geopolitical uncertainty, highlighting the risks of global and hard-to-control supply chains. Reliability, delivery capability and security are critical to Alliander, so its choice of provider was as much about risk reduction as technology.

One critical factor was Westermo's EU-based research, development and manufacture, offering excellent control over hardware and software. Its solution has been developed for critical infrastructure with robust and secure hardware for rugged environments and secure non-cloud-native management.

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This Annual Report contains images generated by AI to illustrate its application segments.

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This is Ependion

Ependion is a global technology group delivering digital solutions for secure data communication, control, management and visualization in environments where reliability and high quality are critical.

Our name—Ependion—is inspired by the Greek word for investments, and is reminiscent of the group's mission: to invest in businesses, technologies and products that contribute to a secure and connected world.

Our overarching strategy is founded on creating long-term value through a decentralized organization with strong entrepreneurship, collective financing, and a proactive M&A agenda.

Sales **2.2** billion SEK

EBIT **232** million SEK

Operations in **21** countries

846 employees

Key indicators

	2025	2024	2023
Sales, MSEK	2,231.8	2,258.1	2,470.6
EBITDA, MSEK	432.5	427.5	474.0
EBITDA margin, %	19.4	18.9	19.2
EBIT, MSEK	232.1	250.9	321.7
EBIT margin, %	10.4	11.1	13.0
Profit after tax, MSEK	146.7	157.0	200.4
Earnings per share, SEK	4.73	5.45	6.93
Dividend per share, SEK [a]	1.50	1.25	1.00
Equity/assets ratio, %	50.4	48.3	45.2

a The amount for 2025 is the Board's proposed dividend.

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A year of investments that are shaping our future

Q1

March: the Beijer Electronics business entity executed a restructuring that reduced its costs by 22 MSEK annualized, with 3.4 MSEK of restructuring expenses charged to the quarter.

March: the Westermo business entity opened a unit in India, securing its first local order of 11 MSEK in the train segment. This unit had over 20 local customers by year-end.

Q2

April: the Westermo business entity entered an agreement to acquire all the shares of German technology company Welotec, a deal consolidating Westermo's positioning in the expansive energy segment and bringing access to complementary new technology in edge computing.

May: Ependion's AGM approved a 300 MSEK private placement to finance the acquisition of Welotec. The new issue was conducted in May.

June: acquisition of all the shares of Welotec GmbH completed.

Q3

September: the Beijer Electronics business entity completes its new generation of HMIs—the X3 series—and several customers decided to place orders for the X3 in 2025.

Q4

October: the Westermo business entity made a deal to acquire a minority holding in RazorSecure, a UK leader in cybersecurity software for the train industry.

December: decision to add the defense industry as a focus segment for the Westermo business entity.

Order intake
2,253
MSEK (+11%)

Sales
2,232
MSEK (-1%)

Operating cash flow
375
MSEK (-18%)

EBIT
232
MSEK (-7%)

Product development expenditure
307
MSEK (-6%)

Westermo's Redundancy Box enables secure data communication for critical infrastructure like power grids and in other rugged environments.

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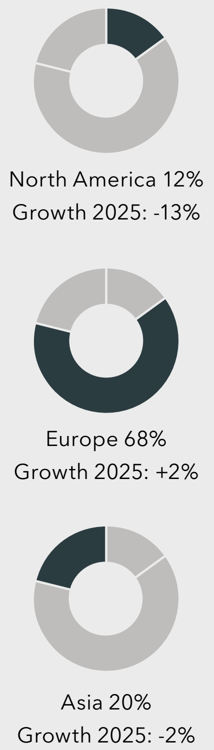
A global presence on expansive markets

Ependion's development centers are in Malmö and Västerås, Sweden, as well as Düsseldorf, Nürtingen, Mainz and Laer in Germany, Taipei in Taiwan, Bubikon in Switzerland and Dublin in Ireland. Manufacture is in Stora Sundby and Malmö, Sweden as well as in Dublin, Mainz, Taipei and Bangalore, India. The group has direct sales resources and customer support in 21 countries, backed by distributors for local sales, servicing and support in over 60 countries.



* Production at Bubikon was relocated to Stora Sundby at year-end 2024.

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Ependion–making sustainable shipping possible

Ependion's Beijer Electronics business entity has established strong positioning in ballast water treatment (BWT), an expansive marine niche driven by international environmental standards. Beijer Electronics recently embarked on a partnership with Hyundai Welding to develop the next generation of BWT control and monitoring systems. This solution, based on the business entity's products, enables simpler installation, lower lifecycle costs and high reliability. Each year, Hyundai Welding delivers over 200 systems for vessels built in shipyards worldwide including Hyundai Heavy Industries. This means Beijer Electronics' technology secures broad global reach, advancing the company's role in sustainable shipping.

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Ependion strengthens its positioning in turbulent times

2025 was a year of uncertainty with geopolitical turmoil and trade policy conflicts, which were contributors to hesitant markets. Ependion continued to successfully balance its cost focus with prioritized investments successfully. In the year, we strengthened the group with major investments in new technology, strategic acquisitions and increased geographical coverage.

Ependion's order intake increased by 11% to 2,253 MSEK for 2025, growth of 7% adjusted for currency effects and acquisitions. Sales were 2,232 MSEK, down by 1% or 5% in comparable terms.

EBIT was 232.1 MSEK, with an EBIT margin of 10.4%, which is lower than the previous year. Currency effects had a sizable impact on the group's earnings and a 42 MSEK negative EBIT impact for the full year. Organic growth and the EBIT margin did not attain our long-term financial targets, and we are obviously not satisfied. However, the fact that gross margins in both business entities increased is positive, a result of measures including a more focused portfolio in Beijer Electronics, a focus on cost reduction of input materials and disciplined pricing. With improved gross margins and fixed costs that do not need to increase at the same rate as growing volumes, we see good leverage in our operations going forward. Free cash flow was 148 MSEK in 2025, and the group leaves 2025 with a strong Balance Sheet and good potential for profitable growth.

Acquisitions and major future investments

Ependion's strategy is founded on investing in new technologies, new acquisitions and new markets. We passed several major milestones in 2025:

Firstly, the Westermo business entity acquired German technology company Welotec, bringing new technology and close customer relationships in the important energy segment. Welotec is the group's center for edge computing, a technology for local data processing that is critical to the digitalization of power grids and industrial automation. We see substantial growth potential in this acquisition and are already doing joint business in the energy sector where Westermo's and Welotec's combined offering is creating added value for customers.

The second milestone was the Beijer Electronics business entity's launch of the complete new generation of HMIs—the X3. This marks the completion of the biggest single development project in the group's history, and Beijer Electronics can now offer an X3 solution in all its focus segments: marine, applications for rugged environments and OEMs. The reception has been positive, with current and new business customers placing initial orders for the X3, demonstrating that the solution is attractive. Consistent with Beijer Electronics' strategy, sales of the core product of HMIs increased in 2025.

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The third milestone is the group's business entities taking momentous steps forward in cybersecurity in the year. Westermo's Viper series for train networks secured IEC 62443-4-2 cybersecurity certification, making us significantly more competitive on the market and demonstrating that our products satisfy the sector's most stringent security standards. In late-fall 2025, the business entity also acquired a minority holding in UK software company RazorSecure, which focuses on train and trackside cybersecurity. Collectively, Westermo and RazorSecure deliver software and hardware, bringing customers future-proof solutions. Cybersecurity is also a major focus for Beijer Electronics, for the software that tailors HMIs to the needs of each segment. Software helps generate new revenue streams, combined with repeat revenues occurring when the business entities' products are specified in larger-scale systems with long useful lives.

Our focus going forward
Ependion's business entities currently have a competitive offering focused on selected segments where we possess in-depth knowledge and good customer relationships. Our primary goal going forward is to increase organic growth–with healthy profitability. We're focusing our marketing and sales on segments and niches where we can secure and defend leadership.

In 2026, Westermo will start addressing the defense industry proactively, a new focus segment that already generated some 30 MSEK of revenues in 2025, with the ambition of increasing this many times over by 2030. We also expect our investment in a local presence in India to keep progressing in a positive direction, driven by major investments in rail and energy infrastructure. With the new share issue the group conducted in spring 2025 to part-finance our acquisition of Welotec, we have the financial strength to keep pursuing an active M&A agenda with a focus on complementary acquisitions.

Even if the uncertainty in our business environment persists, with a potential impact on our business in the short perspective, Ependion is far stronger today than it was a year ago. Accordingly, we view our potential for profitable growth in 2026 with cautious optimism. I'd like to conclude by thanking all my skilled colleagues for their great efforts over the past year.

Jenny Sjödahl, President & CEO

"Even if there's still substantial uncertainty about progress in the world and on our markets in the current year, I'm convinced that our efforts and all the initiatives we executed in the year have helped make today's Ependion even better equipped for the future.

In February, Jenny Sjödahl and Westermo' s CFO Johan Inestam met the team at RazorSecure, the UK rail cybersecurity software company that Westermo acquired a minority holding in last year.

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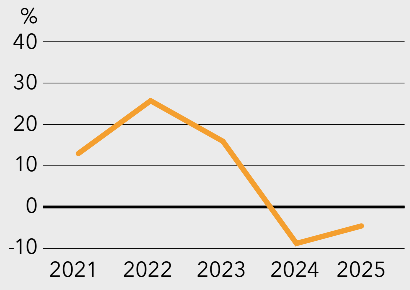
Goals and performance 2025

Although 2025 was another year of hesitant markets and geopolitical turmoil, Ependion kept building for its future by investing in new technology, important acquisitions and geographical expansion. The Westermo business entity's acquisition of Welotec and a minority holding in RazorSecure, as well as its initiatives in the energy segment and cybersecurity, were the year's major milestones, jointly with Beijer Electronics' X3 series hitting the market with complete versions across all focus segments.

Ependion's financial targets consist of three goals for growth, profitability and dividend:

GOAL	PERFORMANCE	FOCUS
GROWTH The group should achieve minimum yearly organic growth of **10%** Acquisition-led growth is additional.	See chart below. Average growth 2021-2025 **+6%**	A clear focus on segments with high underlying growth where Ependion's offering creates customer value.
PROFITABILITY* The group should achieve a minimum EBIT margin (EBIT%) of **15%**	See chart below. EBIT% 2025 **10.4%**	Continuous rationalizations and a sharper profitability focus.
DIVIDEND POLICY The group should be a dividend-paying company.	Dividend 2024: 1.25 SEK/share Proposal 2025: **1.50** SEK/share	Higher earnings and healthy cash flow create room for dividends and acquisitions.



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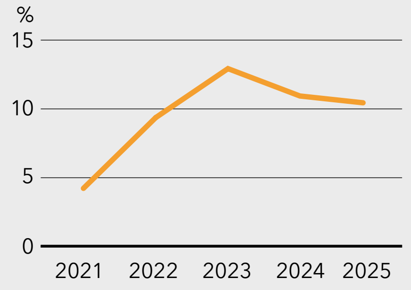

*Ependion has decided to exchange its profitability target from EBIT to EBITA effective the first quarter 2026.

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Leadership in selected niches and segments

Global megatrends are helping the market segments and niches that Ependion operates in to outgrow the wider global economy, driven by extensive new investment.

In the most recent five-year period, in organic terms and currency adjusted, the group's sales have grown by an average of 6% per year. Digitalization and electrification, combined with the pursuit of a more sustainable society, are driving demand. Our business entities, Beijer Electronics and Westermo, develop, manufacture and sell products and services with high technology content in segments were hardware and software for harsh environments are the common denominator.

Digitalization
+
Electrification
+
Increased sustainability
↓
Structural growth in key segments

Market leading in communication equipment for Trains, strong position in Trackside.

Leading positioning in communication, control and visualiza-tion for demanding marine applications.

Growth in communi-cation solutions for the energy segment.

A strong value proposition in visualization, control and digitalization for OEMs in manufacturing.

Edge computing added to value proposition, consolidating positioning in energy.

Decision to add the defense industry as a focus segment for Westermo.

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Three reasons to invest in Ependion

A leading technology partner in digitalization and electrification for challenging environments

Strong positioning in expansive and future-proof segments

Ependion delivers world-class solutions for managing, presenting and communicating data in rugged environments, where reliability is mission critical. The business entities have leadership status in attractive sub-segments like train, marine and energy. Its goal is 10% yearly organic growth, with strategic acquisitions additional.

Technological excellence enables competitive edge and repeat revenues

Ependion develops software and hardware and is simultaneously adding a growing service portfolio. By integrating proprietary technology and acquisitions of companies with complementary technologies to in-depth customer understanding, our business entities build strong, long-term customer relationships with a high share of repeat revenues.

A decentralized business model brings sustainable profitability

Ependion’s decentralized structure—with autonomous business entities close to markets and customers—creates agility, accountability, and stable earnings. The group partners with several of the world’s strongest manufacturing brands, and its goal is to deliver a sustainable minimum EBIT margin of 15%.

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The Ependion share

Ependion AB is listed on Nasdaq Stockholm since June 2000, and trades on the Mid Cap list under the ticker EPEN. A trading lot is 300 shares.

Issue of class C shares

In April 2025, the Board of Directors decided to issue 54,000 class C shares based on the estimated outcome of its LTI program, in accordance with a resolution by the Annual General Meeting (AGM) 2024. The issue was to a financial institution, and was immediately repurchased by the company. The intention with the repurchased class C shares on delivery to participants in 2027 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2024/2027 incentive program.

New share issue

In May 2025, Ependion's Board of Directors decided on a private placement of 2,912,622 ordinary shares at a subscription price of 103.00 SEK per share as authorized by the AGM 2025. This issue raised the company approximately 300 MSEK before transaction expenses, and was for a number of Swedish and International institutional investors, as well as existing shareholders, including Stena Adactum AB, Svolder AB and Nordea Funds AB. The purpose of this new issue was to part-finance the acquisition of Welotec GmbH. The subscription price corresponded to the closing price of the company's share on 15 May 2025 and was set through an accelerated book-building process managed by Danske Bank. The issue meant the number of shares of the company increasing from 29,398,214 to 32,310,836, or by about 10%.

Share capital

The share capital is 10,770,278.74 SEK divided between 32,152,255 ordinary shares with one vote corresponding to 32,152,255 votes, and 158,581 class C shares with one-tenth of a vote, corresponding to 15,858.1 votes as of 31 December 2025. The minimum share capital is 5,000,000 SEK, and the maximum is 20,000,000 SEK.

Each share has a quotient value of 0.33 SEK. All shares confer equal entitlement to the company's assets and profits. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote.

Share price and turnover

In terms of bid price, the share price was 113.00 SEK at year-end 2025, against 97.10 on the final trading day of 2024, implying an increase of 16% in the year. In the same period, the Stockholm Stock Exchange's broad OMX Stockholm PI index rose by 9%. The company's share traded at a high of 142.40 SEK and a low of 99.80 SEK in the year. Share turnover was 2.6 million shares, or 8% of the total number. In value terms, share turnover was 313 MSEK.

Earnings per share

Earnings per share after tax were 4.73 SEK (5.45).

Dividend

The Board of Directors is proposing a dividend of 1.50 SEK per share (1.25) for the financial year 2025. The dividend proposal equates to a dividend yield of approx. 1.3%, in terms of the closing price for 2025.

Market maker

To stimulate trading in its share, Ependion has an agreement with Pareto Fondkommission as its market maker, which means Pareto undertaking to continuously publish buy and sell prices in Ependion's share on its own account. This undertaking is within the Stockholm Stock Exchange's market maker system.

Shareholder category, prop. of equity

Source: Modular Finance

Share data, three years

	2025	2024	2023
Earnings per share, SEK	4.73	5.45	6.93
Dividend, SEK [a)]	1.50	1.25	1.00
Pay-out ratio, %	32	23	14
Equity per share, SEK	52.5	45.8	39.6
Return on equity, %	9.9	12.6	18.6
Closing price, SEK	113.0	97.1	125.6
No. of shares, million	32.2	29.1	29.2
Market cap., MSEK	3,633	2,821	3,673

a) The amount for 2025 is proposed dividend.

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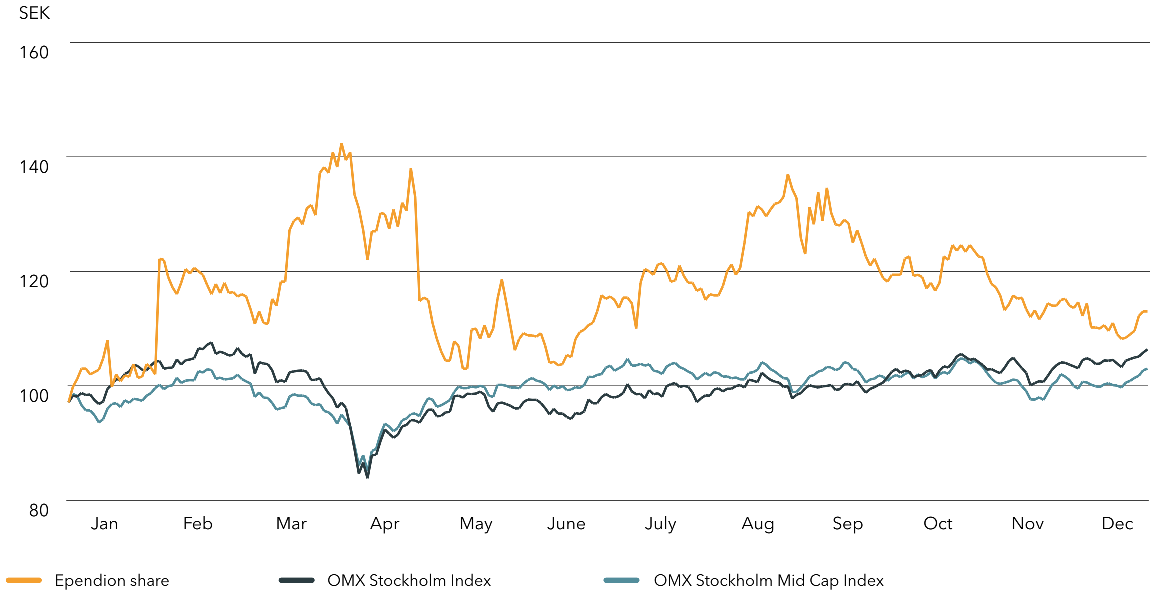
Ownership by shareholding as of 30 December 2025

Holding	No. of shareholders	No. of ordinary shares	Class C shares	Holding,%	Votes,%	Market cap., MSEK
1 - 500	3,970	429,206		1.33	1.33	48
501 - 1,000	399	311,688		0.96	0.97	35
1,001 - 5,000	444	1,011,191		3.13	3.15	114
5,001 - 10,000	79	580,668		1.80	1.81	66
10,001 - 15,000	25	304,235		0.94	0.95	34
15,001 - 20,000	14	245,039		0.76	0.76	28
20,001 -	65	29,270,248	158,581	91.08	91.03	3,308
Summary	**4,996**	**32,152,255**	**158,581**	**100.00**	**100.00**	**3,633**

Source: Modular Finance

Stock index



Source: Modular Finance

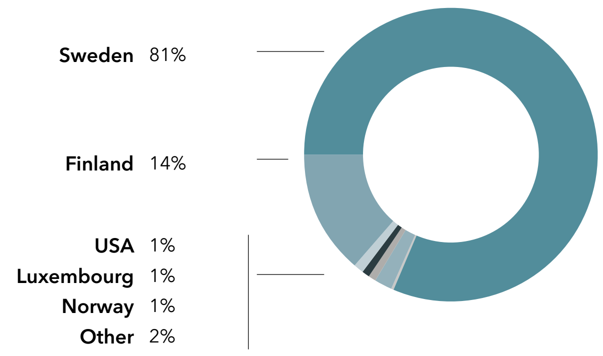
Shareholders as of 30 December 2025

	Capital,%	Votes, %	No. shares
Stena Adactum AB	29.43	29.56	9,508,432
Svolder AB	15.65	15.72	5,056,753
Nordea Fonder	13.70	13.76	4,425,775
Fourth AP Fund	6.31	6.34	2,038,912
First AP Fund	4.81	4.83	1,555,078
Cliens Fonder	4.13	4.15	1,333,605
Avanza Pension	1.89	1.90	610,342
Torsten Bjurman w. family and companies	1.81	1.82	586,327
Nordnet Pensionsförsäkring	1.46	1.46	470,696
Handelsbanken Fonder	1.26	1.27	408,400
Total, 10 largest shareholdersa	**80.45**	**80.81**	**25,994,320**
Total other shareholders, 4,986	**19.55**	**19.19**	**6,157,935**
Total issued shares*	**100.00**	**100.00**	**32,310,836**

Includes 158,581 Class C shares held by the company.

Source: Modular Finance

Shareholdings, no. shares by country as of 30 December 2025



Source: Modular Finance

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Digitalization and electrification driving demand

Digitalization and electrification are accelerating the transition to a more automated, connected and energy-efficient world—a process at the core of Ependion's business. These trends create structural demand for technology enabling data-driven decisions, high reliability and efficient energy use, sharpening customers' competitiveness.

TREND

DIGITALIZATION AND TECHNOLOGY ACCELERATION

The growing adoption of digital technologies, automation, artificial intelligence and the Industrial Internet of Things is transforming the way we live, work and communicate. New technologies like AI, biotechnology, nanotechnology and quantum computing are spawning new innovations.

ELECTRIFICATION AND GREEN TRANSITION

Electrification involves replacing fossil solutions with electrically based systems in manufacturing and transportation, for example. The green transition is the migration to a more sustainable society through reduced emissions, more efficient use of resources and the more widespread consumption of renewable energy.

IMPACT ON EPENDION

A growing base of devices is connected, generating enormous data volumes that need to be transported. One of Ependion's strengths is secure data communication in harsh environments, where communication has to work, as between subway trains and stations. The group's solutions present data for control, visualization and new insights, for example in machinery connected in manufacturing and a variety of marine applications.

Investments in smarter energy solutions, fossil-free rail and maritime transportation, plus more resource-efficient machinery and processes, are accentuating the need for data for management and control. The ongoing electrification of communities and transportation brings a need for new initiatives in renewable energy generation, distribution and storage; segments where Ependion's robust wireless data communication products enjoy high potential.

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A clear strategy generating long-term value

Ependion's group-wide strategy is founded on decentralized decision-making and collective synergies. Our business entities are autonomous, but shared finance, IT infrastructure, and support on M&A processes bring cohesion. More stringent sustainability reporting standards have also intensified collaboration and the exchange of best practice between our business entities in the sustainability segment.

Ependion's group-wide strategy is based on generating long-term value with a decentralized organization through strong entrepreneurship, shared finance, monitoring and a proactive M&A agenda. Ependion also puts a sharp focus on operational efficiency and driving profitability gains. Our proposition consists of hardware, software and related services in data communication, data management, visualization and control. A clear focus on high-quality solutions and products for rugged environments is helping increase gross margins.

Both business entities develop their own strategies, albeit with a clear common denominator: prioritizing profitable and expansive segments, thorough knowledge of customer needs and new technology, customer-focused product development and the pursuit of premium positioning on the market. The strategies of each business entity are explored in the relevant sections of this Annual Report.

Sustainability is an important strategic area for Ependion. The green transition and pursuit of greater efficiency is driving increased investments, which benefit the group. The Board of Directors approved the updated materiality analysis in the year, while work on the social dimension was intensified with a focus on human rights, social engagement and internal training. The group's sustainability work is reviewed in more detail on pages 38-48.

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Acquisitions strengthen positioning in the energy segment and bring new technology

One important component of Ependion's strategy is the active search for acquisition candidates and a thorough screening process to ensure that target companies are a good fit. The main focus is on complementary acquisitions enabling the group to access new technology, new segments or new geographical markets. The group has executed seven complementary transactions since 2019.

Ependion made two acquisitions in the year. In June 2025, the Westermo business entity acquired German technology company Welotec, a strategically important deal consolidating the business entity's positioning in the key energy segment. Welotec's integration began immediately, and this unit is now the group's technology center in edge computing, a specialist technology used in digitalizing power grids and industrial automation. At year-end, Welotec had some 80 employees, and had sales of 2.4 MEUR in 2024. The purchase consideration of 35.2 MEUR was funded with existing finance and a 300 MSEK private placement, bringing the group financial strength to continue its proactive M&A agenda.

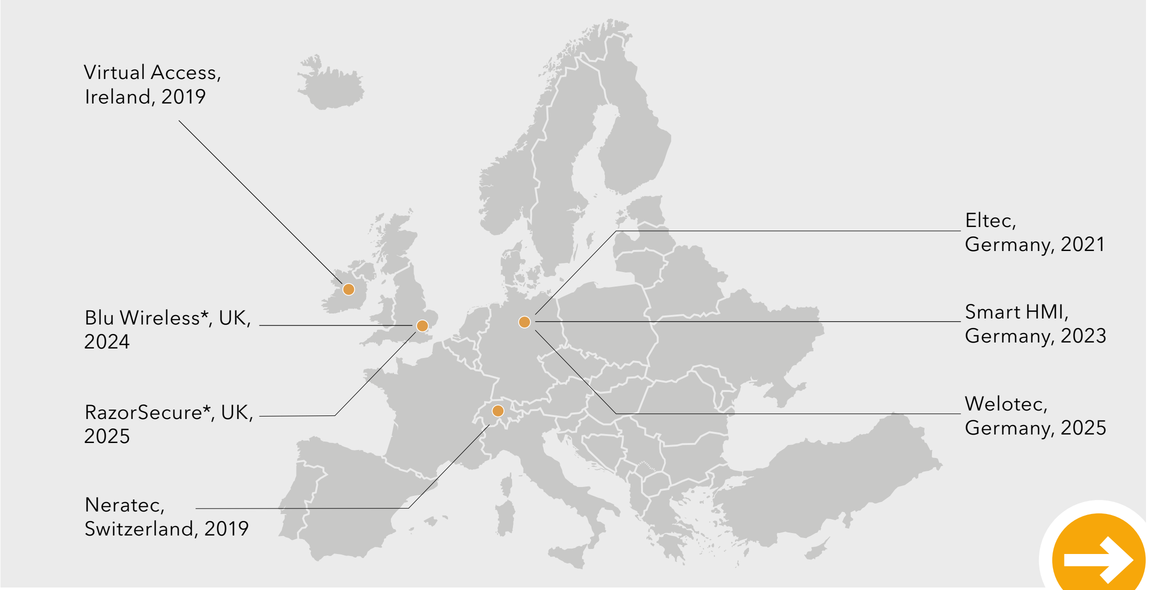
In November 2025, Westermo acquired a minority holding in UK software company RazorSecure Ltd., a leader in trackside cybersecurity solutions; the investment is 2.7 MGBP. This deal also includes a strategic partnership in technology and business development, plus an option to acquire the whole company after the end of the financial year 2027 at the earliest. This company has some 25 staff, sales of around 2 MGBP and a worldwide customer base.

In recent years, acquisitions have mainly centered on adding new technologies to each business entity, where we add skills and expand our offering to customers.

Ependion is pursuing a proactive and long-term M&A agenda: in recent years, we have executed seven complementary transactions. All our acquisitions put a big emphasis on strategic logic and cultural match. Our philosophy is to begin by developing synergies on the sales side, then progressively integrate the acquired entities, which has been successful.

The new share issue in the year, strong Balance Sheet and significant available loan finance mean we have the financial freedom to act to keep pursuing a proactive M&A agenda. Our focus is on companies that are complementary to both business entities, with the ambition of building larger and stronger entities through well-considered additional acquisitions. Geographically, Ependion is prioritizing Europe and North America, where the company sees a need and opportunity to keep building on its presence.

Joakim Laurén, EVP and CFO of Ependion



* *Minority holding*

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Welotec and Westermo: stronger together

Welotec is now part of Westermo and the Ependion group, consolidating the group's positioning in the expansive energy segment and bringing complementary skills in edge computing. This acquisition merges two companies with similar cultures, shared markets and a focus on robust and secure technology for critical social infrastructure.

Welotec brings tried-and-tested solutions in industrial edge computing, which combine certified hardware and software for applications like digitalizing power grids, cybersecurity and industrial automation. With its strong customer base in energy and manufacturing, healthy profitability and stable growth, Welotec has developed into Westermo's technology center for edge computing and an important growth engine in the group.

THREE QUESTIONS FOR JOS ZENNER, CTO OF WELOTEC:

What's Welotec's focus and main product segments?

"Fundamentally, Welotec's mission is simple: we make machinery and systems smarter, to increase efficiency and safety. Basically, we help our customers digitalize safely, work smarter and stay one step ahead—without making solutions unnecessarily complex.

We operate at the interface between IT and industrial reality. Welotec focuses on developing sophisticated hard and software solutions for the energy and manufacturing sectors—two expansive segments where reliability, cybersecurity and performance are decisive. Partnerships with our customers enable us to understand their challenges and transform complex technical requirements into robust and scalable solutions that work in practice."

What does the merger with Westermo mean for Welotec?

"First and foremost, there's a really good cultural match. We already have a close collaboration with Westermo, which means we can act quickly—both by creating new business opportunities on markets where we previously haven't been active, and through cross-sales to existing customers.

Being part of Westermo and Ependion significantly expands our market presence. We get more visibility, access to a larger professional network and a stronger platform. What really engages us is the combination of a mid-size technology company's flexibility and entrepreneurial spirit, with the global reach and stability of a multinational group. This brings us access to a truly global deal pipeline. We've also started partnering with Beijer Electronics to explore new opportunities in manufacturing applications."

What value can you offer the typical energy customer together?

"As energy systems migrate from primary sources like oil and gas to renewables, power grids need to scale up quickly, while complexity is increasing. The current evolution of AI is also driving a sharp increase in energy needs. Transformer substations are at the heart of this transition and have to get smarter, faster and far more resilient against higher loads, cyberthreats and climate-related disruptions.

With our close partnership, Welotec and Westermo combine computer solutions tailored for transformer substations with extremely reliable communication. This offers energy customers a closely integrated platform that supports the contemporary needs of power grids—high availability, real-time performance and built-in cybersecurity. Together, we're helping energy companies and system integrators to satisfy the most stringent standards, reduce system complexity and future-proof their infrastructure for the next generation of solutions in safety, control and security. In fact, we're already delivering joint solutions now."

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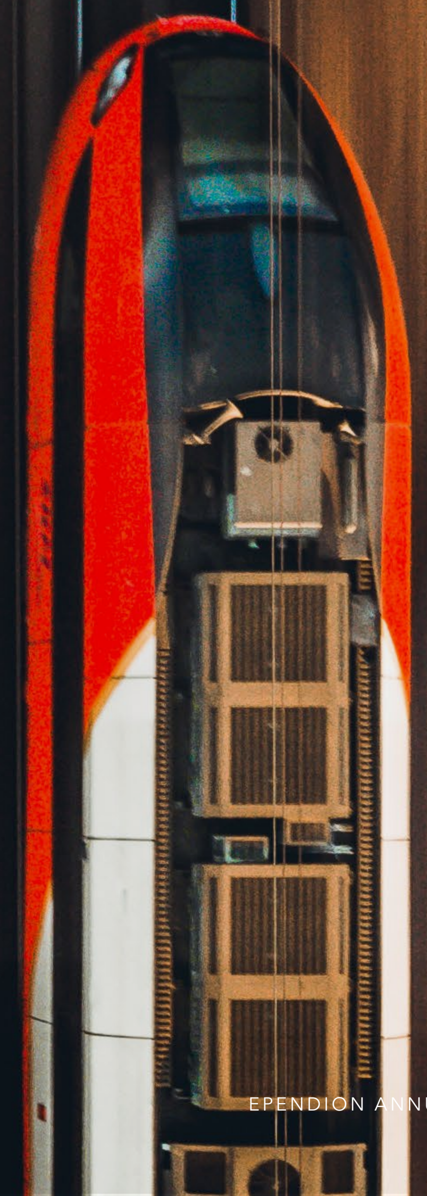
The global market leader in connected trains

Westermo is the global market leader in communication solutions for trains, a growth market offering huge potential. Connected trains need reliability and cybersecurity, and this is where the business entity has a comprehensive, top-quality value proposition.



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Global rail expansion offers significant potential

Rail is playing an increasingly central role in trade, logistics and passenger transport, especially as urbanization, sustainability standards and the need for cost-efficient transportation solutions rise. Investments in freight traffic, high-speed trains and modernizing existing fleets are ongoing across many regions, with Europe, Asia and North America investing in new rolling stock and modernized rail networks. The global market for rail vehicles—locomotives, cars and commuter trains—is worth over 63 billion EUR. The primary players are CRRC of China, Alstom of France, Siemens Mobility of Germany, Hitachi Rail of Japan and Stadler of Switzerland. Tens of thousands of new rail vehicles are built every year for use in passenger and freight traffic.

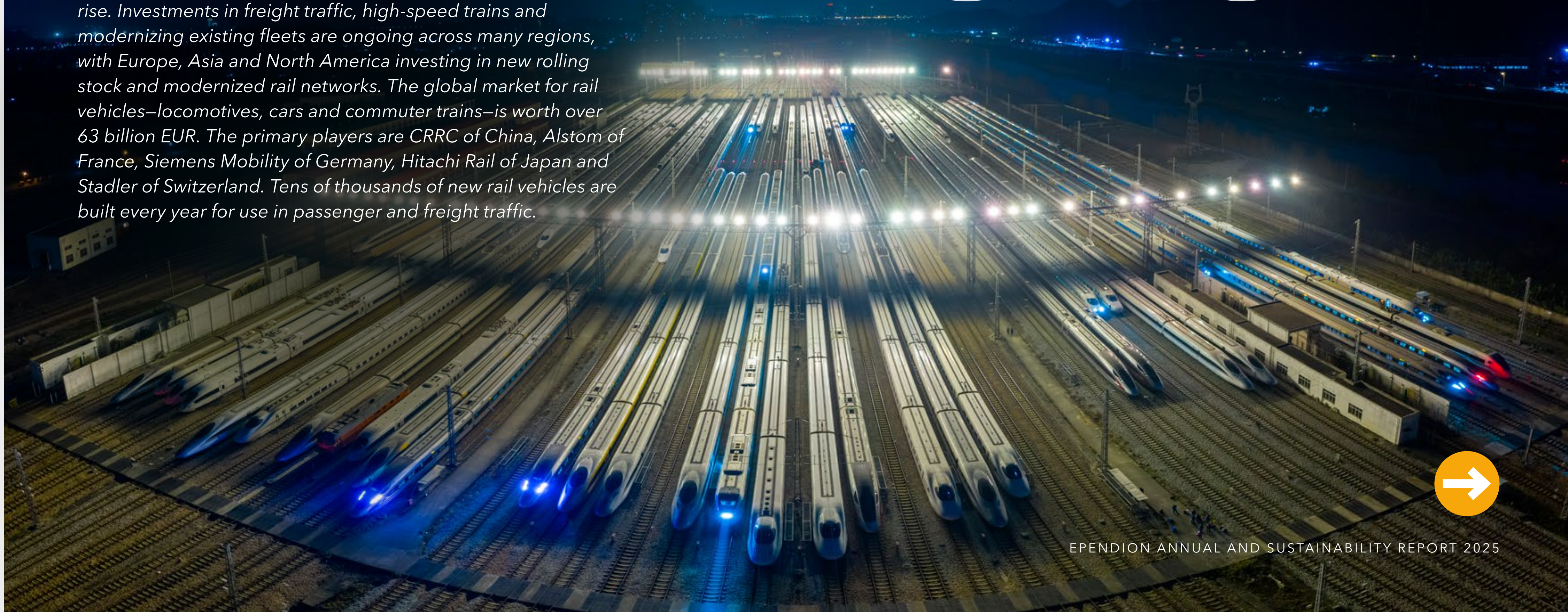
The global market for rail vehicles 2025

63

billion EUR

15,000

locomotives, train cars and commuter trains built yearly



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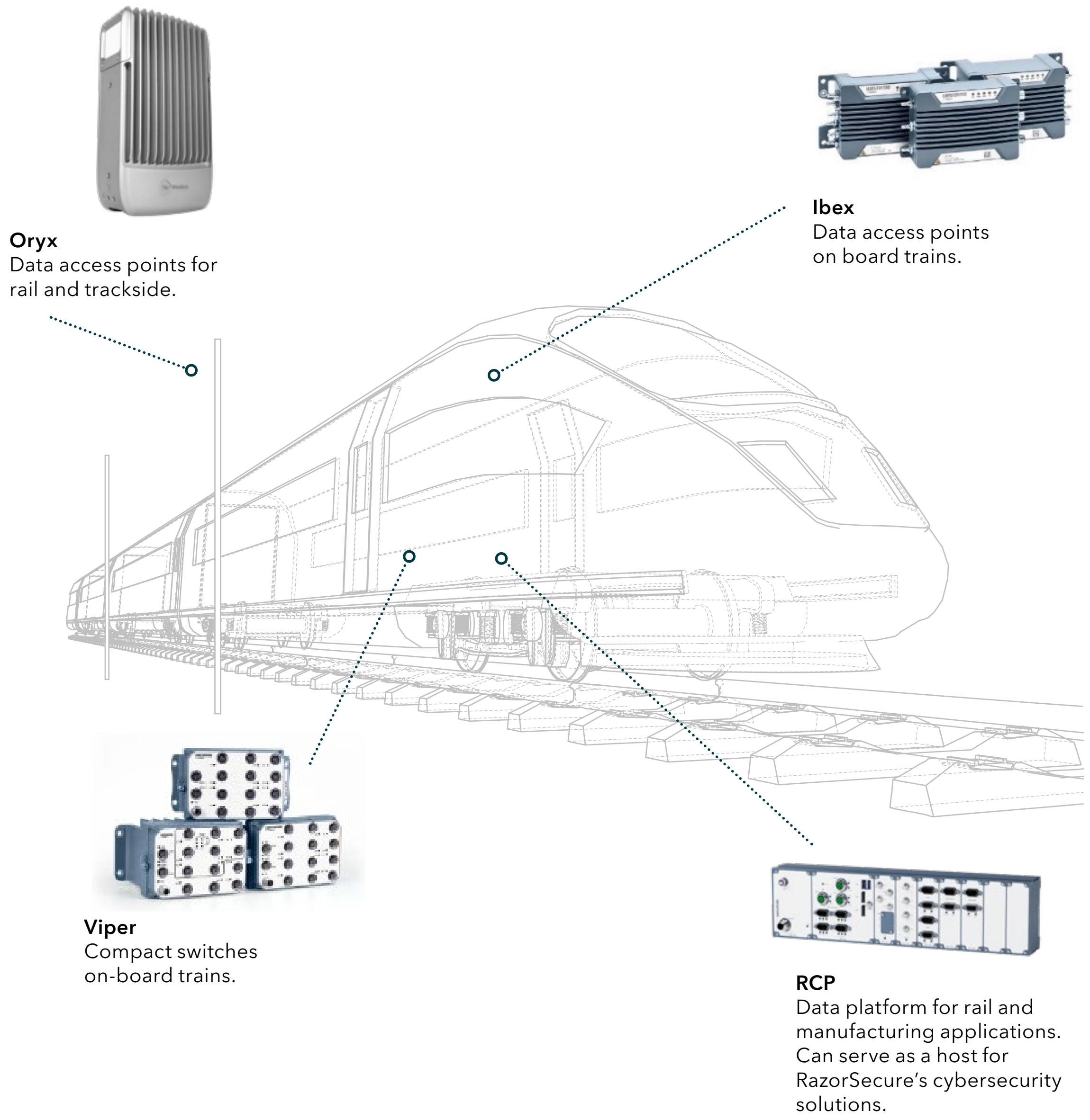
Ependion–improving safety on high-speed trains

Ependion's Westermo business entity is helping increase safety by delivering robust communication solutions. Hitachi Rail has implemented a sophisticated signaling system for the 350 km high-speed line between Madrid and Seville in a safety initiative led by Adif of Spain. Westermo's solution enables reliable data transmission in a safety-critical environment. This project demonstrates how the business entity's technology helps improve rail safety and availability in partnership with global leaders in trains.

Robust solutions for secure travel and transportation

Westermo's offering in the train segment centers on secure communication, control and management. Solutions are built on proprietary hardware and software produced by the business entity in combination with a range of service offerings.

Example solutions include the **Oryx** product family, which provides fast and secure data communication between the train and its surroundings in harsh environments, **Ibex**, which delivers high bandwidth to on-board connections for passengers and devices, **Viper**, which creates a backbone network on-board and between train cars, and **RCP**, which is a data platform for rail applications that can serve as a host for RazorSecure's cybersecurity solutions. Westermo is a certified provider and partners with some of the global leaders in this segment.



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Focusing on acquisitions and future investments

Westermo develops robust and secure communication solutions for harsh environments, with its main focus on the train and rail industry, where the business entity is a global market leader in train networks. Westermo also focuses on critical infrastructure for the energy segment, where major investments in power grids are ongoing linked to the electrification and digitalization of society.

Progress in 2025

» In spring 2025, Westermo acquired German technology company Welotec, an acquisition that advanced the business entity's positioning in the energy segment and brought access to new edge computing technology.

» Westermo's unit in India—which opened in the year—performed positively and has already been appointed by a number of local customers in the train and energy segments.

» Westermo took major steps in the cybersecurity segment for critical infrastructure in the year: the business entity advanced positioning through certifications and new product launches.

» In fall 2025, the business entity acquired a minority holding in UK software company RazorSecure, a specialist in train cybersecurity.

» Owing to its firm cost control and healthy gross margins, Westermo mitigated currency effects and increased amortization of acquisitions with continued stable profitability.

Westermo's order intake was 1,414 MSEK (1,237). Sales were 1,378 MSEK (1,317). EBITDA stood at 309 MSEK (289), and EBIT was 204 MSEK (199), equivalent to an EBIT margin of 14.8% (15.1).

Sales
1,378 MSEK
(+5%)

Share of group sales
62%

Employee headcount at year-end
517

	2025	2024	2023
Sales total, MSEK	1,378	1,317	1,444
EBITDA, MSEK	309	289	317
EBIT, MSEK	204	199	238
EBIT margin, %	14.8	15.1	16.5
Share of group sales, external, %	62	58	58

"With a stronger base, Westermo is well equipped to grow its business in all focus segments in 2026.

Jenny Sjödahl, CEO of Westermo

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CEO's statement, Westermo

2025 was a year when Westermo continued to advance its positions in critical social infrastructure. In hesitant market conditions, we prioritized profitability, quality and long-term competitiveness, while making two strategic acquisitions that brought us access to new technology and new business opportunities.

Our acquisition of German technology company Welotec intensifies and accelerates our entry into the energy market, and not least, business in power grid digitalization, a segment where massive investments are ongoing to modernize and extend energy supply. We started integrating on the sales and marketing side in the summer, and have already created new business opportunities.

One clear focus was cybersecurity, where more stringent regulatory standards and customer needs are driving demand. Certifications and an integrated hardware, software and services proposition have consolidated Westermo's status as a provider. In the fall, we advanced positioning further through our acquisition of a minority holding in RazorSecure, a UK software company focusing on cybersecurity solutions for train and trackside.

Westermo India—which opened in spring 2025—has already generated new customers and new deals, mainly in the train segment. Our product portfolio evolved with several launches, not least with a focus on more bandwidth and improved cybersecurity, and our growth potential is substantial. Owing to high operational efficiency and cost discipline, our margins were stable despite currency headwinds and hesitant demand. With a more secure foundation, Westermo is well equipped to grow its business across all focus segments in 2026.

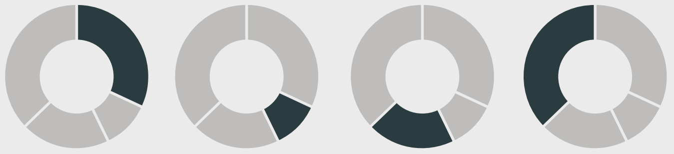
Jenny Sjödahl, CEO of Westermo

Strategy for continued growth

Westermo is an autonomous business entity within Ependion building its premium market positioning on closeness to customers, in-depth knowledge of their operations and needs, and product development close to customers. Simply, its offering targets the market for infrastructure in the form of trains and trackside, energy distribution, as well as water supply.

Westermo is currently the global market leader in train networks with strong relationships with several of the world's leading train builders. In the more fragmented focus segment of trackside, the business entity can benefit from its strength in trains to build a profitable and expansive business. The energy segment offers high potential, and Westermo advanced its positions in the year, through its acquisition of Welotec and new product launches. In late-2025, Westermo decided to add the defense industry as a focus segment, a segment that generated sales of some 30 MSEK in the year; its ambition is to increase this many times over by 2030.

SALES BREAKDOWN 2025



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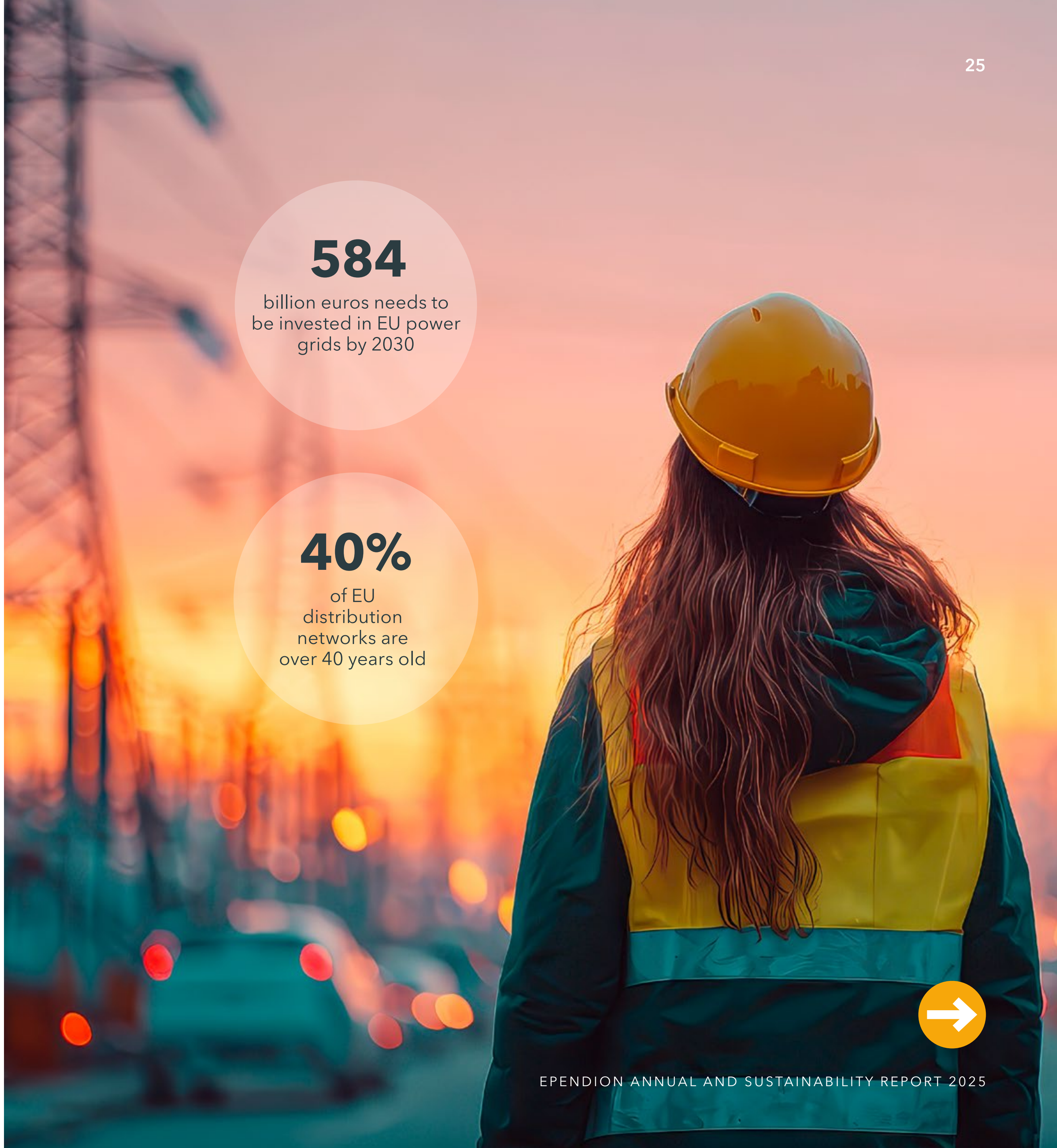
Power grid investments creating new business opportunities

Power consumption is forecast to grow sharply, driving massive investments in power grids: a total of hundreds of billions of euros across Europe and many billions of dollars globally, with digitalization accounting for a large share. To reduce dependency on fossil fuels and safeguard power supply, the EU Commission has recently launched the EU Grids Package. In its upcoming five-year budget, the EU is investing 30 billion EUR to increase access to clean and value-for-money electricity, and interconnect national power grids. For Westermo, this presents new growth opportunities. After product launches and the acquisition of Welotec, the business entity has a strong offering to interconnect and digitalize power grids. The primary players in Europe are network owners and system integrators.



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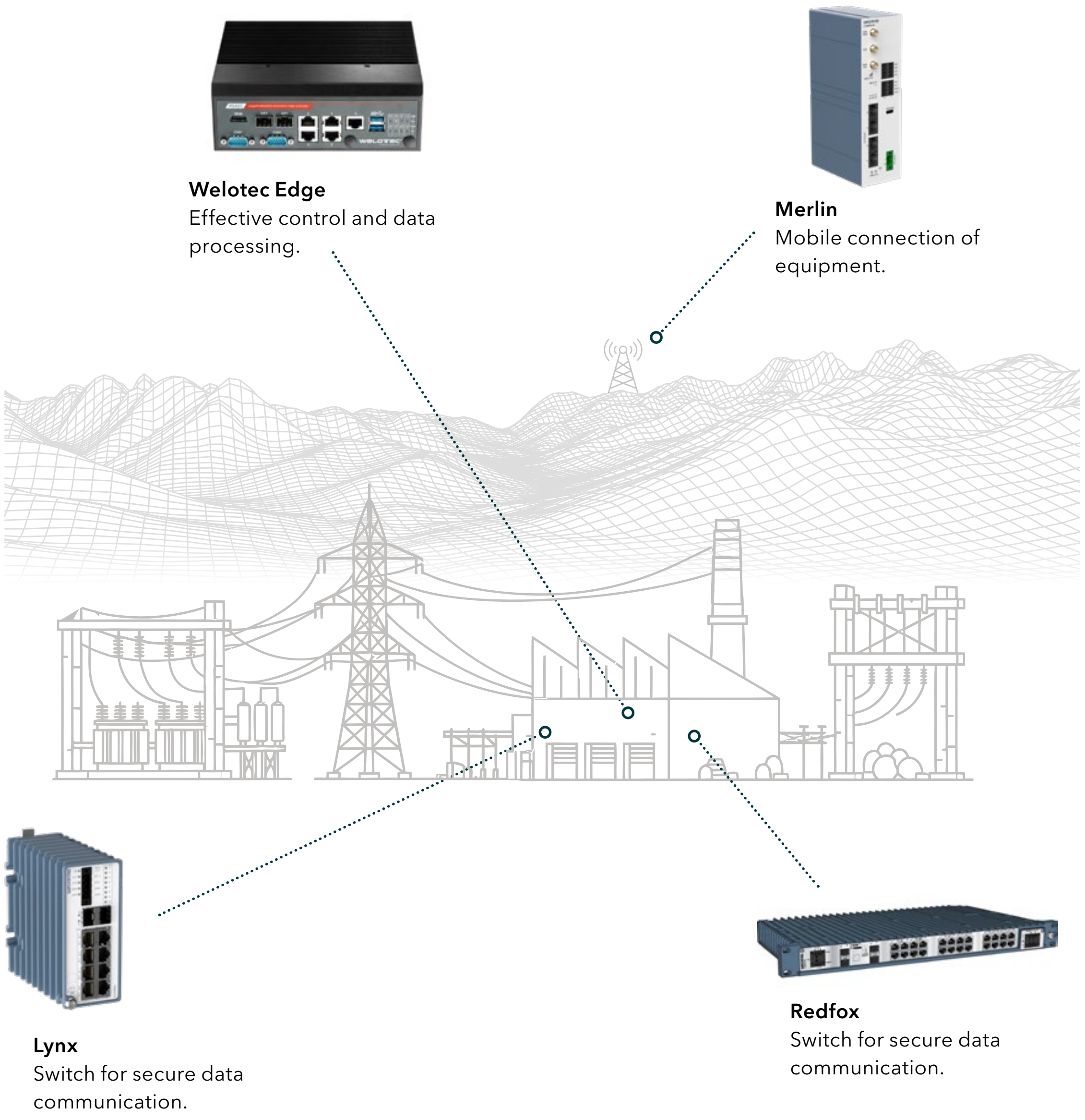
A strong proposition for digitalizing power grids

Westermo has a robust complete offering for secure communication and digitalizing power grids. This combination of Westermo's industrial network solutions for secure and reliable data communication with Welotec's industrial PCs, gateways and edge solutions enable real-time monitoring and control of transformer substations, for example. Solutions include the ***Merlin*** *product family, which deploys proprietary Activator software to interconnect remote transformer substations and switches, while switches from the* ***Lynx*** *and* ***Redfox*** *series help secure data communication for power grid switchgear. Westermo offers* ***Edge*** *computers that enable efficient management and processing of data. This collective proposition supports smart power grids, increased reliability, more efficient maintenance and integration of renewable energy in safety-critical environments.*



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Market, market position and potential

Westermo manufactures and sells industrial switches and routers, industrial 4G/5G routers and WLAN (Wi-Fi) products. The acquisition of Welotec has expanded its offering to encompass industrial edge computing—a segment becoming more critical now that real-time analysis, AI applications and rising cybersecurity standards are driving the digitalization of critical infrastructure.

The global market for industrial routers and switches, Westermo's largest product segment, is worth an estimated 25 billion SEK-plus, and is growing by some 10% yearly. Adjacent markets for industrial cellular communication solutions and industrial WLAN are also in brisk growth, driven by digitalization, electrification, sustainability standards and growing needs for secure and reliable data communication. Industrial edge computing is a larger global market segment than traditional industrial communication and has a higher growth rate driven by demands for real-time processing, AI-based analysis and secure data processing close to operational environments. This segment is strategic for future industrial digitalization, and for Westermo, is a complementary growth segment offering substantial potential.

Focus segment 2025	Market position	Example customers
Train represented 32% of sales in 2025. Westermo offers industrial network products that can cope with the harsh conditions on board trains and subways.	A global market leader with strong positioning with several of the leading train builders and in-depth domain knowledge.	Alstom Nomad Siemens Stadler
Energy represented 20% of sales in 2025. This is subject to equally high standards of robustness and reliability for data transmission as for trains and trackside.	A challenger with a growing value proposition and domain knowledge on a fragmented market.	ABB AEP GE Vernova Hitachi Energy
Trackside represented 11% of sales in 2025. Robust and secure data transmission is also critical for communication between trains and their surroundings to operate.	Mid positioning on a fragmented market, significant domain knowledge and a progressively stronger product portfolio.	CBC Frauscher Hitachi Rail Siemens

Westermo's focus segments relate to critical social infrastructure, where growth often exceeds industry averages. The global leaders in industrial data communication are Cisco, Belden, Moxa and Siemens, while the edge computing market is more fragmented with a range of specialized providers. Sales are influenced by a growing share of software and service values, with cybersecurity, lifecycle management and system intelligence becoming more significant.

Value proposition

Westermo offers a complete range of products and services for robust and secure communication in critical infrastructure. The offering covers industrial Ethernet switches and routers, industrial 4G/5G routers and gateways, WLAN products, and through Welotec, platforms for industrial edge computing and local real-time processing of data.

Westermo's solutions are used in environments with high environmental durability, noise immunity, cybersecurity and long useful lives, like on-board trains, in trackside infrastructure and energy systems. The combination of robust hardware and a growing software component enables functionality like real-time analysis, edge-based AI applications, data filtration and secure distributed architecture close to the application.

Apart from products, Westermo offers services like tech support, training and solutions for lifecycle optimization including secure updates, remote management and scalable operation. This enable state-of-the-art, future-proof networks with high levels of availability, robustness and long useful lives.

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Product development

In 2025, Westermo invested 202 MSEK in research and development, or 14.7% of sales. To retain leadership, the business entity believes its development investments need to be some 10% of sales over time. An increasing proportion of investments are being made in software, which represents a major share of functionality and half of development expenses. Software is what gives a solution its competitiveness through the potential to address specific customer needs. About one-third of Westermo's staff work in R&D in close partnership with customers.

Focuses of development work in the year included adding to the portfolio in the energy segment, where Westermo has a dedicated software development team and partners closely with Welotec's team. New products for the energy segment include switches in the Lynx and Redbox series, while it has also launched new products in the Ibex and Hyrax series for train and trackside. At year-end, the business entity launched the Viper 3000 product series designed for trains, compliant with the IEC 62443-4–2 security level 2 (SL2) cybersecurity standard. Helping improve sustainability is important, and is achieved through avenues including more energy-efficient products. AI is playing an increasingly critical role, both in streamlining development by enabling a range of simulations, and as functionality embedded in various products.

Manufacturing

Westermo's products are manufactured at the company's plant in Stora Sundby, Sweden, although it also has production in Ireland and Germany, and from the first quarter of 2025, India. Westermo has progressively expanded and modernized its plant in Sweden to increase capacity and rationalize production. The plant in Sweden conforms to the IPC A 610 standard for PCB assembly and holds ISO 9001, ISO 14001 and ISO 27001 certifications.

Examples of customer needs:

- Robust and reliable data communication in trains and train environments.
- Data communication for controlling train traffic and traffic info.
- Data communication for monitoring and controlling power grids.
- Data communication in rugged industrial environments.

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Secure positioning for the marine sector

Beijer Electronics has long-term experience of solutions for visualization, control and monitoring in the marine sector, and holds all necessary certifications. Sustainability standards set by the UN IMO (International Maritime Organization), the EU, and individual countries are a key driver for both newbuild and existing vessels.

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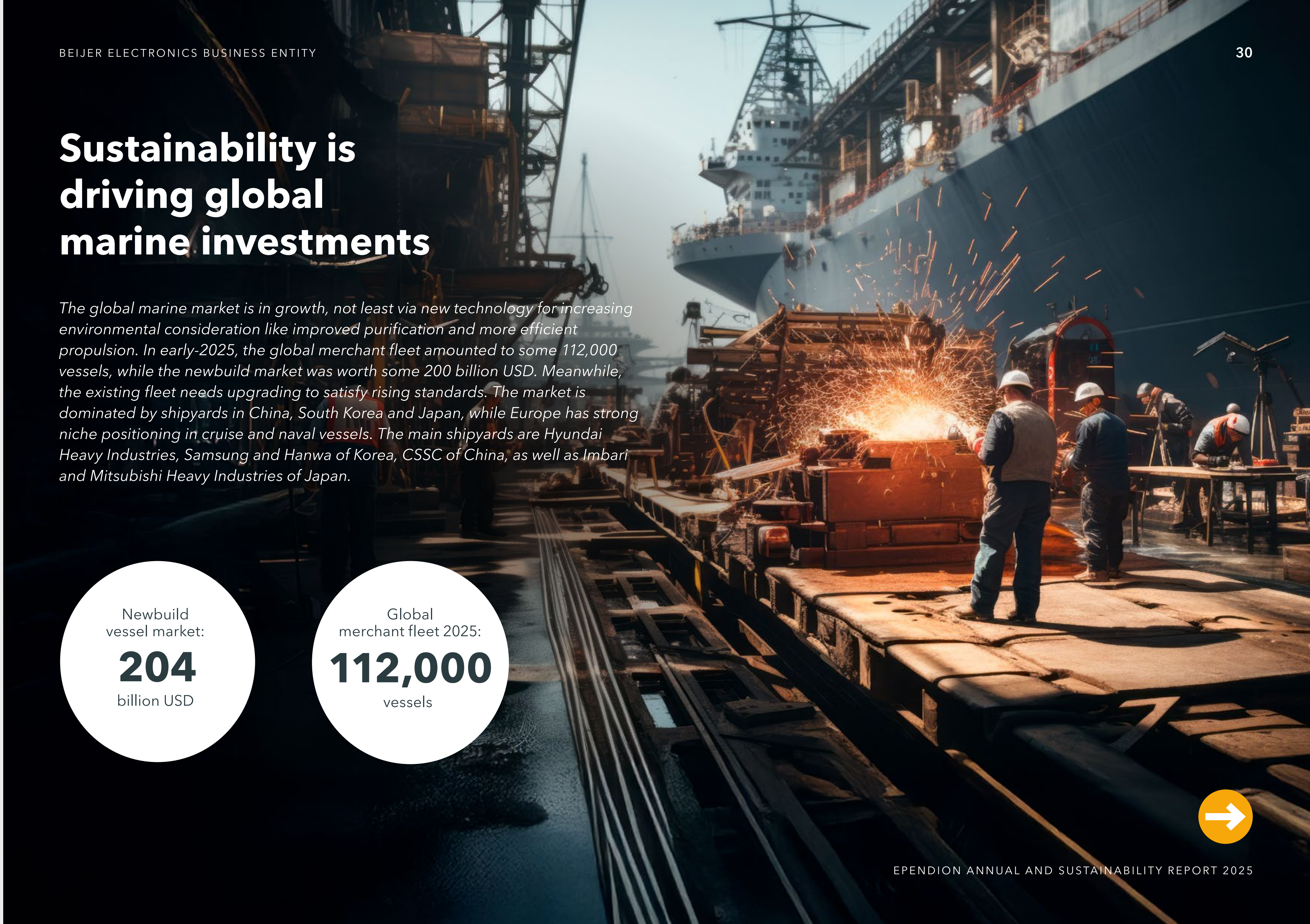

Sustainability is driving global marine investments

The global marine market is in growth, not least via new technology for increasing environmental consideration like improved purification and more efficient propulsion. In early-2025, the global merchant fleet amounted to some 112,000 vessels, while the newbuild market was worth some 200 billion USD. Meanwhile, the existing fleet needs upgrading to satisfy rising standards. The market is dominated by shipyards in China, South Korea and Japan, while Europe has strong niche positioning in cruise and naval vessels. The main shipyards are Hyundai Heavy Industries, Samsung and Hanwa of Korea, CSSC of China, as well as Imbari and Mitsubishi Heavy Industries of Japan.

Newbuild vessel market:
204
billion USD

Global merchant fleet 2025:
112,000
vessels

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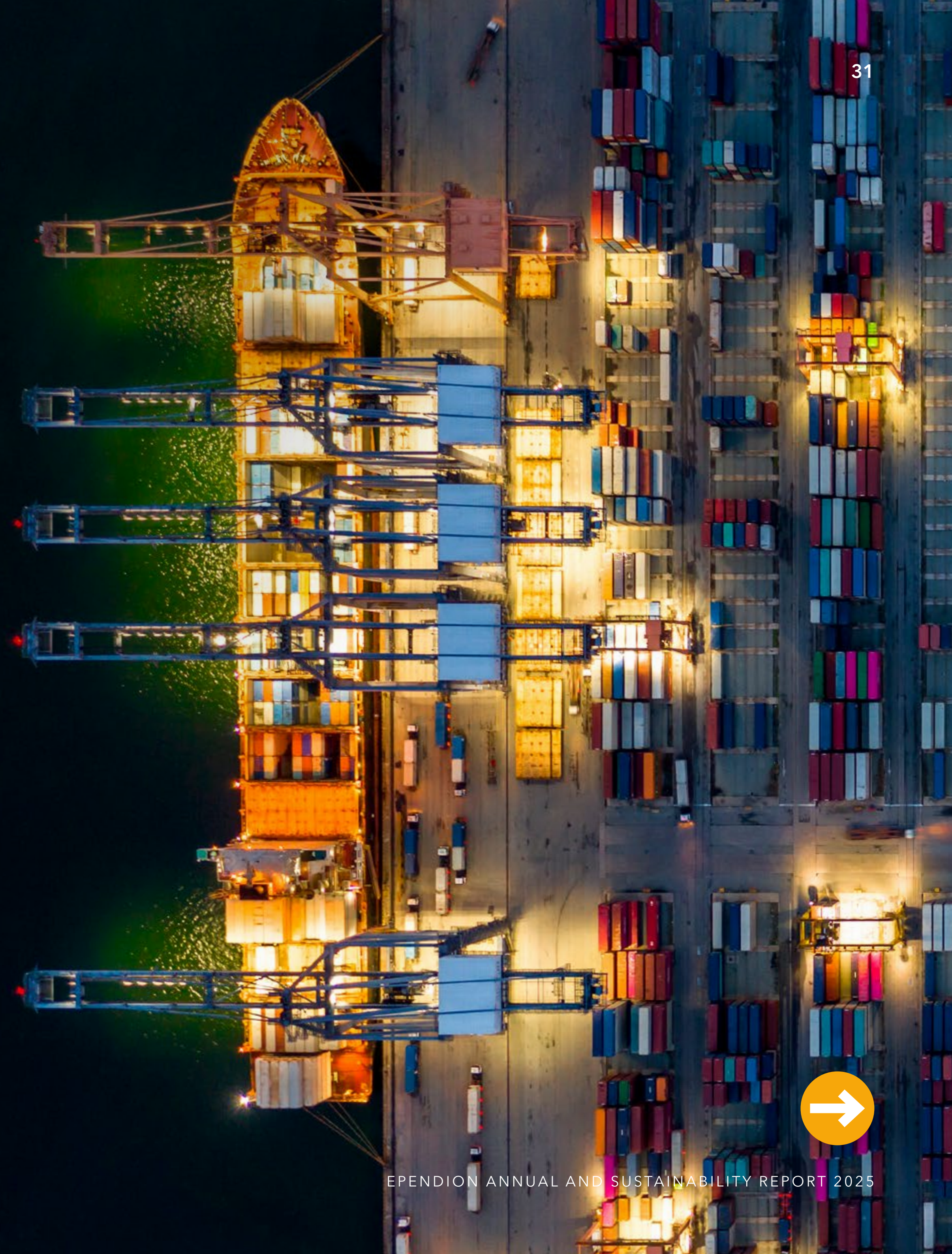
Ependion boosting fuel efficiency and cutting emissions

Ependion's Beijer Electronics business entity is helping reduce emissions and optimize energy consumption in shipping. Alongside Swedish software company eMarine, the business entity is creating an energy management system that monitors vessel operation, improves fuel efficiency and reduces GHG emissions in real time. Beijer Electronics is providing the hardware that collects and transmits operational data to eMarine's platform.



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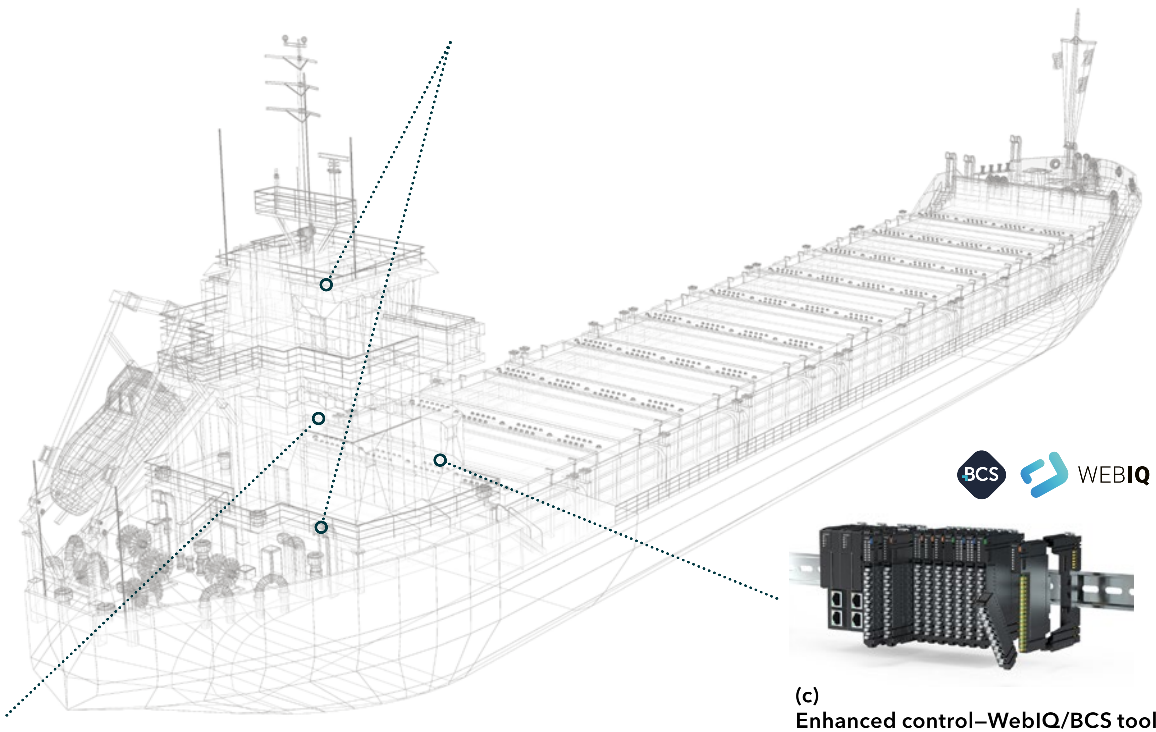
Strength in solutions for sustainable and safe shipping

Beijer Electronics' value proposition to the marine sector centers on visualizing data, as well as on-board control and management of processes. Its solutions integrate HMIs with proprietary software, and may also extend to other software and hardware. Applications include visualization of alarm and monitoring systems (a) for safe and secure shipping, management and control of drive systems (b), where new hybrid solutions cut emissions, as well as management and control of on-board exhaust systems (c) known as scrubbers. The right certifications are a prerequisite for delivering to customers in the marine segment.

(a)
Improved visualization–X3
State-of-the-art visualization for new insights and superior performance



(b)
Secure remote access–Cloud VPN Delivers secure remote links to connected equipment.

(c)
Enhanced control–WebIQ/BCS tools
Software-driven control systems and remote I/O enhance machinery performance.

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Beijer Electronics launches next-generation HMIs

Beijer Electronics helps its customers enhance efficiency and improve sustainability by transforming data into valuable insights. Beijer Electronics provides solutions for visualizing, automating and digitalizing industrial applications for the marine sector, OEMs and for applications in rugged environments.

Progress in 2025

» Beijer Electronics saw stable growth in the marine segment in 2025 driven by the green transition, the need for upgrades and more stringent regulatory standards.

» The business entity's sales to actors in charging infrastructure—a key energy segment niche where equipment must be tailored for rugged environments—increased in the year, not least in the USA.

» A cost reduction program was executed to reduce expenses. Development expenditure reduced in the year as the X3 project entered a calmer phase.

» The business entity's phase-out of products with lower profitability, decided previously, concluded, improving gross margins and paving the way for improved profitability and higher volumes.

» Beijer Electronics launched the complete X3 platform after the summer—the next generation of HMIs with improved performance, enhanced security, more capacity for customer tailoring and thus repeat software and service revenues.

Beijer Electronics' order intake increased to 844 MSEK (807). Sales were 858 MSEK (946). EBITDA was 165 MSEK (183). EBIT was 79 MSEK (106) equivalent to an EBIT margin of 9.2% (11.2).

Sales
858 MSEK
(-9%)

Share of group sales
38 %

Employee headcount at year-end
357

	2025	2024	2023
Sales total, MSEK	858	946	1,033
EBITDA, MSEK	165	183	199
EBIT, MSEK	79	106	134
EBIT margin, %	9.2	11.2	12.9
Share of group sales, external, %	38	42	42

"With the X3 platform, an expanding software offering and an organization focused on satisfying customer needs, we're well prepared for profitable growth.

Kristine Lindberg, CEO of Beijer Electronics

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For Beijer Electronics, 2025 was a year marked by a clear strategic shift and momentous advances. With the complete launch of our next-generation HMIs, the X3 platform, we took a decisive step towards a software-driven and more scalable offering.

2025 was a year of clear advances in the execution of Beijer Electronics' strategy. We tailored our organization and product portfolio to concentrate on our three focus segments, where the business entity is especially competitive and has leadership; marine, manufacturing and applications for rugged environments. This helped advance our market position and the potential for long-term profitable growth.

The launch of our next-generation operator panels—the X3 series—was complete at year-end, including versions for all focus segments. This means we have a state-of-the-art and competitive portfolio attractive to new and current customers, alongside our current high-selling X2 series, whose production will continue for a transitional period. Our customers are pursuing different strategies for visualization and we're now able to offer a future-proof solution that can fully support them on their journey, whether they're moving towards WebIQ or enhancing X3. This is a strength for Beijer Electronics.

In the year, we phased out low-profitability and low-volume products to improve our gross margins and reduce complexity. Our sharp focus on segments and customers that value our offering, and profitable products, have helped improve gross margins, confirming that our strategy is paying off.

Meanwhile, Beijer Electronics sharpened its focus on software by continuing to invest in clear functionality tailored to the needs of our prioritized customer segments. We have a special focus on cybersecurity, where we've enhanced our offering to further improve customer value.

The year's transformation work conforming to our strategy has laid a stable foundation for our future. With the X3 platform, which expands our software offering, we're well prepared for our next phase. We move into 2026 making a more focused and competitive proposition, centered on growth, a rising share of repeat revenues and stronger profitability.

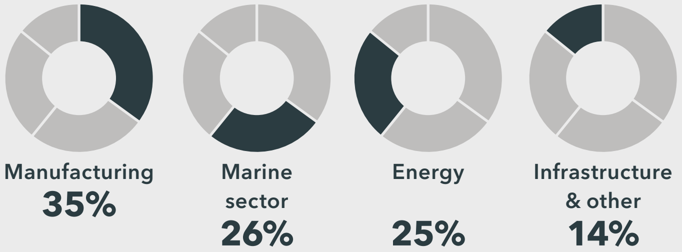
Kristine Lindberg, CEO of Beijer Electronics

Strategy for continued growth

Beijer Electronics is an autonomous business entity within Ependion focused on the human-machine interface, where the business entity has a broad value proposition mainly targeting HMIs that transform data into valuable insights. The business entity delivers solutions for visualizing, automating and digitalizing industrial applications. Our offering covers hardware and software. Software is decisive for tailoring solutions to customer needs and for enabling continuous upgrades for retained security.

Beijer Electronics is focusing on three segments where the business entity has strong positioning with good profitability, satisfied customers and a strong value proposition. Firstly, marine applications on-board vessels, where Beijer Electronics has long-term experience and a high certification standard. The second is OEMs in manufacturing. The third—which is a niche dependent on several different segments like energy and infrastructure—is applications for extreme environments, where climate, dust and other factors set high demands on robustness and reliability. This strategy means product development, the value proposition and sales activities are focused on segments where the business entity can create the most customer value and benefit, enhancing its potential to achieve its profitability targets.

SALES BREAKDOWN, 2025



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Market, market position and potential

The global market for operator panels (HMIs) has a forecast 8% growth rate to a value of 75 billion SEK in 2027. Panel and PC-based HMI solutions represent over four-fifths of volume, and the demand for software is expected to outgrow hardware significantly up to 2027.

The American market is the largest–the US market alone represents a quarter of the demand for HMIs–with Asia second, closely followed by EMEA. The highest growth is forecast in India, China and Mexico. Growth is being driven firstly by digitalization and connectivity of machinery and processes–Industry 4.0–and secondly by more widespread automation and higher sustainability standards. The reshoring of manufacture to the West is another driver of increased investment.

Value proposition

Focus segment 2025	Market position	Example customers
OEMs in manufacturing represented 35% of sales in 2025.	Beijer Electronics supports manufacturing with robust, intuitive and future-proof industrial visualization and control.	ABB Alfa Laval
Marine applications represented 26% of sales in 2025. Sustainability standards are the primary demand driver.	Beijer Electronics possesses in-depth know-how and the necessary certifications.	Hyundai Yara Marine SES Tech
Applications for challenging environments provided 14% of sales in 2025.	Beijer Electronics has premium positioning with a robust value proposition and relevant certifications.	Emerson Vinson Enercorp Tipatek

Beijer Electronics delivers solutions in three segments: visualizing, digitalizing and controlling processes. Its dominant product segment is HMIs with the X2 and X3 families, which combine high performance and robustness with intelligent design. Because the business entity's products are often specified in machinery and processes, long-term business relationships and repeat revenues are generated. So X3 series HMIs will be delivered to customers in parallel with the continued sale, manufacture and support of the X2. Beijer Electronics' strategy is founded on providing leading software that adds value through its capability to tailor solutions to customer needs, an advantage enhanced by both the X3 and web-native, platform-independent solution WebIQ.

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In digitalization, Beijer Electronics provides solutions for industrial data communication, remote access and edge, which enable faster access and superior security. Edge technology and secure connectivity empower customers to process data from different devices and present it where needed in operations. The business entity's automation solutions include hardware and software to control a raft of processes for OEMs. Proprietary iX software can interface with virtually all automation solutions on the market.

Product development

In 2025, Beijer Electronics invested 101 MSEK in R&D, which was 11.8% of the business entity's sales. The absolute majority of development resources were allocated to work on completing next-generation HMIs, the X3, which were launched in early-fall 2025. This new strategy brings more precision to the development process, which prioritizes applications for selected focus segments, managed in close partnership with customers. Software—both web-native WebIQ and the business entity's software for physical HMIs—is becoming increasingly central to tailoring solutions to customer needs, impacting the whole development organization's working methods and focus.

Manufacturing

Beijer Electronics' main manufacturing plant is in Taipei, Taiwan. The business entity has an additional smaller-scale unit for manufacturing HMIs next to its existing warehousing and logistics center in Malmö, Sweden. Its purpose is to minimize risk and get close to large markets and major key customers with shorter lead-times and a reduced climate footprint. All manufacturing has ISO 9001 and ISO 14001 certifications. The Taiwan operation also has ISO 45001 certification. Beijer Electronics has distribution centers in Malmö, Sweden, Salt Lake City, the USA and Taipei, Taiwan, backed by smaller-scale warehousing at the sales enterprises in China and Turkey.

Manufacture of hardware products is based on components from selected vendors. To ensure redundancy, the business entity has several procurement channels.

Examples of customer needs:

- Sort and present critical information.
- Create value from large and growing data volumes.
- Monitor and control remotely.
- Optimize for increased sustainability.

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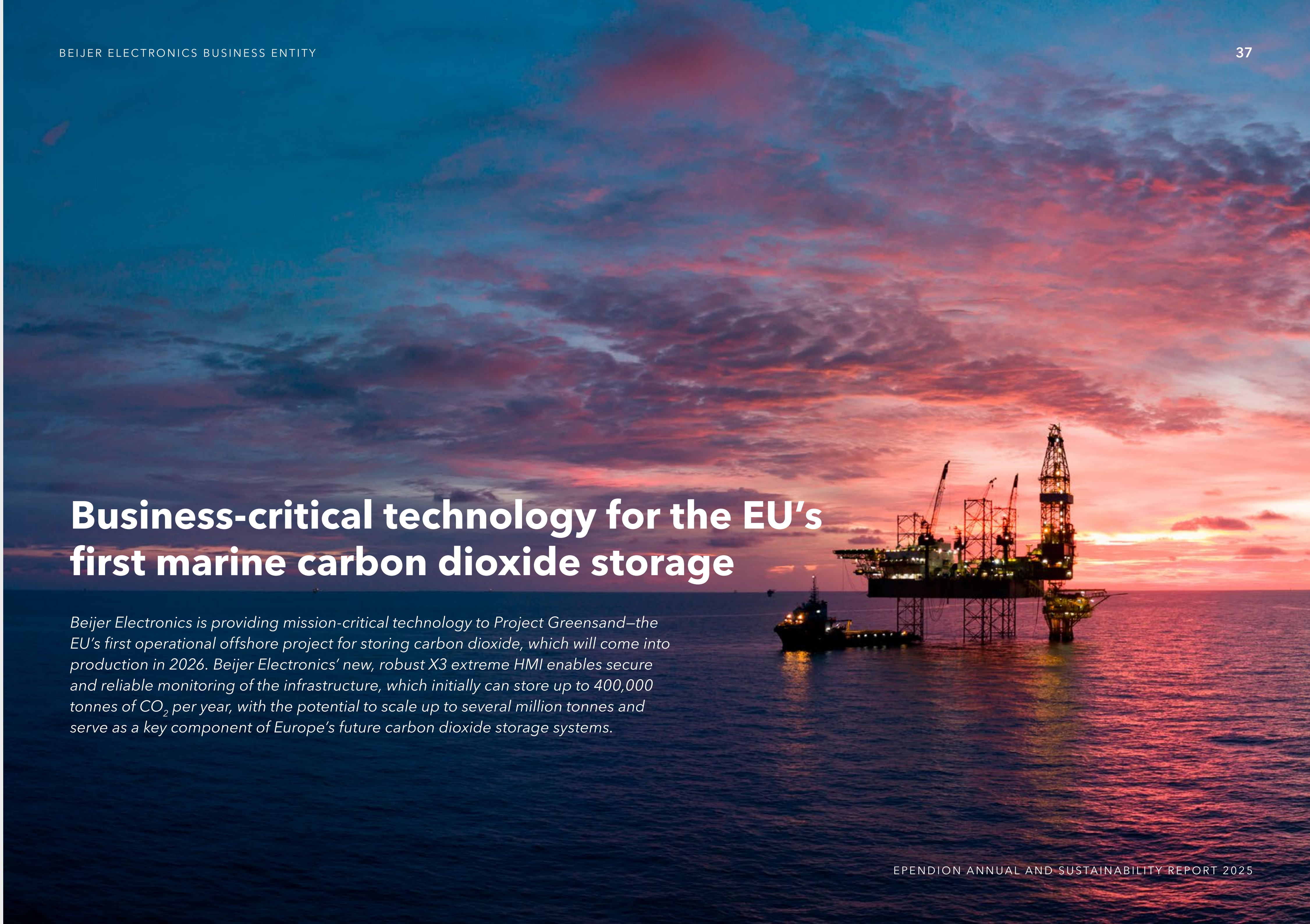

Business-critical technology for the EU's first marine carbon dioxide storage

Beijer Electronics is providing mission-critical technology to Project Greensand—the EU's first operational offshore project for storing carbon dioxide, which will come into production in 2026. Beijer Electronics' new, robust X3 extreme HMI enables secure and reliable monitoring of the infrastructure, which initially can store up to 400,000 tonnes of CO_2 per year, with the potential to scale up to several million tonnes and serve as a key component of Europe's future carbon dioxide storage systems.

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Significant events in 2025

Ependion increased the tempo of its sustainability work in 2025, focusing on improving governance, risk management and control in its value chain. The group's work has helped create a more robust and resilient organization, ready to satisfy regulatory standards and customer requirements on the group's markets. It has simultaneously created good potential to ensure relevant and goal-oriented sustainability work group-wide.

The acquisition of Welotec, described in more detail on p. 18, complements Westermo's portfolio and enables the development of more energy-efficient and secure solutions for critical infrastructure. This is helping reduce environmental impact and improve the group's work for sustainable industrial development.

Beijer Electronics has developed and launched a new product family—the X3—with a higher share of recycled materials (plastics and aluminum) and fewer plastic components.

Welotec secured ISO14001 certification.

Ependion has implemented a new framework for working on human rights in its value chain.

Both Ependion's business entities have joined the Global Compact Business & Human Rights Accelerator program.

Westermo Ireland participated in the UN Global Compact Program for sustainable supply chains.

All Westermo's sales offices conducted health & safety business reviews.

Beijer Electronics implemented a global system to monitor employee satisfaction.

Westermo and Beijer Electronics created upgraded policies and methodologies to monitor suppliers.

Westermo India secured ISO 14001, ISO 45001 and ISO 9001 certifications.

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STATEMENT FROM OUR GROUP HEAD OF SUSTAINABILITY & CFO

Robust structures enable long-term competitiveness

For Ependion, 2025 was the year Ependion intensified the organization's collective sustainability work with clearer shared working methods, governance documents, policies and frameworks. The aim was to establish an even more strategic approach to the transitions Ependion wants to and must make, with clear group-wide objectives.

As a decentralized organization, ensuring the group's business entities are in the right place to manage effective and results-oriented sustainability work is critical. This was the main focus of the year.

"We intensified our work on human rights in 2025, developing our risk management. In parallel, our business entities continued product development supporting our ambitions of circular and resource-efficient design, sustainable material choices and energy efficiency," comments Lena Westerholm.

"We also stayed on track towards integrating sustainability into the group's processes and working methods, creating long-term stability, relevance and value for our stakeholders," adds Joakim Laurén.

An updated risk framework presents opportunities

Updating the group's risk framework in consultation with the Board, Management and representatives of Ependion's business entities was part of this process.

"We've created a clearer and more structured process to identify, assess and manage risks and opportunities. Our framework is based on ISO 31000, providing us with a robust foundation for risk management in a holistic perspective. This risk framework means we can see the relationship between sustainability and economics more clearly, and act faster when risks and opportunities appear," says Lena.

"An updated framework clarifies roles and duties. We expect each entity to work proactively on risks and opportunities in its own segment and make a contribution to the group's overall risk management related to transition, market priorities and innovation. This safeguards Ependion's long-term competitiveness and relevance in a changeable business environment," explains Joakim.

A structure enabling the power to act

For the coming year, Ependion will continue the group's large and small-scale work on continuous improvement, founded on clearer group-wide structures.

"Updating our collective working methods has been an important process that has helped support our business. But now, we're looking forward to accelerating the pace of our actual sustainability work linked to products and services—hopefully on a more effective and well-targeted footing," continues Joakim.

"I'm still impressed by my colleagues' willingness to continuously improve how we work and keep delivering the most robust and effective products on the market. I'm now looking forward to continuing to drive environmental and social improvement with my colleagues, with the core focus of reducing our carbon footprint in Scope 3—which is where our products are a key factor," concludes Lena.

Group Head of Sustainability Lena Westerholm and CFO Joakim Laurén

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Strategy

Sustainability is a central component of Ependion's business strategy where work on climate issues, circular economy and corporate culture are a natural component of business development. To ensure sustainability work is effective and relevant, Ependion applies a decentralized governance model.

Ependion is the group parent company of two business entities, Beijer Electronics and Westermo. To manage sustainability work on a relevant, effective and results-oriented basis, Ependion applies a decentralized governance model, with each business entity formulating its own strategy to achieve its own and group-wide sustainability targets. The group is retaining its ambitions despite a turbulent business environment where the relevance of the sustainability issue is being challenged.

Ependion and its business entities maintain an ongoing dialogue with each other and relevant stakeholders to continuously develop and improve in sustainability. Dialogue is a tool that helps the group prepare relevant strategies, develop its business entities' product offerings to address market standards and expectations, and improve how Ependion collaborates with its workers and suppliers.

Double materiality analysis

Ependion conducted the group's first DMA in 2024, which was revised in 2025 consistent with the procedure the group established. The analysis has been conducted in accordance with the method recommended by the European Financial Reporting Advisory Group (EFRAG) and is reviewed in detail in Ependion's Sustainability Statement.

The material topics identified were integrated in the group's sustainability framework in the year, then communicated and implemented in the group's business entities. The identified topics did not result in any overarching rework of the current sustainability strategy

A complete report on these material topics is provided in the group's Sustainability Statement.

Sustainability framework

	ENVIRONMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY	GOVERNANCE
Ependion's contribution to UN SDGs	5 JÄMSTÄLLDHET; 8 ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT	9 HÅLLBAR INDUSTRI, INNOVATIONER OCH INFRASTRUKTUR; 12 HÅLLBAR KONSUMTION OCH PRODUKTION; 13 BEKÄMPA KLIMATFÖRÄNDRINGARNA	16 FREDLIGA OCH INKLUDERANDE SAMHÄLLEN
Ependion's most material sustainability topics	» Climate change » Circular economy » Pollution » Water*	» Own workforce » Workers in the value chain	» Responsible business

**Material related only to the value chain, based on the electronics sector's circumstances.*

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ENVIRONMENTAL SUSTAINABILITY

Climate

Climate change and its consequences are one of the biggest challenges of our time. Ependion is committed to contributing by reducing its greenhouse gas emissions in line with the Paris Agreement. Simultaneously, the group's climate work is helping minimize climate-related risks with more resilient operation.

In 2024, the group set its first collective targets on emission reduction in Scope 1 & 2, with absolute targets for 2030 and 2050. Group targets for Scope 3 were set in January 2025 (see p. 80).

To reduce Ependion's GHG emissions, several initiatives were both launched and implemented during 2025. Initiatives and activities are divided strategically by where the impact occurs in the group's value chain—with suppliers, in its own operations or with customers and end-users.

Ependion collaborates closely with the group's suppliers to improve the climate footprint of the materials and components it purchases. For example, Ependion's business entities can support suppliers in their energy transition of production, or evaluate the selection of materials with equivalent performance but less climate impact. Actions include Beijer Electronics securing 60% fossil-free electricity supply for its Taiwan plant, expected to significantly reduce related climate emissions from January 2026. In addition, several local environmental initiatives have been implemented.

There was a lot of activity in the climate segment for the group's operations in 2025, with one major advance being it setting group-wide targets for Scope 3. Additionally, Westermo's plant in India secured ISO 14001 certification in the year. Recent acquisition Welotec also secured ISO 14001 certification in 2025. Beijer Electronics continued its work on reducing the climate impact of transportation, with initiatives reducing airfreight, and attempts to offer fully fossil-free transportation for customers in Sweden and Denmark.

Continuous improvement of products is a critical instrument for reducing the group's carbon footprint, and here Ependion is collaborating closely with customers on analyzing and optimizing product lifecycles and identifying improvement potential in material selection, production, transportation, etc.—without compromising quality and performance. The group's work on continuously improving product climate performance is also enabling Ependion to help its customers realize the climate targets set. Read more about how Beijer Electronics works with its marine sector customers to reduce their climate impact on p. 43.

CO_2 emissions, absolute (tonne CO_2e)

Activity	2022	2023	2024	2025
Scope 1	98	127	149	106
Scope 2	581	645	641	694
Total Scope 1 & 2	679	772	789	800
Scope 3	Not calculated		166,800	153,560

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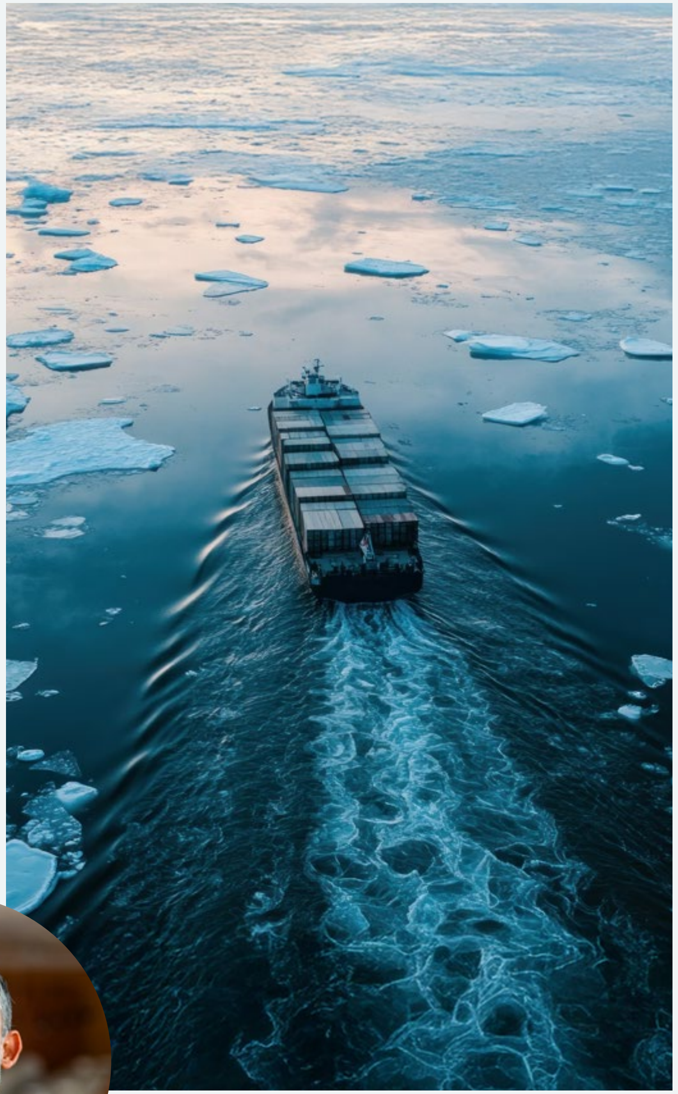
ENVIRONMENTAL SUSTAINABILITY

Setting course towards new business–with traction from the climate transition

About 90% of global freight transport is maritime,[1] indicating substantial potential for climate gains through reduced emissions from merchant vessels, as reflected in increasingly stringent international regulations in this segment. This has become a clear business driver for Beijer Electronics.



The marine sector's climate transition is ongoing, driven by ambitious sustainability standards applied by the International Maritime Organization (IMO) targeting zero net emissions from mid-size companies by 2050. Beijer Electronics already has strong positioning in this segment, close relationships with several global players and can help its customers to address these climate standards, but also drive technology development forward.

"The climate issue is central to our customers, and our customers' customers. Shipping lines are impacted by international regulations, which means energy efficiency, more intelligent propulsion solutions and operational optimization are high on their agendas, segments where we have–or can develop–solutions that can satisfy customer needs," comments Ali Rezaei, Beijer Electronics' VP of Global Sales & Marketing.

Beijer Electronics' typical marine segment customers are companies that deliver systems for ballast water control, exhaust treatment or fuel optimization for international fleet operators.

"Many of the major lines are now seeing how climate targets and finances go hand in hand. More efficient operations mean lower costs, which creates a virtuous circle where sustainability becomes a business opportunity for them and us," continues Ali.

Beijer Electronics develops hard and software for control, data visualization and automation. This helps customers gain more insight into operational data, optimizes energy consumption and increases reliability.

"We're an important link in the value chain. With our technical expertise and understanding of the sector, we can help our customers achieve their climate ambitions, while we drive the whole industry forward," adds Ali, concluding:

"The momentum is strong right now. The climate transition isn't a threat; it's the growth engine of the future!"

Ali Rezaei, VP Global Sales & Marketing of Beijer Electronics

1 https://www.transportstyrelsen.se/sv/Sjofart/Miljo-and-halsa/

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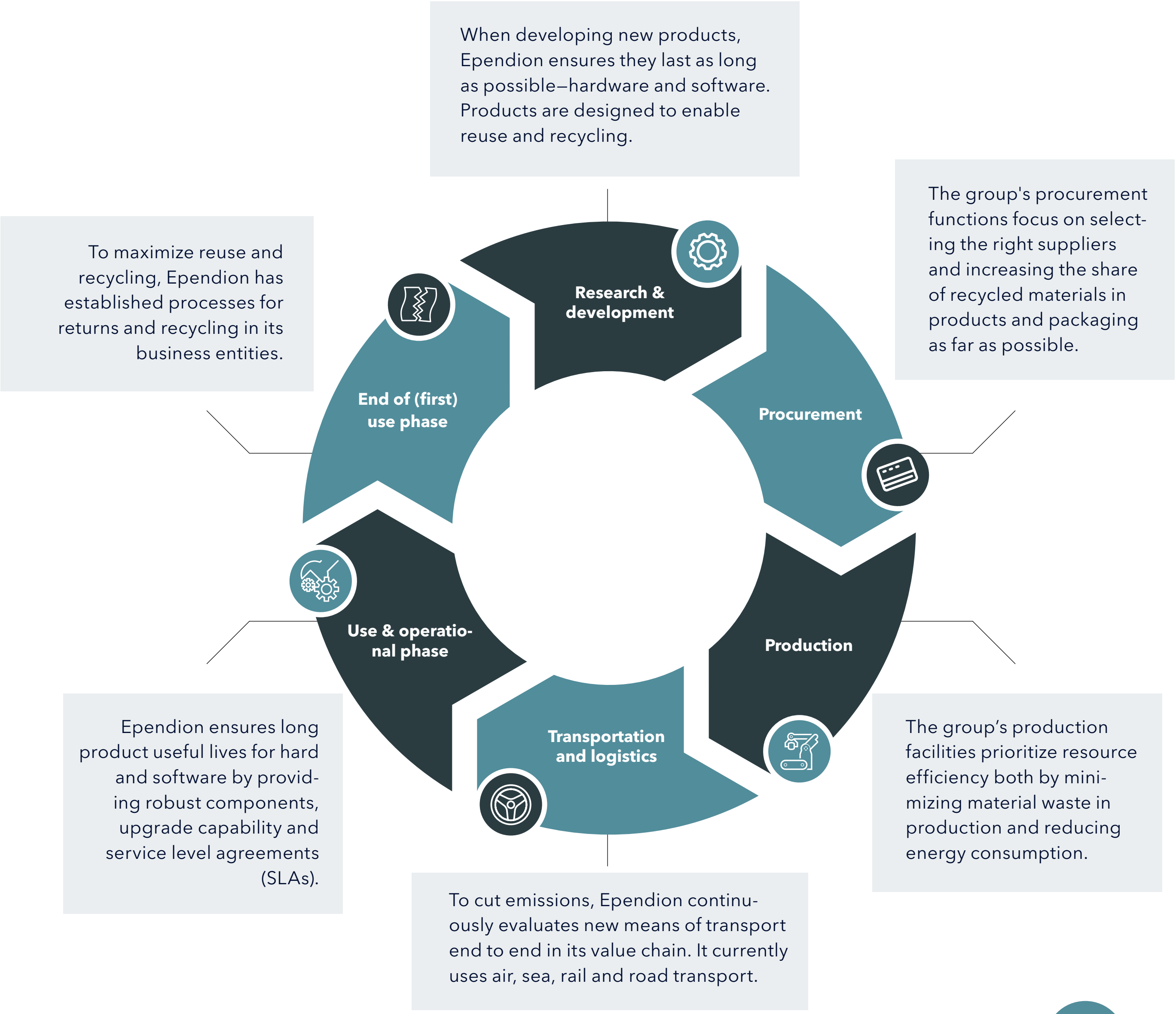
ENVIRONMENTAL SUSTAINABILITY

Circular economy

Circular economy and promoting resource efficiency is one of the main topics of Ependion's sustainability work. The group can make a big difference with long-life, energy-efficient solutions, supported by a broad service proposition that further extends technical lifetimes.

Working more circularly is essential to reducing depletion of natural resources, mitigating environmental impact and creating economic opportunities through reuse and recycling. The transition to a fully circular economy will take time, but is necessary to limit climate change and reduce overconsumption of the Earth's resources. The main features of the group's work on circular economy are stated to right.

Ependion collaborates closely with suppliers and customers to investigate and generate shared opportunities in the circular economy, extending from design and materials selection to repairs and reuse. Westermo Ireland describes Ependion's view of value creation from a lifecycle perspective in more detail on page 45. At Beijer Electronics, work on using more recycled material continued, and in fall 2005, it launched a new product family—the X3—with more recycled materials (plastic and aluminum). These products also have lower content of plastic components.



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ENVIRONMENTAL SUSTAINABILITY

Built to last—a lifecycle philosophy that creates value

In a world of changeable geopolitics and rising regulatory standards, long-term resilience and sustainability are strategic necessities for all businesses. Westermo is playing a key role in helping companies to address change end to end in product lifecycles.

Declan Carew, Managing Director of Westermo Ireland, heads up strategic initiatives to develop robust, secure and sustainable industrially connected products and solutions, focusing on long useful lives and reduced environmental and climate impacts. With over 30 years' sector experience, Declan has witnessed major change in recent years, with customers valuing sustainability more highly. He explains:

"Our key customers manage critical infrastructure like power systems and water supply, which are decisive to national safety, economics, and public health. These customers are in major change processes to cut their climate and environmental impacts sharply, while digitalizing their operations. They've understood the vital role suppliers like Westermo play, who can deliver robust, cybersecure products with long useful lives, produced in a transparent value chain.

These customers also understand the importance of cybersecurity, digital innovation and sustainability in supply chains. In this context, Westermo's fully integrated supply chain and lifecycle perspective fit products and services perfectly for sector needs."

"Westermo rejected the sector's throwaway mentality decades ago—circularity is in our DNA. We stand alongside the customer at every lifecycle phase: development, implementation, operation and end of life. Our customers know they can trust us in the long term," continues Declan.

Sustainability and circularity standards have evolved from being a growth trend to emerging as a market driver of substantial business value—if you're correctly positioned.

"When supply chains become more digitally integrated and interdependent, risks also increase. But a functional circular business model can create value-added. Companies want a partner capable of offering leading-edge technology, sustainable supply chains and reliable corporate governance.

As customers become more conscious of the strategic importance of their investment decisions, Westermo becomes their long-term partner—now and for many years ahead," adds Declan.

Declan Carew, Managing Director of Westermo Ireland

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SOCIAL SUSTAINABILITY

Own operations

Work on social sustainability in its own operations is important to Ependion. By investing in employee development, providing a secure working environment and promoting diversity and inclusion, the group creates the potential for long-term success.

Working environment

A safe working environment is critical to employee wellness, which is why Ependion and the group's business entities work constantly on these issues. The group's engagement KPI indicates continued positive health & safety and that workers are enjoying their jobs. Westermo has been monitoring engagement for several years, and Beijer Electronics implemented a similar system in 2025. At year-end 2025, Beijer Electronics' engagement KPI was 79 and Westermo's was 81, with a score of 80 considered very positive and above the sector average.

Work on continuous skills enhancement initiatives in health & safety continued in both business entities. All Westermo sales offices conducted business reviews in the year focused on health & safety. ISO 45001 certification is another key event to ensure good health & safety, and Westermo's new Indian plant was certified in 2025. Westermo has implemented enhanced safety routines for workers including monthly reporting by all managers, and enabled high engagement across most activities globally, such as a new on-boarding program, monthly health & safety themes and the Take 5 safety concept.

Beijer Electronics continued to offer activities that promote employee wellness. Wellness is measured through the business entity's new, global engagement tool, implemented in the year. The business entity also established new hybrid working guidelines globally.

Diversity and inclusion

Improved potential for diversity and inclusion is imperative for Ependion's innovation and growth. The group pursued several initiatives in this segment in the year. Beijer Electronics implemented a new diversity and inclusion policy in 2025, and launched a new platform for worker engagement.

Westermo made Culture as a Business Accelerator the central theme of its yearly leadership conference, and ran the second round of its Executive Trainee Program. Westermo also continued its engagement in the "Introduce a Girl to Engineering Day" program to encourage more young women to take an interest in the engineering and technology professions.

Work on achieving a more inclusive and representative organization should also be reflected in the group's leadership positions. Ependion has achieved a division of 75% women and 25% men in Group Management. The corresponding division on the Board is one woman (17%) and five men (83%). In the group overall, Ependion still has a predominantly male workforce, which is significant in the sector where the group operates. Ependion is working to change this, through a range of initiatives to spark young women's interest in technology and coding.

Three quick questions on: Westermo Wellness Week

Westermo arranged its first Wellness Week this year, can you tell us a little about the initiative?

Wellness Week is an initiative to reinforce the tradition of health, keep-fit and togetherness at Westermo. We tried new activities, then reflected and had fun together. There were lots of different activities at our plants and offices around the world, with alternatives available on our intranet.

Which activities did people enjoy most?

We got a fantastic turn-out on our padel court and lectures on psychological flexibility, ACT, in Sweden, at both Västerås and Stora Sundby. In Germany, our healthy lunches were popular, while many of our people in Ireland took a lunchtime walk, listened to a lecture and did stretching in the office together. Walks, movement and stretching were popular at many sites and in different ways. However, the highlight of the week for me was a nighttime jog with headtorches in a nature reserve!

What kind of reception did the Week get from all your colleagues?

Engagement worldwide was overwhelmingly positive. The initiative inspired good habits and our people really appreciated the opportunity to share ideas and get mutual support for healthy lifestyles, at work and outside.

Elin Sandell
HR specialist at Westermo

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SOCIAL SUSTAINABILITY

Workers in the value chain

Ependion should be a responsible business. Operations are managed consistent with international guidelines like the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises.

As a multinational group with a global value chain, Ependion is responsible for ensuring that people affected by the group's operations stay well. The group has been a member of the UN Global Compact since 2018, thus supporting the UN Declaration on Human Rights. A global Human Rights Policy was introduced in 2023, and its implementation continued in 2025, including setting a group-wide human rights framework. In 2025, Ependion also participated in the Global Compact's human rights program.

To ensure compliance with the group's expectations and standards for human rights in its value chain, Ependion has established due diligence processes in the group's business entities. These include an assessment of business partners' and suppliers' compliance policies, procedures, impacts and engagement in sustainability and business conduct. Differences in approach to compliance are due to Ependion's decentralized governance methods and the different circumstances in each business entity's value chain.

Three quick questions on: Ependion's human rights due diligence

Could you summarize Ependion's human rights due diligence?
Our new human rights framework—or Human Rights Due Diligence—is based on international human rights guidelines like the UN's Guiding Principles on Human Rights, the ILO's Core Conventions on Workers' Rights and the OECD's Guidelines for Multinational Enterprises. Our aim is to clarify the risks related to human rights and limit our impact on them in our operations.

How is it being/will it be used in operations?
Our new framework gives clear directives on roles and duties in dealing with issues affecting human rights. It helps us focus on the most significant risks to human rights in our value chain—salient human rights issues.

How does the framework help Ependion take care of people in your value chain?
By having now identified the most significant material risks to human rights in our value chain, we've prepared action plans to manage these risks optimally. The framework will also help us maintain awareness on this issue. We'll now incorporate this into our processes more clearly and be able to make wiser decisions.

Lena Westerholm
Group Head of Sustainability
at Ependion

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GOVERNANCE

A responsible Ependion

Ependion should be a responsible business. The group is managed consistently with international guidelines like the UN Global Compact, the ILO's Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises.

Ependion adopts a decentralized perspective on sustainability management; its most important policy document is Ependion's Code of Conduct, which is the foundation for the business entities' work in their individual operations. All the group's employees need to sign the Code of Conduct to confirm their acceptance of responsible and ethical business conduct. The Code of Conduct was updated at group level in the year.

Ependion has also set a group-wide target of zero tolerance of corruption and bribery, which will be implemented in each business entity going forward. Additionally, the group created an updated risk framework in 2025, with implications including clearer roles and duties related to risk management. Ependion also established a new group-level Sustainability Policy, further clarifying its continued ambition in sustainability, and cementing Ependion's resolve to keep contributing to the transition to a more sustainable society.

This decentralized perspective on sustainability management has also resulted in the group's business entities setting their own sustainability targets and creating suitable approaches to achieve them, depending on the conditions of each operation and value chain. However, both entities require all strategic suppliers to sign their Supplier Social Compliance Policies or Supplier Codes of Conduct. Westermo's target is for all strategic suppliers to sign the Code, which was achieved in 2025. Beijer Electronics also updated its Supplier Code of Conduct, and all suppliers of direct materials received this update in 2025.

Highlights from business entities in this segment included both updating their Codes of Conduct for their own operations in 2025, which actualize the group's overarching Code of Conduct, but are more tailored to each business entity's operations. Most of Westermo's employees have reviewed the updated Code of Conduct and had signed it again by year-end. All Beijer Electronics employees should take a digital course on the updated Code as part of its implementation. This course is in development.

Beijer Electronics also continued to develop policies and policy documents across a range of segments including those related to information security. Policy training programs are available on the business entity's new e-learning platform, which was launched in the year.

Conflict minerals

Ependion works to ensure the group's products do not contain conflict minerals. The group prepared a Conflict Minerals Policy in 2023, based on the recommendations of the Responsible Minerals Initiative, which it updated in 2025. The Policy stipulates that suppliers should comply with Ependion's Code of Conduct, state how they counter the incidence of conflict minerals and continuously investigate their supply chains. In 2025, 96% of Westermo's and 75% of Beijer Electronics' affected suppliers had conducted yearly CMRT (Conflict Minerals Reporting Template) reporting.

Westermo's plant in India has ISO 14001, 45001 and 9001 certifications. Westermo also enhanced systemizing how it monitors its suppliers. Once again, the business entity assigned independent organization EcoVadis to evaluate its sustainability work, which rated Westermo Silver, putting it in the top 15% performing companies globally of those reviewed, although the assessment puts it in the top 6%. Beijer Electronics also received EcoVadis Silver for 2025.

Financial information

Ependion is a technology group that delivers advanced digital solutions for secure machine-machine and human-machine control, monitoring and communication in harsh environments, where reliability and high quality are critical factors.

Ependion has a strong presence on expansive markets and segments featuring digitalization. Its offering consists of proprietary and mainly newly developed products, which help create good future prospects and great potential for high and profitable growth.

Products and solutions are sold by direct sales units in 21 countries, and via a network of independent distributors in about 60 countries. The group consists of two business entities—Westermo and Beijer Electronics. These entities manage their own product development and manufacture, and have global sales responsibility.

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Directors' Report

The Board of Directors and Chief Executive Officer of Ependion AB, corporate identity number 556025-1851, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2025. The information in brackets is for the previous year. The group is referred to as Ependion below.

Group operations

Ependion's overarching strategy is to achieve profitable growth by developing and acquiring businesses with high technology content and strong positioning on growth markets. Ependion has three financial targets: achieving minimum yearly organic growth of 10% excluding acquisitions, delivering a minimum EBIT margin of 15%, and paying dividends.

Ependion provides the market with digital solutions for secure control, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. Its offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, and interconnecting a raft of applications. Through its 2025 acquisition of Welotec, Ependion has added new specialist technology in edge computing, used in energy systems and industrial automation.

Ependion's solutions are robust, with an emphasis on efficiency, reliability and IT security. The market segments it focuses on are train, trackside, energy, manufacturing and marine. In December 2025, the Board decided to add to the defense industry as a new focus segment for the Westermo business entity. Products feature high technology content, quality and user-friendliness. Proprietary technology and product development is a critical precondition for the group's competitiveness. Ependion has development centers in Sweden, Germany, Taiwan, Switzerland and Ireland.

Ependion's revenue model is founded on close partnerships with customers in long-term relationships. Finished products, which integrate hard and software, are often built into customers' complete solutions with lifecycles up towards ten years. This generates repeat and stable revenues for the long term. Future software updates also present an opportunity for more business.

Products and solutions from Ependion are sold through proprietary sales units in 21 countries, and via a network of independent distributors in a further total of some 60 countries. See also Note 14 for more information on the group's subsidiaries. Parent company Ependion AB is a holding company with central functions like strategic development, accounting and finance, IT, quality and environment, sustainability and communications. The group is divided into two business entities: Westermo and Beijer Electronics. These business entities have proprietary product development and manufacture as well as global sales responsibility.

Operations in the year

Ependion has a strong presence on expansive markets and segments featuring digitalization. With digitalization and electrification as its primary underlying drivers, the group is growing organically with investments in infrastructure, transportation and energy, for example. The need for more resource-efficient control and optimization of processes for more sustainability is another contributor to its business. For the long term, markets are outgrowing the economy generally.

Five-year summary, group

SEK 000	2025	2024	2023	2022	2021
Order intake	2,253,351	2,038,885	2,306,956	2,551,984	2,030,594
Revenues	2,231,753	2,258,125	2,470,647	2,128,386	1,618,797
EBITDA	432,549	427,473	473,955	354,810	217,981
Depreciation and amortization	-200,477	-176,565	-152,271	-153,683	-149,709
EBIT	232,073	250,907	321,684	201,127	68,272
EBIT margin %	10.4	11.1	13.0	9.4	4.2
Investments in tangible and intangible assets	180,570	224,217	173,663	121,432	75,726
of which capitalized development expenses	154,918	183,656	141,936	105,336	67,181
Product development expenditure %	13.7	13.9	11.4	10.5	12.6

2025 featured geopolitical uncertainty and a weaker business cycle, causing customer hesitancy and slower demand for the business entities' products and solutions.

Negative currency effects had a major impact on the group's earnings. Both Westermo's and Beijer Electronics' order intake increased, but sales decreased on 2024.

Order intake, sales and profit

The group's order intake increased by 11% to 2,253 MSEK (2,039) in 2025. Adjusted for currency effects and acquisitions, the increase was 7%. Sales were 2,232 MSEK (2,258), with the Nordics representing 19% (18), the rest of Europe 49% (48), Asia 20% (20), and North America 12% (14). Proprietary products represented some 91% (90) of the group's total sales.

The group's EBITDA was 432.5 MSEK (427.5). Depreciation and amortization increased to 200.5 MSEK (176.6). EBIT reduced to 232.1 MSEK (250.9), equivalent to an EBIT margin of 10.4% (11.1). Net financial income/expense was SEK -38.2 MSEK (-44.5). Profit before tax was 193.8 MSEK (206.4). Profit after estimated tax was 146.7 MSEK (157.0). Earnings per share after estimated tax were 4.73 SEK (5.45).

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Significant events

Group

In spring 2025, Ependion executed a private placement to part-finance its acquisition of German technology company Welotec. For more information, see the Shares and ownership structure section.

Westermo

Westermo opened its new unit in India in March 2025, securing a first local order of 11 MSEK in the train segment, and by year-end this operation had established a base of over 20 local customers.

In June, Westermo acquired all the shares of Welotec GmbH, advancing its positioning in the expansive energy segment, bringing additional edge computing technology, see Note 35.

In November, Westermo acquired a minority holding in UK software developer RazorSecure Ltd., a leader in rail cybersecurity. The parties also entered a collaborative agreement, agreeing an option to acquire the whole company after the end of the financial year 2027 under a predetermined price mechanism.

In December, the Westermo business entity took the decision to add the defense industry as a new focus segment.

Beijer Electronics

Beijer Electronics restructured in March 2025, reducing costs by 22 MSEK annualized, with 3.4 MSEK of restructuring expenses charged to the quarter.

The new generation of operator panels, the X3 series, was completed in September, with several customers deciding to place orders.

Westermo business entity

Westermo develops robust and secure communication solutions for harsh environments, with its main focus on train networks, where the business entity is the global market leader in its niche of track-side and the energy sector, backed by Welotec in power grids.

Westermo was still impacted by a periodically hesitant attitude from customers in 2025, but achieved growing total order intake for the full year. Adjusted for negative currency effects and acquisitions, order intake also increased. Westermo's sales were also up, but adjusted for currency effects and acquisitions, fell somewhat, while EBIT increased. The business entity still exercised great restraint on all costs not related to key future-oriented initiatives. Westermo continued to invest in product development, focusing on still-better cybersecurity functionality, and supplemented its offering in power grids and energy.

Order intake, sales and profit

Westermo's order intake increased by 14% to 1,414 MSEK (1,237). Excluding currency effects and acquisitions, order intake increased by 4%. Sales rose by 5% to 1,378 MSEK (1,317). Excluding currency effects and acquisitions, sales were down by 5%. EBITDA increased to 309.0 MSEK (288.7). Depreciation and amortization was 104.5 MSEK (89.9). EBIT increased to 204.4 MSEK (198.9), equivalent to an EBIT margin of 14.8% (15.1).

Beijer Electronics business entity

Beijer Electronics helps its customers drive efficiency and sustainability by transforming data into valuable insights. Beijer Electronics delivers innovative solutions for visualizing, automating and digitalizing industrial applications for the marine sector, industrial OEMs and for applications in rugged environments.

Beijer Electronics' order intake increased for the full year, with the focus segments of marine and applications for rugged environments making the being the biggest contributors, while the manufacturing segment remained slow. The business entity's sales reduced, partly because of a persistently poor business cycle, and partly because currently phased-out products were included in the 2024 numbers. EBIT decreased due to factors including hire amortization of capitalized development expenses. The business entity executed a savings program in the spring and development expenses tapered off.

Beijer Electronics completed development of the next generation of operator panels, and the complete new X3 series was on the market in September 2025, with versions for all priority focus segments. By year-end 2025, some 120 customers had ordered Beijer Electronics' new generation of operator panels, the X3, over 20 of them being all-new business customers.

Order intake, sales and profit

Beijer Electronics' order intake increased by 5% to 844 MSEK (807). Adjusted for currency effects, the increase was 10%. Sales reduced by 9% to 858 MSEK (946), while currency adjusted, the decrease was 5%. EBITDA reduced to 164.8 MSEK (182.9). Depreciation and amortization increased to 86.3 MSEK (76.9).

EBIT was down to 78.6 MSEK (106.0) with a margin of 9.2% (11.2).

Investments, cash flow and financial position

The group's investments including capitalized development expenses amounted to 614 MSEK (276) in 2025, with 382 MSEK of this sourced from the acquisition of Welotec GmbH, 14 MSEK a contingent consideration for SmartHMI and 38 MSEK for the acquisition of a minority holding in RazorSecure Ltd. The 2024 numbers include the 46 MSEK investment in Blu Wireless. Cash flow from operating activities was 375 MSEK (460). Equity was 1,627 MSEK (1,332) as of 31 December, increased by the new issue conducted in the year. The equity/assets ratio was 50.4% (48.3). Cash and cash equivalents were 160 MSEK (178). Net debt was 692 MSEK (682).

Profitability

Return on equity was 9.9% (12.6). Return on capital employed and net operating assets were 10.1% (12.1) and 13.0% (16.2) respectively.

Employees

The average number of employees was 846 (861).

Product development

Ependion's product development is conducted by both business entities, Westermo and Beijer Electronics. Development projects are regularly executed to extend the range of new products and solutions, and enhance the existing offering. The group develops hardware and software. It has development centers in Malmö, Stora Sundby and Västerås in Sweden, Dublin in Ireland, Laer, Mainz, Nürtingen and Düsseldorf in Germany, Bubikon in Switzerland, and Taipei in Taiwan. Total expenditure for product development amounted to 306.7 MSEK (313.4), which corresponded to 13.7% (13.9) of group sales.

Currencies

Ependion's sales are global and in different currencies. Sales in euro represented 1,162 MSEK (1,134), or 52.1% (50.2) of total. Sales in Swedish kronor were 194 MSEK (191), 375 MSEK (438) in US dollars, 64 MSEK (57) in Norwegian kroner, 22 MSEK (19) in Danish kroner, 128 MSEK (143) in UK sterling, 148 MSEK (132) in Chinese yuan and 138 MSEK (144) in other currencies.

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Risk management

Ependion's ability to achieve its strategic targets is based on systematic and effective risk management. By identifying, analyzing and managing risks, Ependion creates the potential for well-founded decisions that reduce negative effects and create opportunities in line with the company's strategy.

Ependion formulated a new risk management policy in 2025, administered by the Group's CFO and Group Head of Sustainability, subject to consultation by the Audit Committee and adopted by the Board of Directors.

The company's risk management framework is integrated into governance and closely related to planning, project management and operational monitoring. Work is based on the guidelines of ISO 31000:2018, and should cover all companies in all countries where Ependion operates. This framework clarifies roles and responsibilities, and supports the organization in proactively identifying, assessing and dealing with uncertainties that may impact the company's targets.

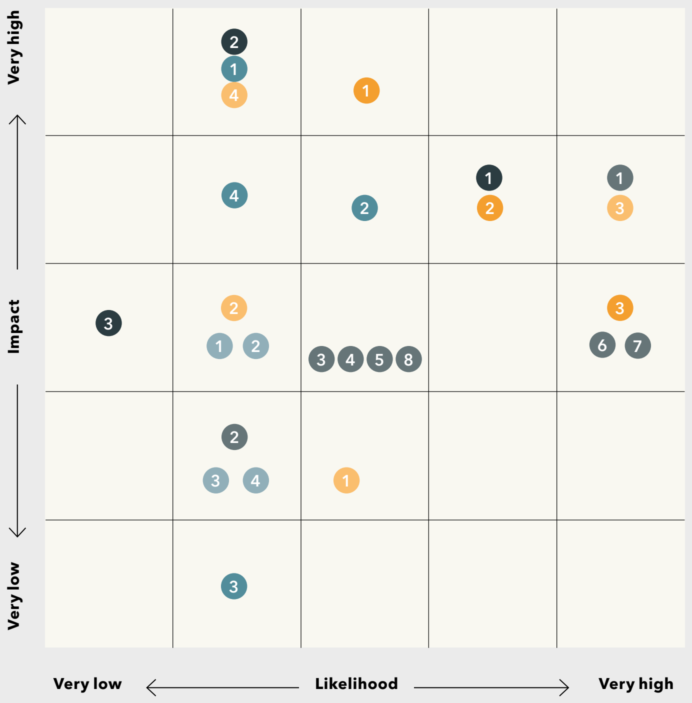
The aim of risk management is to prevent and limit negative risks to an acceptable level, ensure business continuity, and engender trust among investors through a robust and transparent process. Risk management should be an integrated component of operating activities and help protect and create value.

Risks are documented in a group-wide risk register with predetermined assessment criteria of likelihood, impact and management. If a risk exceeds the company's risk appetite, further action is decided. Each business entity prepares an independent risk register that is consolidated at group level. Monitoring risk management is a continuous process at group and company level. Instead of overarching group KPIs, specific indicators and milestones related to each risk and action plan are adopted, which ensures effective and flexible monitoring.

Risk categories and identified risks

Ependion's main risks are in the following categories, a structure that ensures that all material risk segments are identified, analyzed and managed systematically and transparently:

- **Strategic risks:** risks related to the company's long-term targets and external factors such as geopolitical events and market progress.
- **Operational risks:** risks related to operating activities, such as disruptions in the supply chain or production processes.
- **Compliance risks:** risks related to laws, regulations and other standards such as amendments to accounting or reporting regulations.
- **Financial risks:** risks impacting the company's financial stability, such as liquidity and financing risks.
- **Information security risks:** risks related to vulnerabilities in systems, processes or the organization that may jeopardize the confidentiality, accuracy or availability of information.
- **Sustainability risks**: risks related to environmental and social factors, such as poor compliance with human rights or other sustainability standards.



The risk matrix contains material identified risks in the six risk categories. The internal division between squares is not material.

Strategic risks
1. Geopolitics
2. Changes to customer behavior
3. Changes to market standards

Operational risks
1. Damage to property
2. Supply chain disruptions
3. Organisational model
4. Health & safety

Financial risks
1. Currency risk
2. Credit risk
3. Intangible assets
4. Inventory valuation
5. Loss due to interest rate fluctuations
6. Capital structure incl. liquidity
7. Tax
8. Economic recession

Compliance risks
1. Reporting
2. Producer liability risks
3. Export/import controls
4. National regulations

Information security risks
1. Information disclosure
2. Security consciousness
3. New regulations

Sustainability risks
1. Climate-related transition risks
2. Climate-related physical risks
3. Product use in segments with high climate impact
4. End-customer information

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A clarifying selection of the risks listed in the matrix on the previous page follows.

For financial risks, see Note 25.

Strategic risks

Risk	Risk exposure	Risk management
Geopolitics – may cause supply challenges or make it difficult or morally inappropriate to manage operations in certain countries.	Global operations mean broad exposure.	Diversified global sales, avoiding unstable markets. Redundancy in critical supply chains.
Changes to market standards	Broad focus on segments, well accepted. Two main business entities – diversified operations.	Continuous dialogue and responsiveness to market signals.

Operational risks

Risk	Risk exposure	Risk management
Damage to property	Multiple production units. Exposure concentrated on supply chain.	BCP (business continuity plans) at operational level. Insurance policy including business interruption insurance.
Supply chain disruptions – which may imply delivery problems, higher costs and longer lead-times.	Single-sourcing or disruptions resulting from supplier insolvency, geopolitical tensions, trade barriers, natural disasters or altered tariffs may rapidly impact our ability to deliver products. The ongoing global trade volatility including tariff wars and regulatory reform.	Maintain continuous dialogue with suppliers and conduct quality audits of key suppliers. BCPs at business entity level. Business intelligence on regulatory reform.
Organizational model	Decentralized structure – limited resources at group level.	Regular strategic reviews with the Board. Review of operational model at business entity level.
Health & safety	Few incidents, but data is incomplete. This topic is becoming more important for stakeholders.	TIA is the reporting tool, but ongoing implementation to cover the whole organization. OHS plans in place at business entity level.

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Information security risks

Risk	Risk exposure	Risk management
Information disclosure	The volume of classified data, confidential and highly confidential, is substantial. Poorly trained and used AI models may present a risk of unauthorized disclosure of information.	Training and skills-enhancement activities. Business entities apply AI governance. System owner and information owner roles are implemented and generally defined in business entities.
Security consciousness	Ependion's sector is especially exposed and difficult to protect in technical terms. Email remains the most widely used communication channel externally and internally, presenting exposure to phishing attacks. Key individuals may be exposed to pressures.	Conducted by central IT and business entities including training, skills development activities, as well as policies and procedures for background checks in new hirings.
New regulations – presenting a risk of poor compliance.	GDPR, CRA, NIS2, AI-related regulations. Legal evaluations may require external expertise. Extending activities beyond initial analysis is resource intensive. GDPR knowledge and procedures are in place at overarching level, but system owners and information owners need to monitor these risks continuously.	Assessments conducted internally. Processes are in place for managing regulations.

Sustainability risks

Risk	Risk exposure	Risk management
Climate-related transition risks (e.g. costs related to more stringent climate regulation)	The usage of fossil-free energy sources may cause higher energy costs due to potential supply and demand imbalances. Increased customer demand for low-carbon technologies and high energy efficiency may cause development expenses to increase.	Ecodesign is part of the group's continuous improvement work in R&D and enables Ependion to work proactively on implementing new legislative and stakeholder standards. Established targets and action plans for scope 1-3 are in place.
Climate-related physical risks (damage to property, operational disruption, downtime, workforce disruption etc.)	One of Ependion's main production facilities is in a climate-sensitive zone: Taiwan. Production in Stora Sundby is not fully secure against weather extremes. Some suppliers are located in climate-sensitive zones, mainly Asia.	BCP plans are in place. Malmö production is ready for scaling up. Enhanced preventive measures were implemented at Stora Sundby in August 2025. Processes for onboarding and evaluating suppliers, including from a climate perspective, are in place.
Product use in high climate impact segments	Ependion's products can be used by customers in applications with potentially high environmental impact.	The business strategy excludes fossil fuel-based segments from core business.
End-customer information	Ependion's products may fall into the wrong hands via primary or secondary markets/customers, and be used for activities that are not consistent with the group's values.	Ensure that sales processes also include procedures that regulate product usage. Identifying end-customers (checks at company and country level including DD). Close collaboration with distributors.

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Shares and ownership structure
The parent company's share capital was 10,770,278.74 SEK as of 31 December 2025, divided between 32,152,255 ordinary shares each carrying 1 vote, corresponding to 32,152,255 votes, and 158,581 class C shares, each carrying 1/10 of a vote, or 15,858.1 votes. The minimum share capital is 5,000,000 SEK and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares have equal entitlement to the company's assets and earnings. Ordinary shares carry one vote and class C shares carry one-tenth of a vote.

The largest shareholder of Ependion at year-end 2025 was Stena Adactum AB with 29.5% of the vote. Svolder held 15.2% and Nordea Fonder 14.3% of the vote.

In May 2025, Ependion's Board of Directors decided on a private placement of 2,912,622 ordinary shares at a subscription price of 103.00 SEK per share as authorized by the AGM 2025. This issue raised the company approximately 300 MSEK before transaction expenses, and was for a number of Swedish and International institutional investors, as well as existing shareholders, including Stena Adactum AB, Svolder AB and Nordea Funds AB. The purpose of this new issue was to part-finance the acquisition of Welotec GmbH. The subscription price corresponded to the closing price of the company's share on 15 May 2025 and was set through an accelerated book-building process managed by Danske Bank. The issue meant the number of shares of the company increasing by about 10%.

In accordance with a resolution of the AGM 2024, Ependion implemented a share-based incentive program called LTI 2024/2027. In accordance with the issue authorization, within the auspices of this program, in April 2025, the Board of Directors decided to issue 54,000 class C shares based on the estimated outcome of the program. The issue was to a financial institution and was immediately repurchased by the company. The repurchased class C shares are intended for conversion into ordinary shares on delivery to employees in 2027, pursuant to the terms and conditions of the incentive program.

In April 2025, the Board of Directors decided to convert 189,608 class C treasury shares to the corresponding number of ordinary shares to execute the transfer of ordinary shares to the participants of LTI 2022/2025 and transfer the ordinary shares on Nasdaq Stockholm for a cash flow hedge of social security contributions linked to LTI 2022/2025.

A share-based incentive program has been implemented in accordance with a resolution by the AGM 2025, called LTI 2025/2028. The estimated outcome means that consistent with the adopted program, the parent company intends to issue around 59,000 class C shares in the first half-year 2026.

Guidelines for remuneration of senior executives
The Remuneration Committee is appointed by the Board of Directors each year. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer and decides on the remuneration of the rest of Management. The Remuneration Committee also consults on proposals for incentive programs. The principles governing the work of the Remuneration Committee are reviewed in more detail in the Corporate Governance Report on pages 164.

Basic salary, as well as customary employment benefits, plus pension benefits, are payable to Management. The guidelines for setting remuneration and other employment terms of senior executives for the financial year 2025 were approved by the AGM in May 2024. Remuneration to the Board of Directors and Management in 2025, and a review of incentive programs, is stated in Note 6 on pages 135–137.

Outlook for 2026
Ependion operates on attractive markets with healthy underlying growth and has good potential to achieve its growth and profitability targets in the medium term. Investments in fundamental social infrastructure like railways, shipping and energy are increasing. The group is balancing cost discipline with strategic future-oriented initiatives focused on creating value. In the short perspective, geopolitical and economic uncertainty persist, but the group takes a cautiously positive view of 2026.

Proposed appropriation of profit
The following funds are at the disposal of the Annual General Meeting:

SEK 000	
Share premium reserve	290,440
Retained profit	316,009
Net profit	59,782
Total	**666,231**

The Board of Directors and Chief Executive Officer propose that these funds are appropriated as follows:
Dividends of 1.50 SEK per share to shareholders.

SEK 000	
Total dividend	48,228
Carried forward	618,003
Total	**666,231**

The Income Statement and Balance Sheet will be presented to the AGM on 12 May 2026 for adoption.

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SUSTAINABILITY STATEMENT

ESRS 2 General disclosures

BP-1: General basis for preparation of the Sustainability Statement

The Sustainability Statement generally reflects the same organizational scope as the group's financial reporting. It has been prepared on a consolidated basis. The Sustainability Statement covers all the group's business entities apart from Westermo's smaller offices in Denmark, Finland, and the Netherlands. Ependion's conclusion is that these exceptions are only of marginal significance. Statistics of total employee headcount cover all workers as of 31 December 2025 and also include workers in the aforementioned exceptions. All parts of Beijer Electronics are covered, but for its smallest units, which are sales offices, year-2024 data has been used to estimate metrics for electricity and energy to reduce the reporting burden.

Welotec has been wholly owned by Westermo since 1 June 2025 and is covered by the reporting, with metrics for Welotec being for seven months, June – December 2025. In 2024, Westermo acquired a minority holding in the company Blu Wireless, and in fall 2025, Ependion announced that Westermo had also acquired a minority holding in RazorSecure. These operations are not covered in the Sustainability Statement. The omission of information due to intellectual property, confidentiality and sensitive information was not considered necessary. No topics are under negotiation.

The Sustainability Statement includes upstream and downstream information, as well as Ependion's own operations. When identifying and assessing impacts, risks and opportunities in its value chain, Ependion's focus centered on those parts of the value chain where it considers the impact most likely to occur. Upstream, this includes transportation, purchasing metals and electrical and electronic components. The focus downstream is on product use (Scope 3). For effects relating to workers in the value chain (ESRS S2), the primary focus has been on tier 1 suppliers, where Ependion has the most data from supplier audits conducted. Circular principles such as reuse and recycling are integrated into ongoing processes to map the value chain and its impacts.

Actions and targets specified in the Statement are usually for Ependion's own operations, with indirect impact on other stakeholders in the company's value chain.

BP-2: Disclosures in relation to specific circumstances

Regarding time horizons for reporting, unless otherwise stated, the initial assumption for short-term is 1 year (the same as for the financial statement), medium term is 1-5 years and long-term is 5 years and more. These time horizons have also been used for preparing Ependion's Double Materiality Analysis (DMA).

Disclosures on the value chain, both upstream and downstream, are often based on estimates. Thorough verification and validation processes are necessary to ensure that emission data is reliable and complete, which can be very time and resource intensive. Ependion has reported all information in an external system compatible with European Sustainability Reporting Standards (ESRS) since 2024. Where precise numbers are not available, the emission factors present in the system are primarily used.

Pursuant to ESRS 1, Ependion reports the assumptions, estimates and judgements used for each relevant metric or amount. This includes descriptions of methods, data sources and any adjustments. The group also gives sources so stakeholders can understand uncertainty in information. Information on these assumptions, reporting principles and the KPIs are based on estimates and their basis is reported in each section's reporting principles.

Because 2025 is the first year the group is reporting in accordance with CSRD and ESRS, comparing data with the previous year is not recommended. The basis for computing and presenting sustainability metrics is stated in the notes for each topic. Metric values are collected in Ependion's operational entities, and are based on local management systems and process data systems, measurements, computations and purchasing data. Internally, data is also collected from the IFS and Aaro (financial data) ERP systems. Due to the timing aspects of reporting and to enable consolidation and auditing, some environment-related data was estimated based on the corresponding period of the previous year. Estimates are largely based on a maximum of one quarter's data from the previous year. For quantitative metrics, there is a high degree of uncertainty surrounding environment-related data, because Ependion is dependent on external parties. Data related to monetary values is considered of reliable quality unless otherwise stated. Metrics related to the value chain may incorporate significant uncertainty factors, primarily in reporting GHG emissions. The group is following progress in this segment and the system vendor of its reporting platform is offering support on updating emission factors. Uncertainties in each topic are reported together with the relevant datapoint. No material errors in sustainability data were identified in the previous year's Annual Report.

Prospective information was prepared based on assumptions.

Actual outcomes will probably differ because expected events often do not occur according to the stated assumptions.

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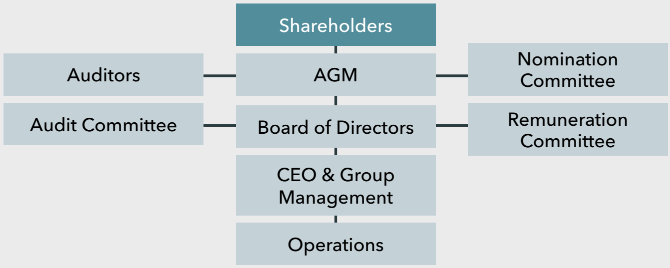
GOV-1: The role of the administrative, management and supervisory bodies

Ependion's administrative, management and supervisory bodies are the company's Management, Board of Directors and Audit Committee. Collectively, these groups bear overarching responsibility for Ependion's sustainability governance, including ensuring compliance with business conduct principles group wide. Pursuant to Ependion's Corporate Governance Policy, the structure and communication pathways of the group's decision-making are stated in the following schematic.



Ependion's Board of Directors has six members. One member (1) is a woman (17%). There are no employee representatives on the Board. All members apart from one (1), i.e. 83%, can be considered independent of the group or its major shareholders. All members of Ependion's Board are non-executive. The executive function rests with the CEO and Management. All members have extensive experience of Swedish and international industry and contribute relevant perspectives and knowledge on sustainability issues and business conduct based on their individual assignments in corporate governance. All Board members have current or previous professional experience of sectors with similar impacts, opportunities and risks as Ependion. Board members also continuously receive information and training on sustainability issues from Ependion. Sustainability aspects are also considered by the Nomination Committee, which proposes suitable members for election to the Board, to ensure Board members have the appropriate skills. However, each Board member is responsible for ensuring that they are informed and possess the right skills.

The Board of Directors is ultimately responsible for the group's organization and administration, and for taking decisions regarding Ependion's overarching goals and strategy. The Board's duties also include identifying how sustainability issues impact the group's risks and business opportunities, as well as Ependion's impacts from a sustainability perspective.

Roles and responsibilities regarding risk management, which also include sustainability risks, are stated in Ependion's risk management framework.

Ependion's Management is composed of four (4) members—the CFO, Group Head of Sustainability, and the two Business Area Managers, one of whom is also CEO. Three (3) of these four individuals are women (75%).

All members of Management have long-term sector experience. Management is the executive body that ensures that Ependion executes and realizes the group's strategy and objectives in the sustainability segment. Management is also responsible for dealing with day-to-day sustainability work, questions from internal and external stakeholders, and keeping the Board informed on the progress of work consistent with the group's strategy and sustainability targets. If a matter requires specialist competence from functions such as HR, Purchasing or similar, key individuals in these functions can be co-opted to deal with the issue.

The Management team's responsibility for impacts, risks and opportunities is integrated into the group's directives and policies. These documents formalize frameworks, roles and responsibilities for how sustainability issues should be dealt with and ensure that Management has the mandate to operate proactively when assessing risks and opportunities, and prioritizing sustainability aspects in strategic decisions.

Ependion's Management has broad experience and skills in business conduct issues, such as sustainability governance, risk management, business development and financial controls. It also has good insight into operational processes and HR-related topics. Skills are based on sources including members' backgrounds in sectors where ethics and integrity are central aspects of business operations. The aggregate experience helps create the potential to prevent and deal with ethical challenges in the company's ongoing work.

Management training is partly through ongoing business intelligence, but primarily through training and skills-enhancing initiatives arranged in the business entities, where most of Management are also employed, and thus continuously participate in relevant programs and activities. Sustainability is also a standing item on Management's agenda, which enables regular deep dives into various sustainability issues depending on needs, issues and challenges.

Ependion's Group Head of Sustainability, who also serves on Group Management, and whose skills are maintained through internal and external training and in potential hiring processes, is ultimately responsible for coordinating the group's sustainability work and sustainability reporting.

The group's Audit Committee is considered a specialist body for relevant operational and reporting issues. The Audit Committee has three Board members, one (1) being a woman (33%). This group also has supervisory responsibility for sustainability issues in the group. The Committee's duty is to serve as a specialist supervisory body supporting the Board and Management. It is responsible for ensuring that work aligns with applicable laws and regulations, and with the group's overall strategy. Because the Committee consists of elected Board members, sustainability skills were a parameter for their election to the Board, these skills transfer to the Audit Committee. All management and supervisory bodies are able to co-opt external expertise and advice when required.

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

Ependion's CEO is ultimately responsible for keeping the Board informed about sustainability work. Ependion's Board, Audit Committee and Management are regularly informed on material impacts, risks and opportunities related to sustainability work. Information to the Board of Directors is provided primarily by the CEO and Group Head of Sustainability, and sustainability is a standing item on the agenda of each scheduled Board meeting, and when necessary, extra meetings. In addition, the Board is informed about key events and strategic decisions that require their views each year at strategy days. Due diligence and following up on policies, actions, KPIs and targets is reported at least yearly, and during major change or events, additional reporting is provided to the Board. Through its involvement in Ependion's materiality analysis process, the group's most material issues also have Board input.

The Board, Audit Committee and Management monitor impacts, risks and opportunities when reviewing the group's strategy, major investments, transactions and acquisitions, and in the ongoing risk management process. Assessment of these issues is integrated into decision-making processes, where potential trade-offs between different risks, opportunities and impacts are analyzed and discussed. This means that sustainability aspects are considered in decisions on strategic orientation, major business events and in the group's risk management work. Any compromises and prioritizations are documented and monitored in accordance with the group's risk management framework, which was updated in 2025. This is done at Board and Management meetings to ensure a holistic assessment of Ependion's long term value creation and risk exposure.

In 2025, Ependion's Board, Management and Audit Committee continuously dealt with the material impacts, risks and opportunities facing the group's sustainability work. The DMA, analyzing risks and impacts related to major investments and acquisitions, climate impact with a special emphasis on Scope 3 emissions and associated target decisions were under special focus. Additionally, a new human rights framework was introduced, as well as an updated risk management structure.

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

Ependion has a long-term incentive program (LTI) for its Management and selected key individuals in the group. This is associated with a holding of shares, where sustainability-related targets are some of the parameters that need to be satisfied to receive benefits from the program. The program is based on 10% variable compensation linked to sustainability. The LTI program's targets and levels for each KPI are approved yearly by the Remuneration Committee, and resolutions on the program are taken at the yearly shareholders' meeting. One qualitative sustainability-related target set in 2025 related to the implementation of a new human rights framework.

In the period, the group did not have any climate-related compensation for members of its administrative, management or supervisory bodies. Climate-related means that compensation would be based on members' contribution to the company's climate targets, such as reducing GHG emissions.

GOV-4: Statement on due diligence

Due diligence is integrated into Ependion's various functions. Processes include assessing business partner and supplier compliance with policies, processes, impacts and engagement in sustainability and business conduct. Ependion acts on any warning signs emerging during these assessments. When risks are identified, they are processed on a case-by-case basis. Each functional manager is responsible for creating and integrating due diligence for sustainability into operational processes. When evaluating new partnership and strategic investment candidates, thorough due diligence is conducted with the help of internal expertise and third-party expertise in law, finance, taxation, insurance and risk management as required.

Central elements of due diligence	Sustainability Statement sections
a) Integration of due diligence [S1.1] in governance, strategy and business model	GOV-2, GOV-3, SBM-3
b) Engagement with affected stakeholders	GOV-2, SBM-2, IRO-1, S1-2, S2-2
c) Identifying and assessing negative impacts for people and the environment	IRO-1, SBM-3
d) Actions to address negative impacts	SBM-3, E1, E2, E3, E5, G1, S1, S2
e) Monitoring the effectiveness of these actions	E1, E2, E3, E5, G1, S1, S2

GOV-5: Risk management and internal controls over sustainability reporting

Ependion's system for risk management and internal control over sustainability reporting is designed to ensure accurate, reliable and transparent reporting of sustainability data, and identifying, evaluating and managing risks that can impact the group's ability to achieve its sustainability targets. This system is an integrated part of Ependion's overarching governance and management structures.

The system covers all business entities of the group and covers the whole sustainability reporting value chain, from data collection to processing to consolidation, reviewing and external reporting. The main elements consist of decentralized management systems, standard procedures for data collection and quality assurance, and central guidelines and checks at group level.

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Risk management and internal controls are a natural part of the group's day-to-day processes in ERP systems, purchasing, as well as environment and quality assurance systems. Procedures are also embedded in the reporting system for sustainability. This means that non-compliance can be discovered and rectified promptly, and also helps processes to improve continuously. Digital tools and process data systems are used to ensure traceability and efficiency across the reporting chain. The group does not conduct a separate, specific risk assessment of sustainability reporting, but reporting is part of overall risk management and the group's risk framework. This means that it is covered by a methodology founded on quantifying likelihood and impacts and that any significant risks are recorded in the group's risk register. There are established processes for internal controls that cover the whole annual reporting process, including sustainability data. After the annual report cycle concludes, Ependion conducts an annual evaluation of lessons learned and areas of improvement to ensure that processes can and be developed and rationalized continuously.

No significant risks were identified for reporting in 2025. Risks like low data quality and shortages of information from suppliers are dealt with by updating processes, exchange of best practice and internal dissemination of tried-and-tested working methods. Reporting guidelines are improved continuously to limit risks and training is conducted internally and by the reporting platform's provider.

Risk assessment and internal controls are reported as necessary to Management, the Board and Audit Committee to provide data for decisions and improvements.

SBM-1: Strategy, business model and value chain

Ependion's group-wide strategy is based on decentralized decision-making and shared synergies. Ependion is the group parent of two business entities, Beijer Electronics and Westermo. Both business entities produce technology components and applications for the power and energy, infrastructure and transportation segments. Ependion operates a decentralized governance model to manage sustainability work, with each business entity preparing its own strategy for achieving its own, and group-wide, sustainability targets. Ependion and its business entities have a global presence through procurement, production and sales. The group's primary geographies for its value chain are Europe, Asia and North America.

Ependion's sustainability strategy is closely intertwined with the group's decentralized governance model. The main challenges going forward include more stringent requirements for circular material choices and resource efficiency across the value chain. Critical solutions include the continued development of energy-efficient and recyclable products, the integration of circularity in product development, plus closer monitoring and engagement with suppliers on environmental issues and working conditions. Special projects such as more widespread use of recycled materials, reduced climate impact in transportation and digital solutions for data collection and quality assurance of sustainability data are central elements to address internal targets and external reporting standards. With these efforts, Ependion is meeting the sustainability challenges of today and tomorrow, and consolidating its positioning in sustainable manufacturing development.

The group's value chain

Ependion has a global supplier network. It is crucial that suppliers satisfy the standards of environmental responsibility and ethical working methods defined in the group's CoCs and policies. The business entities bear autonomous responsibility for their supplier relationships. The central input goods for the group's production are metals, electrical and electronic components, transportation, energy, packaging and chemicals. Work with suppliers is through close dialogue, and sustainability criteria are well integrated into processes for onboarding new suppliers and ongoing relationships. Most of the group's suppliers are located in Asia and Europe. Section E5 Circular economy offers information on the group's work towards transitioning to low carbon and recycled metals, for example.

In the latter parts of the value chain, the emphasis is on distribution channels and end-users in the train and rail sector, marine industry, energy segment and manufacturing. Ependion's downstream value chain is based on a global presence with proprietary sales resources and customer support in over 20 countries, backed by a network of distributors dealing with local sales, servicing and supporting over 60 countries. This combination of direct market presence and established partnerships enable Ependion to address customers' specific needs in industrial data communication, visualization and control in harsh environments. Ependion's most significant markets are Europe, Asia and North America.

The group's employees are in many different locations worldwide. The allocation by region is as follows; data is for permanent employees at year-end 2025:

Geography	No.	Percentage
Asia	181	20.4%
Europe	659	74.4%
North America	36	4.1%
Oceania	10	1.1%

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Value creation in Ependion's operations

Ependion and its business entities create value by developing, manufacturing and selling products and services with high technology content in segments where hard and software for harsh environments are the common denominator. The business entities primarily target four main segments: train and rail, marine, energy & electrification, and manufacturing.

Beijer Electronics' main product segment is HMIs that integrate high performance and robustness with intelligent and user-friendly design. In digitalization, Beijer Electronics delivers solutions for industrial data communication, remote access and edge, enabling faster access to data with superior security. Edge technology and secure connections enable customers to manage process data from multiple devices in the field and make it available where needed in operations.

Westermo's offering primarily encompasses ethernet switches and routers, cellular routers and WLAN devices. The group's products integrate hardware and software, with software playing an increasingly central role to enable competitiveness and offer cybersecurity functionality, for example. The acquisition of Welotec in 2025 enhanced Westermo's offerings in industrial data communication and edge computing, especially for the energy sector and manufacturing. Welotec's expertise complements Westermo's portfolio and enables the development of more energy efficient and secure solutions for critical infrastructure. This helps reduce environmental impact and aids the group's work towards sustainable manufacturing development, consistent with Ependion's sustainability strategy. The business entities also provide training, servicing and tech support.

Apart from the Welotec acquisition, there were no major changes to Westermo's customer offering, markets or customer segments in the reporting period. Rather, development of the business entity's products—hardware and software and its servicing portfolio—continued. The same applies to Beijer Electronics, apart from the company completing the sale of Display Solutions in the year, a basic display with low software content. Geographically, Westermo's new start-up in India commenced limited production in late-2025, which will be scaled up through 2026. In early-2026, Westermo is also opening a new sales office in the Netherlands.

The group's overarching sustainability targets

Ependion's long-term ambition is to deliver solutions and products that contribute actively to a more sustainable and circular economy across all markets, products and customer categories. This involves developing and delivering technology solutions that enable electrification, energy efficiency and digitalization, while reducing climate footprint and supporting the transition to fossil-free and resource-efficient societies. Circularity is embedded in the product development model and Ependion's products are largely built for recycling and reuse at the end of their lifecycles.

Primary customer groups are actors in the train and rail sector, marine industry, energy segment and manufacturing, all with high ambitions to reduce climate impact and resource efficiency. The main markets—Europe, Asia and North America—feature a growing need for climate adaptation and sustainable solutions. By delivering products and services that address these needs, Ependion is consolidating its status as a partner for sustainable development, while simultaneously helping achieve the group's own sustainability targets.

More information on the group's sustainability targets is in each section for the thematic standards.

Ependion and its business entities collect data on sustainability aspects through local management systems, audits, process data systems, metrics, computations and purchasing data. Data is also collected from the IFS and Aaro ERP systems. To assure data quality, Ependion applies internal procedures and checks, as well as external systems. When precise data is unavailable, Ependion makes estimates. Quality assurance is through consolidation, audit and verification of data prior to reporting.

SBM-2: Interests and views of stakeholders

Ependion and its Westermo and Beijer Electronics business entities maintain continuous dialogue with relevant stakeholders to continuously develop and improve their efforts in several aspects including sustainability. Stakeholder opinions play a role in how Ependion formulates strategy, policies and frameworks, the evolution of the business entities' product offerings, and how the group deals with its workers, customers and suppliers. Stakeholder opinions are also factored in when formulating the group's DMA, which directs the sustainability issues the group focuses on. When necessary, Ependion brings especially important or new understandings from stakeholder dialogues to the attention of Group Management or the Board for further discussion and decision, which ensures that sustainability-related impacts are considered in strategic decision-making and governance. This enables the stakeholders' perspectives to be integrated into operating activities and Ependion's overarching sustainability work.

The group did not make any significant alterations to its sustainability strategy in 2025. It is maintaining an unchanged focus in its business model on climate targets, product-related environmental issues and the integration of human rights and sustainability in its supply chain. This means the group is continuing to work on existing procedures and strategies, and retaining stable relationships with stakeholders with the current approaches to collaboration and transparency.

Important topics highlighted in stakeholder engagement in 2025 included climate impact and targets, product-related environmental issues, human rights and issues related to sustainability in the supply chain.

A summary of Ependion's main stakeholders, how engagement is conducted and the outcome their opinions had on different projects and initiatives follow:

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Stakeholder	How engagement is organized	Purpose of engagement	Example outcomes of engagement
Employees	Health & safety committees, staff meetings, employee satisfaction surveys, personal development dialogues.	Incorporating employee opinions and expectations. Building a sustainable and healthy corporate culture, workplace and working life.	Improvement and action plans for sustainability, OHS, corporate communication initiatives, internal policy updates, personal development plans.
Customers	Continuous dialogues and periodic reviews, surveys/requests for information, due diligence for business partners.	Support customers in achieving their sustainability ambitions. Deliver sustainable solutions, build relationships and share know-how and experiences.	Product and service improvements, policy and guideline reviews, improvement and action plans for sustainability, market strategy adjustments.
Suppliers	Continuous dialogues and regular audits, due diligence for suppliers, introductions and location-based assessments.	Collecting product/component information and data. Identify sustainable purchasing alternatives. Ensure the protection of human rights and labor law. Declare the supply chain and comply with Ependion's Code of Conduct.	Selection of suppliers with due diligence. Developing improvement plans. Decision-support data for the group's internal procurement and pricing mechanisms. Product carbon footprint at component level.
Investors and financial actors	ESG ratings and surveys, investor dialogues, regular investor reports, capital markets days.	Understanding expectations in sustainability. Attracting responsible investors. Enhancing transparency.	Improvement and action plans for sustainability, policy updates, ESG rating improvements.
Local communities, civil society and non-government organizations (NGOs)	Collaboration on social projects, partnership/sponsorship.	Being a responsible and attractive employer. Building trust and community support.	Supporting social projects, stronger branding.
Public authorities and academia	Participating in public consultations, university collaborations, research projects.	Offering an industrial perspective on regulations and social development, for example. Strengthening relationships with academia.	Closer dialogues with local regulators on environmental issues. Research projects, various initiatives with students.
Trade and sector organizations	Workshops and skills sharing, input in strategic directions.	Lessons from sector peers. Ensuring compliance with regulations helping formulate upcoming regulations that impact the company's operations.	Convergence in sustainability practice. Comparable methodologies for measurement and updates.

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

Ependion's material impacts, risks and opportunities, identified in its DMA, are mainly in its own operations and upstream in the value chain. An overview of each material topic is presented below. When an impact has already occurred, it is designated as "actual impact" in the column of time horizons. All impacts, risks and opportunities are stated according to the time horizon they relate to. More depth on the topic-specific requirements for SBM-3 is offered under each topic standard. The Direct or indirect impact column indicates whether impacts are sourced from (Direct) or relate to (Indirect) the group's strategy and business model. When Direct is stated, the impact relates only to the group's own operations.

					Position in value chain			Time horizon			
Sub-topic	**Material impact, risk or opportunity**	**Impact on**	**Description**	**Mitigation/action**	**Up-stream**	**Own operations**	**Down-stream**	**Short term**	**Medium term**	**Long term**	**Direct or indirect impact**
E1 Climate change											
Climate change adaptation	Negative impact: operational disruptions resulting from climate change and weather extremes.	People, Environment	Weather extremes may disrupt plants, production and infrastructure. This has an impact on workers and can cause production delays and economic losses.	Continuous risk management, BCPs.	x	x			x	x	Direct
Climate change adaptation	Risk: production relocation due to weather extremes.		Mainly related to suppliers located in zones with weather extremes, which may mean that alternative suppliers are necessary, which can increase costs. Own operations manage with BCPs and production planning, which also include geographical planning.	Ependion is developing contingency plans and backup solutions for its production covering its own operations and the supply chain. Process for skills transfer and upscaling in place.	x	x			x	x	Direct and indirect
Climate change mitigation	Negative impact: GHG emissions from own operations and value chain.	Environment	Ependion's operations and production processes including transportation, are dependent on energy and material inputs linked to GHG emissions that contribute to climate change.	Risk management processes and continuity planning. Climate transition plan. Processes for onboarding new suppliers incorporating sustainability and climate aspects.	x	x	x		Actual impact		Direct and indirect
Climate change mitigation	Opportunity: continued improvement of current business relationships and delivering to market segments important from a climate perspective.		Increased demand for products and services with high energy efficiency and low climate impact.	Ependion's business strategy largely focuses on segments that are critical for the transition to a more sustainable society; train, energy, the marine segment and manufacturing.		x			x	x	Direct
Energy	Negative impact: fossil fuels in the energy mix.	Environment	The usage of fossil energy sources for own operations is limited but remains in certain units.	Climate transition plan with targets and action plans. Energy mapping.		x		x	x		Direct

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					Position in value chain			Time horizon			
Sub-topic	Material impact, risk or opportunity	Impact on	Description	Mitigation/action	Up-stream	Own operations	Down-stream	Short term	Medium term	Long term	Direct or indi-rect impact
E2 POLLUTION											
Pollution of air	Negative impact: pollution of air in value chain.	Environment	Considered material only related to value chain.	Monitoring and control of sup-plier compliance with environ-mental and chemicals legislation are integrated into subsidiaries' purchasing processes.	x			x	x		Indirect
Pollution av water	Negative impact: pollution of water in value chain.	Environment	Considered material only related to value chain.	Monitoring and control of sup-plier compliance with environ-mental and chemicals legislation are integrated into subsidiaries' purchasing processes.	x			x	x	x	Indirect
Substances of very high con-cern (SVHC)	Negative impact: inadequate chemical processing and incidents resulting in spillages and leaks.	Environment, People	Ependion's products contain a number of SVHCs and processing is largely in the supply chain.	Monitoring and control of sup-plier compliance with environ-mental and chemicals legislation are integrated into subsidiaries' purchasing processes.	x			x	x		Indirect
E3 WATER AND MARINE RESOURCES											
Water	Negative impact: wa-ter use in the value chain.	Environment	Water consumption by suppliers considered material against the background of the electronic sector generally including high water inten-sity processes.	The group requires suppliers to work on reducing their envi-ronmental impact, which also includes water-related issues. Monitoring is continuous.	x			x	x	x	Indirect

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Sub-topic	Material impact, risk or opportunity	Impact on	Description	Mitigation/action	Position in value chain			Time horizon			Direct or indirect impact
					Up-stream	Own operations	Down-stream	Short term	Medium term	Long term	
E5 RESOURCE USE AND CIRCULAR ECONOMY											
Resource inflows	Negative impact: usage of virgin metals and plastic.	Environment	Non-renewable resources are part of Ependion's value chain, metals like zinc and aluminum are important parts of the group's products and resource inflows. The usage of metals can result in significant environmental impact in extraction and processing phases, in forms including GHG emissions.	Targets and plans for increased use of secondary and renewable resources, focusing on metals and plastics.	x	x			Actual impact		Direct and indirect
Resource outflows	Negative impact: products put on the market that cannot be reused or recycled contribute to waste.	Environment	Products that Ependion puts on the market can contain components that cannot be recycled or reused fully at present. The potential for recycling and reuse also differs on Ependion's various markets.	Ependion's product portfolio consists of robust products designed for long useful lives, backed by an extensive services portfolio to further improve resource efficiency and extend product useful lives.		x	x		Actual impact		Direct and indirect
Waste	Negative impact: waste from production.	Environment	Ependion generates waste in the group's various production processes, in the form of metals, plastics and packaging, for example.	Strategy to focus on the upper parts of the Waste Hierarchy, partnering with suppliers of waste management systems.		x			Actual impact		Direct

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Sub-topic	Material impact, risk or opportunity	Impact on	Description	Mitigation/action	Position in value chain			Time horizon			Direct or indirect impact
					Up-stream	Own operations	Down-stream	Short term	Medium term	Long term	
S1 OWN WORKFORCE											
Working conditions	Negative impact: accidents and ill health in the workplace.	People	Working in Ependion's production involves specific risks, especially during change and conversions where several participants may be engaged and where more risky duties related to e.g. electrical work are conducted. Workers engaged in repair, servicing and fault-finding on site with customers are considered to be at greater risk, because several different parties are often involved, with duties performed in unfamiliar environments. High workload can cause stress-related ill health.	OHS training, risk assessments, audits, safety patrols, incident reporting and analysis, and monitoring LTI. Systematic OHS work, employee satisfaction surveys, review interviews and leadership training packages.		x		Actual impact			Direct
Equal treatment and equal rights	Negative impact: uneven gender division.	People	The current gender imbalance may have negative diversity impacts, higher staff turnover and more discrimination and harassment cases.	Training initiatives, systematic OHS work including recruitment processes, salary mapping, employee satisfaction surveys, review interviews.		x		x	x		Direct
Equal treatment and equal rights	Positive impact: diversity and inclusion.	People	Ependion is a global company with workers of different nationalities, backgrounds and ages. Employee satisfaction surveys that measure engagement and the experience of being yourself in the workplace consistently indicate positive results.	Ependion works actively on developing its corporate culture, inclusion, diversity and good working conditions through a range of training initiatives and systematic OHS work.		x		Actual impact			Direct

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					Position in value chain			Time horizon			
Sub-topic	**Material impact, risk or opportunity**	**Impact on**	**Description**	**Mitigation/action**	**Up-stream**	**Own operations**	**Down-stream**	**Short term**	**Medium term**	**Long term**	**Direct or indirect impact**
S2 WORKERS IN THE VALUE CHAIN											
Working conditions	Negative impact: poor working conditions.	People	Ependion is part of a global value chain and there is a risk that critical raw materials and components may relate to poor working conditions in preparation and production. Inadequate management of these matters may trigger human rights violations and unsafe, high-accident workplaces in the supplier base.	CoCs for Suppliers in each subsidiary are monitored through regular supplier audits. Due diligence framework linked to human rights. Whistleblower system in place to anonymously report suspicions of impropriety or shortcomings in Ependion’s or subcontractors’ efforts in working conditions.	x			X	X	X	Indirect
Equal treatment and equal rights	Impact: shortcomings related to equal treatment and equal opportunities.	People	Ependion is part of a global value chain and poor management of these issues may imply risks such as people being exposed to discrimination, offensive behavior or unfair pay.	CoCs for Suppliers in each subsidiary are monitored through regular supplier audits. Due diligence framework linked to human rights. Whistleblower system in place to anonymously report suspicions of impropriety or shortcomings in Ependion’s or subcontractors’ efforts in working conditions.	x			X	X	X	Indirect
Other work-related rights	Impact: risk of the incidence of child and forced labor in the value chain.	People	Ependion is part of a global value chain where critical raw materials may relate to poor conditions in preparation and production, even if to date, Ependion has not experienced any confirmed cases in its value chain. Poor management of these issues may present risks such as human rights violations in the form of forced or child labor.	CoCs for Suppliers in each subsidiary are monitored through regular supplier audits. Due diligence framework linked to human rights. Whistleblower system in place to anonymously report suspicions of impropriety or shortcomings.	x			x	x	x	Indirect

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Sub-topic	Material impact, risk or opportunity	Impact on	Description	Mitigation/action	Position in value chain			Time horizon			Direct or indirect impact
					Up-stream	Own operations	Down-stream	Short term	Medium term	Long term	
G1 BUSINESS CONDUCT											
Corporate culture	Positive impact: a strong positive and inclusive corporate culture contributes to worker health, wellness and the company's competitiveness.	People	Employee satisfaction surveys have strongly positive results, and Ependion's working culture promotes employee health and wellness.	A range of activities conducted continuously to improve corporate culture, including various health, OHS and inclusion initiatives.		x			Actual impact		Direct
Corporate culture	Negative impact: risks contributing to poor protection of whistleblowers.	People	Protecting whistleblowers should prevent negative consequences for reporting parties and ensure that important problems and impropriety are actually reported and can be actioned. Very low probability with current risk.	The group has established reporting channels and procedures to ensure that employees and other stakeholders can safely report suspicions of serious impropriety in accordance with applicable regulations. Ependion's whistleblower system is managed by a third party where reporter anonymity is guaranteed.	x	x	x	x	x	x	Direct and indirect
Corruption and bribery	Negative impact: risks contributing to business logic where corruption and bribery can exist.	People	Ependion is part of a global value chain. It is likely that people will be harmed by bribery and corruption incidents because such impropriety can result in unfair decisions, discrimination and poor working conditions.	Training initiatives, internal checks, systematic risk management work and whistleblower processes.	x	x	x		x	x	Direct and indirect
Corruption and bribery	Risk: legal, financial and branding costs in poor management of business conduct issues.		Poor management related to corruption and bribery may have legal and financial consequences for Ependion, damage trust among the group's investors and customers, and impact business continuity.	Training initiatives, internal checks, systematic risk management work and whistleblower processes.		x			x	x	Direct

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

In 2025, Ependion updated the group's first DMA, which was conducted in 2024, consistent with the standards of CSRD and inspired by EFRAG's recommended methodology (ESRS Drafts: Double Materiality Assessment Guidance). The analysis had several phases, reviewed in more detail below.

The first DMA, conducted in 2024, enabled a sharper focus on human rights in Ependion. Even if as yet, the analysis has not resulted in any formal changes to working methods, this is expected to enhance the group's strategy and integration of human rights during upcoming reporting periods. The DMA is updated yearly and the group's Board is kept continuously informed of this process. No major amendments to the process for work on the DMA occurred between 2024 and 2025.

Methodology for conducting the double materiality analysis

Identifying relevant topics

In the start-up phase of preparing the DMA, Ependion's implementation team took a decision to conduct the materiality assessment on sub-topic level in its financial and sustainability reporting. Identifying relevant topics covered both actual and potential impact, and was based on a situation without any remedial actions being taken.

After a review of the proposed sector-specific standards, none were considered relevant to the group. Ependion judged that the constituent topics were consistent with those considered in its ERM processes, and there was no gap evident with the issues in surveys from investors and customers, for example, and nor compared to the group's previous stakeholder analysis. On supply chain, a collective assessment of business entity purchasing organizations concluded that there were no significant differences, and that these are managed by representatives from both business entities participating in the analysis process. When identifying and assessing impacts in tandem with being an employer in the supply chain (ESRS S2) the primary focus was on tier 1 suppliers, where Ependion has the most supporting data from the supplier audits it has conducted.

Analysis, assessment and priorities

The Group Head of Sustainability was convener of the assessment process, and each meeting had participants from Beijer Electronics, Westermo and Ependion. Several functions were involved depending on the topic to be analyzed, such as HR, Procurement and Information Security, with hirings by both the group's business entities. Representatives of Finance and Sustainability participated in all reviews. Supporting documentation for assessments:

- Previous materiality analysis
- Internal statistics
- Dialogue and questions from customers, investors and other stakeholders
- Outcomes of employee satisfaction surveys
- Risk assessments including ERM
- Ongoing business intelligence
- Questions and supporting data from trade organizations
- Business entity strategies
- Outcomes of supplier assessments
- The group's in-depth work on human rights
- Data and information from external bodies such as the IEA and IPCC

Due diligence is part of business governance as reflected in processes including those for supplier assessment, M&As and assessing risks linked to markets and customer segments. The group's supply chain and geographical diversity are example factors that influence assessment of Ependion's impacts, risks and opportunities. Evaluations of the supply chain are largely based on internal know-how. In addition to Ependion's operations, assessments of impact are mainly on those parts of the supply chain where impacts are judged as most likely. Upstream, this includes transportation, procurement of metals, plus electrical and electronic components. Downstream, the focus was on product use. Knowledge of customers' direct impact from their operations through emissions to air and water, for example, was concluded as limited. This has been included, and regarding future plans and potential impacts, in actual terms, this involves a production start-up in India for Westermo, whose main impact is judged to correspond to the present: i.e. in terms of environmental impact, the emphasis is in the supply chain. The group's acquisition of Welotec and strong partnerships with the companies Blu and RazorSecure were not judged to constitute any change in impact of significance. Future plans are also considered from perspectives including the group's strategies linked to market segments, as reflected in the assessment of how growth is impacted by the transition to a more fossil-free and circular society.

Ependion judges how impacts and dependencies interrelate with risks and opportunities, which are factored into its materiality analysis and risk management work. Risks related to sustainability are evaluated and prioritized jointly with other risks in the group's risk management framework. This framework also includes roles and responsibilities relating to risk management.

Consequential materiality analysis

To assess the materiality of topics, the following threshold values were applied. Each topic states if this has a positive or negative impact. If a topic is not considered relevant to evaluate, this is justified to enable reasoning and traceability. Unless otherwise stated, an overall assessment is conducted covering all time aspects if an impact is considered to exist in the short medium and long term. In cases where an impact is only judged to exist or has been analyzed over a limited time span, it is stated separately in the analysis.

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Consequential materiality analysis			
Level of seriousness			**Likelihood**
Scale–how serious (negative) or how beneficial (positive) is the impact? 1. Very low 2. Low 3. Medium 4. High 5. Very high	Scope–how extensive is the impact? Ependion's own workforce: from a few individuals to global workforce Supply chain/customers: from specific suppliers to global scale Nature & environment: from an isolated location to global environmental impact	Reversibility–how challenging is it to reverse the effects of the impact? 1. Easily reversible 2. Reversible with material input/cost 3. High 4. Permanent	Likelihood–what is the likelihood that the impact will occur? Actual: 100% Potential: 1–99%

Financial materiality analysis		
Identification (risk/opportunity)	**Assessment**	
Sustainability topics that generate risks or opportunities that can be considered to have, or could have, material impact on the company's progress, financial position, results of operations, cash flow, supply or cost of capital and financing in the short, medium and long term.	Seriousness–what is the expected degree of financial impact (monetary terms) Reference value: percentage of EBIT* 5. Extensive 50–100% 4. Very high: 20–50% 3. High: 10–20% 2. Medium: 3–10% 1. Low: 1–3%	Likelihood–how likely financial impact is to occur 1. Unlikely (<10%) 2. Low (10–25%) 3. Possible (25–50%) 4. Likely (50–75%) 5. Almost certain (>75%)

*Reasoning: EBIT is the main parameter Ependion's Management use to monitor the group and business entities.

The assessment of the level of seriousness of each impact topic was largely based on research into planetary boundaries in terms of environmentally related impacts. The assessment of Ependion's impacts utilized a range of internal supporting data from sources including the business entities' management systems including earnings reports, audit outcomes, supplier assessments, risk assessments and safety data sheets. It was possible to draw a conclusion on the materiality of topics where there is scientific consensus on the seriousness of a specific type of environmental impact without in-depth analysis of the extent and level of seriousness. When the assessment was completed, a quantitative value of a sustainability topic was computed. Ependion has decided to take a view on the threshold values embedded in the system that was used for the materiality analysis, which is designed for ESRS.

Financial materiality analysis

The analysis was conducted correspondingly to the consequential materiality analysis for each topic considered relevant and with the same time spans for short, medium and long term. Financial assessments were also conducted for most of the impact topics identified. Each topic is designated as a risk or opportunity. The scales of level of seriousness and likelihood are in the table below. Reference values of seriousness assessment are based on the group's EBIT in 2024. However, each risk or opportunity also states the primary financial impacts (such as increased revenue, increased expenses, new or lost business opportunities). Regarding scenarios use for assessing financial impact, the group has primarily proceeded from current business strategies. Ependion has reflected on market changes, climate-related risks, regulatory changes (including the EU Green Deal and Clean Industrial Deal, which covers a variety of regulations), supply chain risks and branding risks. For climate scenarios, the IEA's World Energy Outlook and the IPCC Sixth Assessment Report (AR6) are the fundamental starting-points for assessments linked to financial risks and opportunities.

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Validation and securing outcomes

The outcome of the DMA has been approved by the Board of Directors, first, the preliminary outcome and later, the definitive. The outcome was also validated by the Ependion group's, Beijer Electronics' and Westermo's managements, and by a number of employee representatives. These presentations also clarified that new knowledge and opinions presented may result in outcomes being adjusted. To ensure quality and traceability of the process, this work is continuously documented, partly in the system used for the materiality assessment, and in internal documentation as part of Ependion's internal controls.

Identifying ESRS-compliant reporting points

Reporting standards were compiled based on the outcome of the DMA. Representatives of Ependion, Beijer Electronics and Westermo collectively allocated the reporting standards, which reporting standard should be used by who, to which function and at what level reporting should be executed within the group. Reporters have been trained. The initial assumption is that only mandatory reporting sections will be included initially, and in cases where phase-in disclosure impacts the group, this schedule will be complied with.

IRO-2: Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement

The following table offers a list of the information standards compiled in the Sustainability Statement. This information has been determined based on material impacts, risks and opportunities resulting from the group's materiality assessment. Impacts, risks and opportunities not considered material have not been integrated into this Statement. The materiality assessment process and usage of threshold values is reviewed in IRO-1.

		Reference to other EU legislation			
Disclosure requirement and related datapoint	**Page in Sustainability Statement**	**SFDR**	**Third Pillar**	**Benchmark Regulation**	**EU Climate Law**
ESRS 2 - General disclosures					
ESRS 2 BP-1	56				
ESRS 2 BP-2	56				
ESRS 2 GOV-1	57				
ESRS 2 GOV-1: More even gender division on the Board of Directors (21d)	57	x		x	
ESRS 2 GOV-1: Percentage of independent Directors (21e)	57			x	
ESRS 2 GOV-2	58				
ESRS 2 GOV-3	58				
ESRS 2 GOV-4	58				
ESRS 2 GOV-4: Statement on due diligence (30)	58	x			
ESRS 2 GOV-5	58				
ESRS 2 SBM-1	59				
ESRS 2 SBM 1: Involvement in activities related to fossil fuels (40d i)	Non-material	x	x	x	
ESRS 2 SBM 1: Involvement in activities related to chemical production (40d ii)	Non-material	x		x	
ESRS 2 SBM 1: Involvement in activities related to controversial weapons (40d iii)	Non-material	x		x	
ESRS 2 SBM 1: Involvement in activities related to the cultivation and production of tobacco (40d vi)	Non-material			x	
ESRS 2 SBM-2	60				
ESRS 2 SBM-3	61-67				
ESRS 2 IRO-1	68-70				
ESRS 2 IRO-2	70-74				

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Disclosure requirement and related datapoint	Page in Sustainability Statement	Reference to other EU legislation			
		SFDR	Third Pillar	Benchmark Regulation	EU Climate Law
ESRS E1 - Climate change					
ESRS E1 IRO-1	75				
ESRS E1 SBM-3	75-77				
ESRS E1-1	77-78				
ESRS E1-1: Transition plan to achieve climate neutrality by 2050 (14)	77-78				x
ESRS E1-1: Companies excluded from the EU Paris-aligned Benchmarks (16g)	78		x	x	
ESRS E1-2	78-79				
ESRS E1-3	79-80				
ESRS E1-4	80-81				
ESRS E1-4: GHG emission reduction targets (34)	80	x	x	x	
ESRS E1-5	81-82				
ESRS E1-5: Energy consumption from fossil sources, disaggregated by source and only for high climate impact sectors (38)	81	x			
ESRS E1-5: Energy consumption and energy mix (37)	81	x			
ESRS E1-5: Energy intensity associated with activities in high climate impact sectors (40–43)	81-82	x			
ESRS E1-6	82-84				
ESRS E1-6: Gross and total GHG emissions, scope 1, 2, 3 (44)	82	x	x	x	
ESRS E1-6: Gross emission intensity of GHG emissions (53–55)	82-83	x	x	x	
ESRS E1-7: GHG removal and carbon credits (56)	84				x
ESRS E1-8	84				
ESRS E1-9: Reference portfolio exposure to climate-related physical risks (66)	Transitional provisions			x	
ESRS E1-9: Disaggregation of monetary amounts by acute and chronic physical risk (66a)	Transitional provisions		x		
ESRS E1-9: Site of significant assets assets exposed to material physical risk (66c)	Transitional provisions	x			
ESRS E1-9: Breakdown of the carrying value of real estate assets by energy efficiency classes (67c)	Transitional provisions	x			
ESRS E1-9: The portfolio's level of exposure to climate-related opportunity (69)	Transitional provisions			x	
Taxonomy disclosures	111-117				
ESRS E2 - Pollution					
ESRS E2 IRO-1	85				
ESRS E2 SBM-3	63				

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		SFDR	Third Pillar	Benchmark Regulation	EU Climate Law
ESRS E2-1	85				
ESRS E2-2	85-86				
ESRS E2-3	86				
ESRS E2-4	86				
ESRS E2-4: Amount of each pollutant listed in Annex II to the Regulation on a European Pollutant Release and Transfer Register released into air, water and country (28)	Non-material	x			
ESRS E2-5	87-88				
ESRS E3 - Water and marine resources					
ESRS E3 IRO-1	89				
ESRS E3 SBM-3	63				
ESRS E3-1	89	x			
ESRS E3-1 Water resources and marine resources (9)	89	x			
ESRS E3-1 Specific strategy (13)	Non-material	x			
ESRS E3-1 Sustainable oceans and seas (14)	Non-material	x			
ESRS E3-2	89				
ESRS E3-3	89				
ESRS E3-4	Non-material				
ESRS E3-4 Total recycled and reused water (28 c)	Non-material	x			
ESRS E3-4 Total water consumption in m^3 per net revenue of own operations (29)	Non-material	x			
ESRS E4 - Biodiversity and ecosystems					
ESRS 2 – IRO 1 (16 a i)	Non-material	x			
ESRS 2 – IRO 1 (16b)	Non-material	x			

Disclosure requirement and related datapoint	Page in Sustainability Statement	Reference to other EU legislation			
		SFDR	Third Pillar	Benchmark Regulation	EU Climate Law
ESRS 2 – IRO 1 (16c)	Non-material	x			
ESRS E4-2 Sustainable land/agricultural practices or policies (24 b)	Non-material	x			
ESRS E4-2 Sustainable oceans or seas practices or policies (24 c)	Non-material	x			
ESRS E4-2 Policies to address deforestation (24 d)	Non-material	x			
ESRS E5					
ESRS E5 IRO-1	90				
ESRS E5 SBM-3	64				
ESRS E5-1	90				
ESRS E5-2	91				
ESRS E5-3	91-92				
ESRS E5-4	92				
ESRS E5-5	93				
ESRS E5-5: Non-recycled waste (37d)	93	x			
ESRS E5-5: Hazardous waste and radioactive waste (39)	93	x			
ESRS S1 - Own workforce					
ESRS S1 SBM-2	60-61				
ESRS S1 SBM-3	65, 94				

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Disclosure requirement and related datapoint	Page in Sustainability Statement	Reference to other EU legislation			
		SFDR	Third Pillar	Benchmark Regulation	EU Climate Law
ESRS 2, SBM-3 S1: Risk of exposure to forced labor (14f)	94	x			
ESRS 2, SBM-3 S1: Risk of exposure to child labor (14g)	94	x			
ESRS S1-1	94-95				
ESRS S1-1: Human rights policy commitments (20)	95	x			
ESRS S1-1: Due diligence strategies on issues addressed by the ILO fundamental conventions 1 to 8 (21)	95			x	
ESRS S1-1: Processes and measures for preventing trafficking in human beings (22)	95	x			
ESRS S1-1: Strategy for preventing workplace accidents or a system to manage them (23)	95	x			
ESRS S1-2	95-96				
ESRS S1-3	96				
ESRS S1-3: Grievance/complaints handling mechanisms related to employee matters (32c)	96	x			
ESRS S1-4	96-97				
ESRS S1-5	97-98				
ESRS S1-6	98-99				
ESRS S1-7	Transitional provisions				
ESRS S1-8	99				
ESRS S1-9	99-100				
ESRS S1-10	100				
ESRS S1-11	Transitional provisions				
ESRS S1-12	Transitional provisions				
ESRS S1-13	100				
ESRS S1-14	101				
ESRS S1-14: Number of fatalities and number and rate of work-related accidents (88b, c)	101	x		x	
ESRS S1-14: Number of days lost to injuries, accidents, fatalities or illness (88e)	101	x			
ESRS S1-15	101-102				
ESRS S1-16	102				
ESRS S1-16: Unadjusted gender pay gap (97a)	102	x		x	
ESRS S1-16: Excessive CEO pay ratio (97b)	102	x			
ESRS S1-17	102				
ESRS S1-17: Cases of discrimination (103a)	102	x			
ESRS S1-17: Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines (104a)	102	x		x	
ESRS S2 - Workers in the value chain					
ESRS 2, SBM-2	60-61				
ESRS 2, SBM-3	66, 103				

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Disclosure requirement and related datapoint	Page in Sustainability Statement	Reference to other EU legislation			
		SFDR	Third Pillar	Benchmark Regulation	EU Climate Law
ESRS 2, SBM-3 S2: Significant risk of child labour or forced labour in the value chain (11b)	103	x			
ESRS S2-1	103-104				
ESRS S2-1: Human rights policy commitments (17)	103-104	x			
ESRS S2-1: Policies related to workers in the value chain (18)	103-104	x			
ESRS S2-1: Alignment of policies with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises (19)	103-104	x		x	
ESRS S2-1: Due diligence policies on issues addressed by the fundamental International Labour Organisation (ILO) Conventions 1 to 8 (19)	103-104			x	
ESRS S2-2	104				
ESRS S2-3	104				
ESRS S2-4	105				
ESRS S2-4: Severe human rights issues and incidents connected to the undertaking's upstream and downstream value chain (36)	105	x			
ESRS S2-5	106				
ESRS S3 - Affected communities					
ESRS S3-1 Human rights policy commitments (16)	Non-material	x			
ESRS S3-1 Cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises (17)	Non-material	x		x	
ESRS S3-4 Severe human rights issues and incidents connected to affected communities (36)	Non-material	x			
ESRS S4 - Consumers and end-users					
ESRS S4-1 Policies related to consumers and end-users (16)	Non-material	x			
ESRS S4-1 Non-respect of the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises (17)	Non-material	x		x	
ESRS S4-4 Severe human rights issues and incidents connected to consumers and end-users (35)	Non-material	x			
ESRS G1 - Governance					
ESRS G1, IRO-1	107				
ESRS G1, GOV-1	57				
ESRS G1, SBM-3	67				
ESRS G1-1	107-108				
ESRS G1-1: United Nations Convention against Corruption (10b)	107-108	x			
ESRS G1-1: Protection of whistleblowers (10d)	110	x			
ESRS G1-3	110				
ESRS G1-4	110				
ESRS G1-4: Fines for violation of anti-corruption and anti-bribery laws (24a)	110	x		x	
ESRS G1-4: Standards to combat corruption and bribery (24b)	110	x			

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ESRS E1 Climate

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

Climate change mitigation is considered a material topic for Ependion from an impact perspective (negative) and financial perspective, related to risks and opportunities. The process to determine and assess material impacts, risks and opportunities is summarized in section ESRS 2 IRO-1.

Ependion uses scenario analyses to support the group's risk management processes. Climate-related risks and opportunities are some of the most significant topics for the group. The climate scenarios used to evaluate the group's risks and opportunities are largely based on the IPCC's Sixth Assessment Report (AR6) and the IEA's World Energy Outlook. Evaluation is based on general and non-site specific geodata for the group, internal emissions data and other internal information relevant to the evaluation. Ependion's evaluation is based on two main scenarios:

Paris Agreement-adapted scenario (1.5°)

A scenario implying rapid transition with risks mainly in the short and medium term, with the target of limiting the average global temperature increase to 1.5° C through extensive actions such as legislation and global carbon taxes. It assumes a significant increase in the share of renewable energy in the total energy mix, greater access to low emission technologies and recycled materials. Significant investments in modernizing power grids will be necessary. A faster rate of innovation and implementation of key technologies such as carbon capture and storage, advanced energy storage and digital solutions for energy management. The EU's Green Deal and Clean Industrial Deal have major impacts, including an extensive development of regulatory structures.

High emission scenario (business as usual):

A scenario where GHG emissions keep increasing, causing a global temperature increase of 3-4° C by 2100. This will lead to more frequent and serious weather extremes, rising sea levels and other climate impacts in tandem with higher economic costs and social challenges. Limited innovation and slow adaptation to new technology may restrict emission reductions. The regulatory landscape will be less extensive than in the Paris Agreement scenario.

Both these scenarios are subject to uncertainties. Assumptions on future social and economic development, such as alterations to regulatory structures, economic activity and energy consumption introduce uncertainty in climate forecasts. Climate models also have inherent uncertainties due to the complexity of the earth's systems and interaction between its various parts. The rate and success of new technologies in reducing emissions or adapting to climate impact is uncertain, including developing and implementing renewable energy sources, carbon capture and energy saving technologies. Changes to market demand for low-emission products and services, as well as changing costs of raw materials and energy, also cause uncertainty. Assumptions regarding climate scenarios are not included in the financial statement.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Description of climate-related impacts

Climate change mitigation is considered a material topic for Ependion from an impact perspective (negative). This is because GHG emissions are a global problem with major direct and indirect effects on people and the environment within and outside Ependion's operations and value chain. Ependion's operations and production processes including transportation depend on energy and material inputs that are associated with GHG emissions, which contribute to climate change. These emissions are concentrated in Scope 3, where emissions arise from purchased materials and related production and processes by Ependion's suppliers, mainly in Asia and Europe in the use phase by the group's customers.

The group assesses that its emissions in Scope 1 and 2 are limited. Lifecycle analysis of the group's core products indicate that the use phase (Scope 3) is most important from a climate impact perspective. Apart from product energy efficiency performance and technical lifespan, the scale of these emissions also depend on the energy source used. These products contain metals like zinc and aluminum associated with GHG emissions (Scope 3).

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Climate-related risks and opportunities

Working on climate change is an important strategic issue for Ependion. The current strategies of the Beijer Electronics and Westermo business entities focus mainly on segments that are important to the transition to a more sustainable society: trains, energy, shipping and manufacturing. By continuing to enhance its value proposition in these segments, Ependion is aiming to achieve better financial performance. Additionally, these focus areas help the group remain an attractive employer and support Ependion's efforts to retain and attract the right skills. Awareness of climate change will probably affect customer preferences, generating higher demand for products and services with high energy efficiency and low climate impact. There is a relationship between sustainability, circularity, climate and service. Adding new service offerings to the group's business model may alleviate Ependion's climate impact and generate additional revenue streams that complement the traditional business model.

Climate-related transition risks

If a disclosed risk relates to only one designated scenario, this is stated explicitly, otherwise risks are considered present in both scenarios that the risk assessment is based on, but to differing extents.

Increased energy costs

The usage of fossil free energy sources may lead to increased energy costs due to potential gaps between demand and supply (price increases).

Time horizon: short and medium term.

Position in value chain: upstream and own operations

New low-emission technologies

Increased customer demand for technologies with low carbon emissions and energy efficiency may cause increased development expenses. Securing metals with low carbon emissions or recycled metals may be more difficult because the demand for them may increase, and with it, costs. Additionally, when the market for green transport (air, sea and road) evolves and Ependion has the ambition to make sustainable choices, costs will probably also rise.

Time horizon: short, medium and long term.

Position in value chain: own operations

Introduction of global or regional carbon taxes

Taxes on GHG emissions or import tariffs on materials or components produced in one region but exported to another may impact total production costs. This may have varying effects depending on how rapid the phase-out of fossil fuels is in the supply chain.

Time horizon: short and medium term.

Position in value chain: own operations and upstream

Implementation of a broad spectrum of legislation and other standards

The administrative burden may be resource intensive when new extensive reporting standards are introduced, for example. If different countries develop differing legal standards, and they are not standardized, the cost for satisfying standards may be significant.

Time horizon: short and medium term.

Position in value chain: own operations

Implementing permanent carbon credits

The company will need carbon credits for the emissions Ependion is not able to reduce itself. Their pricing is uncertain, but may involve significant cost for Scope 3 depending on the rate of progress in the supply chain and the transition to fossil-free energy sources.

Time horizon: medium and long term.

Position in value chain: own operations

Production relocation

If the group's suppliers are located in zones more exposed to weather extremes, selecting alternative suppliers may be necessary, which may potentially cause costs to increase. This risk relates mainly to a scenario of high emissions.

Time horizon: medium and long term.

Position in value chain: own operations and upstream

Climate-related physical risks

If a disclosed risk relates to only one designated scenario, this is stated explicitly, otherwise risks are considered present in both scenarios that the risk assessment is based on, but to differing extents.

Weather extremes that impact production (Ependion's and suppliers'), as well as logistics

Changes to precipitation, flooding, water shortage, variations in sea levels, storms and temperature variations. These risks can disrupt plants, production and infrastructure and cause accidents—resulting in production delays and economic losses. They may also imply reduced access to raw materials and components. In the worst case, they may cause production shortfalls and revenue losses. Ependion has one major production facility in a climate risk zone: Taiwan (no serious incidents to date). The group also has suppliers located in climate-sensitive zones, mainly in Asia. The climate-related physical risks are also present in the Paris Agreement scenario, but expected to be more serious in the long term in a high-emission scenario.

Time horizon: Short, medium and long term.

Position in value chain: Own operations and upstream

Risk reduction

Ependion is developing the contingency plans and back-up solutions for production that cover its own operations and the supply chain. The group has a production facility in Taiwan, considered a high-risk zone for climate change. Production has been started up in Malmö, which means that Ependion has a process in place for transferring skills and preparations for scale-up. The group is accumulating resilience and know-how by starting up a new production facility in India. The other production plants are located in Europe: Germany, Sweden, Ireland and Switzerland.

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Ependion's risk management processes and BCPs include climate-related risks. There are targets and plans in place for the transition to fossil-free energy supply and an electric vehicle fleet. Ependion follows up on progress yearly. The group has processes in place for onboarding new suppliers that cover sustainability and climate aspects, and audits are a component of business entity monitoring processes. An internal carbon pricing framework covers the procurement of certain carbon-intensive materials and transportation. Ecodesign and energy efficiency are part of the group's continuous improvement work in R&D and enable Ependion to work proactively on implementing new standards from legislation and stakeholders. Ependion is enhancing its services portfolio and the group's servicing business model to further extend the useful life of products, supporting the transition to a circular economy and preparations for forthcoming regulations.

Climate-related opportunities

Continue to build on the group's focus segments

Ependion's business strategy focuses primarily on segments important for the transition to a more sustainable society: train, energy, marine and manufacturing. By continuing to enhance the group's offering in these segments, Ependion is endeavoring to achieve stronger financial results. These focus segments also help the group remain an attractive employer and improve its potential to retain and attract talent.

Time horizon: short, medium and long term.

Position in value chain: own operations

Continue to improve business relationships and attract new business customers

Awareness of climate change impacts customer preferences and can result in higher demand for products and services with high energy efficiency and low climate impact. Environmental Product Declarations (EPDs) and Life Cycle Assessments (LCAs) help Ependion demonstrate performance and comparable data.

Time horizon: short, medium and long term.

Position in value chain: own operations

Further enhance the group's service portfolio

There is a relationship between sustainability, circularity, climate and service. By developing new services offerings, the group can reduce its climate impact and create new revenue streams that complement its traditional business model.

Time horizon: medium and long term.

Position in value chain: own operations

Climate resilience analysis—assessment of impacts and risks to strategic planning

Ependion has identified and deals with transition risks (such as increased energy costs and new regulations) and physical risks (such as weather extremes and shortage of resources). Ependion achieves this through contingency plans, rationalizing operations, collaborating with its supply chain and investments in adaptation measures. The group has also prioritized flexibility and its capability to scale up or down production between different plants as required, making it more prepared for disruptions and changing market demand. Apart from risk management, Ependion invests in sustainable market segments like energy, rail, marine and manufacturing solutions. This enhances the group's ability to satisfy customers' climate standards, benefit from incentives and new technology, and create long-term value by diversifying its business portfolio. Investments in these segments improve its resilience to economic and regulatory change. This analysis is based on climate scenario planning in accordance with the Paris Agreement's 1.5° target and a high emission scenario covering the short, medium and long term. Financial and sustainability aspects are included, with risks evaluated yearly, most recently in November 2025. This work is led by the CFO and Group Head of Sustainability. The analysis covers the group's complete organization and value chain with no exclusions.

In summary, the climate analysis indicates that Ependion has good potential to manage climate-related risks and benefit from new opportunities by focusing on efficiency and innovation in sustainable market segments. However, uncertainty regarding future regulatory structures, technological progress and market changes remain, which means that the analysis needs continuous updating to address new risks and opportunities promptly.

E1-1: Transition plan for climate change mitigation

Ependion's plan for climate transition consolidates all the group's climate-related activities and functions as a strategic action plan for its organization. It illustrates the group's commitment to addressing climate change and increasing the transparency of this work. The ambition of the plan is to drive emission reductions that are in line with the Paris Agreement's temperature goal of 1.5° C and achieving net zero emissions across the group's value chain by 2050. The group set targets consistent with the Science Based Targets initiative (SBTi) methodology, although they have not been validated and approved by the SBTi (see also section E1-4). This plan is consistent with Ependion's overarching business strategy and financial planning. This integration ensures the group's sustainability targets are ambitious, realistic and financially sound. This adaptation also helps reduce the risks associated with climate change, simultaneous with Ependion benefiting from current and new market opportunities. Accordingly, the transition plan is embedded in and adapted to the group's overarching business strategy and financial planning by the climate-related targets and actions being considered in strategic prioritization, investment and risk management processes. This means that the group prioritizes investments in energy efficiency, renewable energy and developing lower climate impact products. These actions are integrated into the business entities' strategic and operational targets to ensure that operations are sustainable and competitive for the long term in the circumstances reviewed in the group's climate-related scenarios.

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Ependion collaborates actively with the group's stakeholders, including customers, employees and investors, to ensure that the work reflects their expectations and contributes to the overall business strategy. The transition plan was approved in December 2023, and was expanded in 2024. The plan has been approved by Ependion's CEO and subject to Board consideration in 2025. Because of its recent implementation, there is no overall evaluation of its degree of implementation yet.

Ependion's business activities fall within the definition of sectors with high climate impact. According to the ESRS sector classification (SEC1), the group is a manufacturer of electrical and electronic components and equipment (MEL). The relevant NACE codes are 26.11 Manufacture of electronic components (e.g. switches, PCBs), 26.20 Manufacture of computers and peripheral equipment and 26.30 Manufacture of communication equipment.

Ependion is not excluded from the EU Paris-aligned Benchmarks under the exemption criteria stated in the Commission's Delegated Regulation (EU) 2020/1818.

Potential locked-in GHG emissions

Ependion does not regard potential locked-in emissions from its facilities measured during their lifespan until 2050 as an obstacle to the group's emission reduction targets. Such emissions are limited, and Ependion has already made significant advances in reducing them. It does not regard manufacturing as especially energy intensive and the group works on energy efficiency based on energy mapping. Ependion and its business entities have transitioned to fossil-free electricity at most sites. The climate impact from the group's products through their useful lives is the source of most of Ependion's Scope 3 emissions. Ependion has conducted CO_2 calculations as part of lifecycle analyses of a number of core products. The EPD conducted in 2024 for the Viper-112A switch is based on an expected lifespan of 20 years and energy source plays a major role in impact during these years. Product energy efficiency is an important focus of the group's product development. This work helps reduce the risks of failing to achieve targets set and helps the business entities' customers to realize their climate ambitions.

Investments and financial resources for climate transition

Ependion's strategy to support the group's plan for climate transition means that climate and other sustainability issues should be integrated into the business entities' functional segments with associated processes rather than having substantial separate sustainability and climate budgets. This approach integrates sustainability into Ependion's organization and adapts financial planning to the group's climate ambitions. Major investments are covered by Ependion's internal carbon pricing framework. Substantial investments are being made in R&D, where continuous improvement in product performance is a vital part of this process. Researching new materials, processes and technology that can reduce emissions and improve sustainability is an integrated component of Ependion's operations.

At present, Ependion cannot give any exact figures for financial resources earmarked for climate transition, because these investments are integrated into operating activities and not disclosed separately. The group's methodology to identify and monitor these amounts is in development.

Ependion does not relate its investments to the EU Taxonomy expressly and systematically, but makes investments and arranges finance that support the group's transition plan. These investments cover activities including product development for increased energy efficiency. The share of Taxonomy-aligned CapEx, relevant KPIs and CapEx plans are published according to regulation (EU) 2021/2178 in the Sustainability Statement. The effect is monitored via KPIs like reduced carbon intensity, improved energy efficiency and a higher share of renewable energy, which ensures that resources contribute to climate transition.

E1-2: Policies related to climate change mitigation and adaptation

Ependion's climate policy is a central component of the group's plan for climate transition and involves Ependion actively endeavoring to reduce its climate impact in line with the Paris Agreement target of keeping the global temperature increase below 1.5° C with the sub-target for 2030 and an objective of net zero emissions by 2050 at the latest. With its insights into the physical and transition-related risks related to climate change, the group judges potential impacts and takes actions to increase the resilience and adaptability of all operations. Ependion integrates these assessments into its business planning and financial decision-making, and updates its transition plan as new risks and opportunities appear. The group prioritizes energy efficiency in processes, plants and products, simultaneous with Ependion working to increase the share of renewable and fossil-free energy in its operations. Even if its main focus is on reducing emissions, it also considers opportunities to eliminate and compensate for GHGs where emission reductions are not possible. This involves investigating partnerships and investments and projects supporting carbon capture or carbon removal technologies, especially for the remaining emissions that cannot be eliminated by making changes to operations.

Ependion adopts a holistic perspective and includes its complete value chain in reduction programs. The group endeavors to grow in a way that differentiates economic growth and profitability from the use of finite natural resources and GHG emissions.

The group's Sustainability Policy is a foundation for the management of its climate work. The Policy includes commitments to reduce the group's environmental impact with a focus on climate, pollution, resource management and applying the principles of circular economy.

The senior level responsible for implementing the sustainability policy is each business entity's CEO. There are control mechanisms in place to measure compliance with this policy, through audits and management reviews within the auspices of the group's management systems, for example. There is also a group policy clarifying Ependion's view of carbon compensation, which is approved by the CEO. The group's sustainability-related policies are applied group wide and also cover its partnerships with external stakeholders.

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Environmental policies are also formulated for each business entity, which are more detailed than at group level. Climate commitments are also stated in the CoCs adopted by each business entity, and based on the group-wide policy covering all parts of business entities.

Viewpoints from stakeholders are considered in ongoing updates of policies and procedures. No explicit dialogue or structured consultation with stakeholders has been conducted on the climate issue. However, views and expectations of key stakeholder groups have been incorporated into the process through existing information channels, and by analyzing relevant market, regulatory and sustainability trends.

Policies in this segment are available on the group's website and on internal communication channels.

Ependion has signed the UN Global Compact and backs the Paris Agreement and international commitments intended to promote sustainable business methods. This is reviewed in the group's sustainability policy.

An overview of the group's policies is also provided in G1-1: Business conduct policy and corporate culture.

E1-3: Actions and resources for climate change policies

Ependion's work to reduce climate impact is ongoing, and how much emission reduction is sourced from each action in 2025, where the focus is on Scope 3, cannot be specified at present. In Scope 1 and 2, emissions had already been significantly limited through ongoing efforts to transition to fossil-free electricity supply and an electric vehicle fleet.

Ependion did not implement any nature-based solutions in the reporting period as part of its work to counter or adapt to climate change.

The aggregate effect of initiatives will be monitored and evaluated continuously in relation to overarching climate targets.

Actions to reduce emissions in Scope 1 and 2

Ependion's work on reducing emissions in Scope 1 and 2 and achieving targets set has three main parts:

» Transition to fossil-free electricity

» Electrification of the vehicle fleet

» Energy efficiency

Activities are continuous, and the group is aiming for a transition to 100% fossil-free electricity. Some units have their energy supply included in rent, so the potential to influence suppliers is more limited. Plans to transition to fossil-free electricity are continuing in 2026, with Beijer Electronics' transition to mainly fossil-free electricity supply in Taiwan being an important element of efforts. In 2025, Westermo's efforts included continuing work on actions from its most recent energy mapping process, and metrics were taken in consultation with suppliers ahead of decisions on new energy savings projects in 2026.

A number of dependencies were identified linked to the group's targets to reduce emissions in Scope 1 and 2:

» Access to fossil-free and cost-efficient energy and electricity.

» Access to charging infrastructure driven by fossil-free electricity is decisive. Ependion is dependent on governments in the group's operational markets supporting the rapid introduction and scale-up of clean technology.

» Continued validity of market-based mechanisms for renewable energy, including the validity of renewable energy certification globally.

» Effective solutions to monitor and control energy consumption efficiently (e.g. AI and automation).

Actions to reduce emissions in Scope 3

Ependion's activities to reduce emissions in Scope 3 are ongoing and primarily part of business entities' processes and management systems. Accordingly, how the business entities work on their individual issues may differ. Example actions:

» Ongoing work on continuous improvement of the energy efficiency of products and solutions.

» Integrate circular economy principles throughout our business—from R&D to servicing.

» Incorporate climate and sustainability standards into tendering processes and maintain an active dialogue with the group's suppliers.

» Regularly review Ependion's business model and sharpen the group's value propositions (e.g. in servicing) from climate and circularity perspectives.

» Communicate the importance of the transition to renewable energy sources to participants in the value chain.

» Actively incorporate climate aspects in planning and transportation.

» Apply internal carbon pricing.

In 2026, the business entities' activities will include intensifying their work on transitioning to metals that cause lower carbon emissions. Advances have already been made in parts of operations. In Westermo Sweden, the carbon footprint for zinc of 1.87 kg CO_2e/kg sold product at year-end 2025 is a 48% reduction on 2023.

Beijer Electronics is pursuing a range of activities that will make a positive contribution to the group's climate work in 2026. Through its launch of the new X3 product family, the share of recycled materials (plastic and aluminum) used in products will increase, while this product family also reduces the share of plastic components. Pilot projects relating to more climate-smart transport methods, both related to customers and internal transport, will be conducted in 2026.

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Example dependencies identified linked to the group's work on reducing emissions in Scope 3:

» Access to fossil-free and cost-efficient energy and electricity that impacts emissions from the use of sold products (customers' emissions) and emissions from the group's supply chain (purchased goods and services).

» Requirements of standards and methodologies for product carbon footprint data, which reduce administrative effort and facilitates comparison between products and organizations.

» Access to cost-efficient digital tools and technologies to monitor and manage emissions across the value chain.

» Suppliers need to take climate action and be open with their data. Partnering with suppliers that can deliver materials, products and components with low carbon emissions and offer access to climate-related information is critical to Ependion.

» Faster phase-outs of fossil fuels in the transportation sector.

» Customer awareness and climate ambitions influence their choices. How much the customer values climate and energy efficiency in their evaluations is critical to Ependion's success in bringing carbon-efficient technology to market.

Climate adaptation

The most important efforts for Ependion's climate adaptation work include:

» Improving resource efficiency, especially in terms of material flows, to reduce environmental impact and improve the group's circularity.

» Integrating the climate adaptation perspective into business processes and the supply chain, through means including dialogue and partnership with suppliers.

» Geographical diversity, engendering resilience against disruptions in supply chains and local climate-related risks.

» Ensuring the capability to scale up production at different plants as required, improving the group's flexibility and resilience to altered circumstances.

» With these activities, which are ongoing, Ependion is working proactively to meet the challenges presented by climate change, and help create a more resilient operation over time.

Resources

Investments and financial resources for climate transition are reviewed in section E1-1. At present, the group cannot state precise numbers for financial resources specifically earmarked for climate transition. Climate transition is an integrated part of Ependion's business strategy, and the actions described in this context, where necessary, have been factored into the group's current business plans. Most of the group's transition plan focuses on Scope 3, where it has the greatest potential for impact. Ependion is managing ongoing work linked to product development and supplier development. The group judges that its current allocation of resources is sufficient to implement planned actions. No significant risks related to shortages of resources have been identified. However, there are a number of dependencies that may affect implementation, stated above.

If further investments or resources were necessary to implement the group's initiatives, they will be included in financial planning going forward. If any material impacts on the group's financial statements occurred, they would be identified and disclosed in accordance with the group's applicable financial reporting procedures and standards.

E1-4: Targets related to climate change mitigation and adaptation

The group's strategy with its decentralized organization integrating sustainability topics into each business entity means sustainability-related targets are mainly set by the business entity. The climate segment has four group-wide targets approved by the Board of Directors:

» Ependion is committed to reducing emissions in Scope 1 & 2 by 50% by 2030 compared to the base year 2023

» Ependion is committed to reducing emissions in Scope 1 & 2 by 90% by 2050 compared to the base year 2023

» Ependion is committed to reducing emissions in Scope 3 by 25% by 2030 compared to the base year 2024

» Ependion is committed to reducing emissions in Scope 3 by 90% by 2050 compared to the base year 2024

The targets were set in 2024 and 2025, with the first evaluation in 2026 when more data is available. These targets are set as absolutes and cover market-based CO_2 emissions, measured as tonnes of CO_2 equivalent (CO_2e). They are not based on eliminating GHG gases, using carbon credits or avoiding emissions to achieve them.

99.5% of Ependion's emissions are in Scope 3. For Scope 1, the target for 2030 means a reduction from 127 tonnes to 25 tonnes and for Scope 2 the target for 2023 means a reduction from 645 to 365 tonnes. For Scope 3, the target for 2030 means a reduction from 166,795 tonnes to 125,096 tonnes. Details on the allocation between Scope 1 and Scope 2 in the targets for 2050 have not been established, but are presented here as an aggregate reduction of 90% from the base year.

These targets are a central element of Ependion's climate transition plan and have been formulated with respect to the commitments that the plan is based on. All group targets have been prepared utilizing the SBTi methodology for an absolute reduction method, but have not been validated or approved by SBTi. The ambition of the targets is to support the transition to a sustainable economy and limit global warming to 1.5°C consistent with the Paris Agreement and the group's Climate Policy. No specific stakeholders were directly questioned in the process of setting sustainability targets. The targets were formulated by internal experts, but based on ongoing dialogue and exchange of best practice with internal and external stakeholders.

The targets cover the whole group, but were set prior to the 2025 acquisition of Welotec. They cover Ependion's own operations and the value chain upstream and downstream. The targets have not been amended since being set and are planned for review in 2026 when the group has more insights from collected data and can ensure that they remain relevant and achievable. They are based on assumptions of data availability, market conditions and technology. Data collection is mainly from ERP systems, supplier invoices, and where primary data is unavailable, estimates.

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Primarily, Ependion's climate targets have been formulated based on the group's own strategic priorities and business plans rather than directly following any sector-specific line for phasing out fossil fuels. This means the targets consider the group's business model, technology standard and the opportunities and challenges identified within Ependion's business entities.

The use of sold products is the dominant category for Scope 3 emissions, followed by purchased goods and services. The targets cover all of Scope 1–3 (all emission categories disclosed in E1-6 and are founded on market-based emissions). The current model for goal-setting indicates that apart from the energy efficiency of the group's products, their technical useful life has a major impact on emissions. Market conditions and customer demand are impacted by various regulatory standards and the availability of energy sources with low CO_2 emissions, which have significant impact on the average CO_2 intensity of products sold and used in various countries and regions. Additionally, because Ependion operates in cyclical sectors linked to economic activity and GDP growth, sales volumes and product mix can vary between years. Overall, these factors have a significant impact on the group's ability to achieve its planned targets. At present, Ependion is unable to specify precisely how much emission reduction will be sourced from each action or sub-segment reviewed in E1-3, rather, the overall impact of efforts will be monitored and evaluated continuously in relation to overall climate targets. The climate targets will be reviewed in 2026–2027.

At present, the group has no specific targets or action plans directly related to the EU Taxonomy criteria pursuant to the Commission's Delegated Regulation 2021/2139. However, there are overarching climate targets and investment plans that indirectly contribute to increasing the share of the group's operations that are Taxonomy aligned, through strategies for energy efficiency and reduced emissions, for example.

E1-5: Energy consumption and energy mix

	Energy consumption and energy mix	2025
1)	Fuel consumption from coal and coal products (MWh)	0
2)	Fuel consumption from crude oil and petroleum products (MWh)	402
3)	Fuel consumption from natural gas (MWh)	0
4)	Fuel consumption from other fossil sources (MWh)	0
5)	Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	1,001
6)	**Total consumption of fossil energy (MWh) calculated as the total of rows 1-5 (MWh)**	1,404
	Share of fossil sources of total energy consumption (%)	32
7)	**Use from nuclear energy sources (nuclear power) (MWh)**	542
	Share of total nuclear energy sources in total energy consumption (%)	12
8)	Fuel consumption from renewable sources including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen etc.) (MWh)	0
9)	Consumption of purchased or acquired electricity, heat, steam and cooling from renewable energy sources (MWh)	2,507
10)	Consumption of self-produced renewable non-fuel energy (MWh)	0
11)	**Total use of renewable energy (MWh) (calculated as the total of rows 8-10)**	2,507
	Share of renewable energy sources of total energy use (%)	56
	Total energy consumption (MWh) (calculated as the total of rows 6, 7 and 11)	4,453

Production of non-renewable and renewable energy

Produced energy [MWh]	2025
Renewable energy	0
Non-renewable energy	3
Total	3

Energy intensity per net revenue

Energy intensity per net revenue	2025
Total energy use from operations in sectors with high climate impact per net revenue from operations in sectors with high climate impact (MWh/MSEK)	2.0

Amount of net revenues, 2,232 MSEK, from page 118 of the financial statements.

Reporting principles

Energy use by the group's larger business units is based on self-collected data for 2025, and for office premises, the information is based on estimates for some business units, because precise data is unavailable as the business unit may be one tenant among several. For those business units without primary information, local factors and information on energy mix when energy sources have been determined are considered. Ependion applies a conservative approach when dividing between renewable and non-renewable energy sources and only classifies energy as renewable or nuclear power-based if the origin of the purchased energy is known or clearly defined in contracts with its supplier. Some business units have estimated their energy use because invoices from energy providers were not available at year-end. A few smaller business units (very small offices) have reported energy consumption based on previous years' reporting to reduce the reporting burden of small offices. These estimates have no material impact on the group's total energy use.

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Energy intensity per net revenue for operations in High Climate Impact Sectors (HCIS) is the same as for the whole group. This is because Ependion's primary operations (approx. 95%) involve the manufacture of electrical and electronic components. That portion of the group related to services like servicing and software is considered so small (approx. 5%) that disclosing energy intensity for these activities separately is not justified, so they are not classified as HCIS. Accordingly, aggregate energy intensity per net revenue is disclosed aggregated for the whole group in Ependion's Sustainability Statement.

E1-6: Gross Scope 1, 2, 3 and total GHG emissions

	GHG emissions 2025 and retroactively		Year of sub-target and target		
	Base year	2025	2030	2050	Target 2030 as % / base year
Scope 1 GHG emissions					
Gross GHG emissions Scope 1 (tCO_2e)	127	106	25	13	-80
Percentage share Scope 1 GHG emissions from regulated emission trading systems		0			
Scope 2 GHG emissions					
Location-based gross GHG emissions in Scope 2 (tCO_2e)		640			
Market-based gross GHG emissions Scope 2 (tCO_2e)	645	694	365	65	-43
Significant GHG emissions in Scope 3					
Total indirect gross emissions Scope 3 (tCO_2e)	166,795	153,560	125,096	16,680	-25
1) Purchased goods and services		30,138			
2) Capital goods		513			
3) Fuel and energy-related operations (not included in Scope 1 or Scope 2)		211			
4) Upstream transport and distribution		1,820			
5) Waste generated in own operations		1			
6) Business travel		909			
7) Employee commuting		648			
8) Leased assets upstream		-			
9) Downstream transport and distribution		352			
10) Processing of sold products		-			
11) Use of sold products		118,880			
12) End-of-life treatment of sold products		87			
13) Leased assets downstream		-			
14) Franchise agreements		-			
15) Investments		-			
Total emissions of greenhouse gases					
Total emissions of greenhouse gases (location-based) (tCO_2e)		154,306			
Total emissions of greenhouse gases (market-based) (tCO_2e)		154,360			

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Share of energy consumption covered by contractual instruments

	2025
Share of energy consumption covered by contractual instruments [%]	54
Share of energy consumption covered by bundled contractual instruments [%]	53
Share of energy consumption covered by unbundled contractual instruments [%]	1

Types of contractual instrument

	2025
Share of energy consumption covered by Renewable Energy Certificates (RECs) [%]	0
Share of energy consumption covered by Guarantees of Origin (GOs) [%]	36
Share of energy consumption covered by International Renewable Energy Certificates (I-RECs) [%]	1
Share of energy consumption covered by Renewable Energy Guarantees of Origin (REGOs) [%]	1
Share of energy consumption covered by other/ unspecified certificates [%]	16

Greenhouse gas intensity based on net revenue

Greenhouse gas intensity per net revenue	2025
Total greenhouse gas emissions (location-based) per net revenue (tonnes CO_2e/MSEK)	69
Total greenhouse gas emissions (market-based) per net revenue (tonnes CO_2e/MSEK)	69

Amount of net revenues, 2,232 MSEK, from page 118 of the financial statements.

Reporting principles

GHG emissions are for the whole group. Emissions are categorized in Scopes 1-3 pursuant to the GHG Protocol Corporate Standard. CO_2 is the only significant climate gas for direct emission from Ependion's business. Activity data is based on primary data where possible. If primary activity data is not available, estimates are used. For Scope 3, with base year 2024, all categories were included that cover the group's operations (categories 1-7, 9, 11, 12, 15) apart from investments that the group does not consider to contain material data (only a minor share allocated to the group's minority holdings in Blu and RazorSecure). Other items not included were eliminated because the group does not cover such activities (8, 10, 13, 14). A significant portion of Scope 1 emissions are sourced from the group's service vehicles and company cars, with data collected from the group's ERP system. In certain cases, mileage data is not available, and here, estimates have been used. Metrics for Scope 1 do not include the three electric forklifts the group uses in its Swedish operations, which are not considered to impact overall values because their electricity consumption is from fossil-free sources, which are included in Scope 2, electricity use.

Data for Scope 2 is collected from supporting data from suppliers and total emissions are based partly on specific data on emission factors, partly on estimates depending on location, where emission factors are embedded into the reporting systems the group uses, and are formatted specifically for sustainability reporting. The main sources for the emission factors are DEFRA and national environmental authorities. The group uses both location-based and market-based methods.

For Scope 3, a market-based method is mainly used for category 1, Purchased materials and services, and category 2, Capital goods.

Data for Scope 3 is based on sources including lifecycle analyses of the group's core products, which are the basis of applicable computations and estimates. Verifying that the data reported for Scope 3 emissions is accurate is a significant challenge for the group, because these emissions cover the whole value chain. The group is dependent on data from third parties and encounters variations in reporting practice, which means access to reliable and precise information is problematic. To improve the quality of collected data going forward, Ependion works continuously on developing its processes and systems for data collection and reporting, through means including supplier monitoring systems and closer dialogue with suppliers.

The high outcome for Scope 3 category 11 relating to the use of sold products is explained by these products' long useful lives. For Westermo's products, the useful life is estimated at some 20 years, while Beijer Electronics' products have an estimated useful life of 5-10 years. This means product emissions are accumulated over longer periods, resulting in total climate impact from the usage phase being significant compared to products with shorter lifecycles. Emissions are based largely on a global electricity mix, which implies sizable uncertainties in the disclosed metric. As for category 1, Purchased goods and services, the next largest item in scope 3, this metric covers materials and services the group has purchased for values of over one million Swedish kronor in the year. Information on the size of the percentage share of emissions computed using primary data obtained from suppliers or other value chain partners is not available.

The targets for emission reduction are determined as absolute targets and cover market-based CO_2 emissions, reported in tonnes of CO_2 equivalents (CO_2e). The division between Scope 1 and Scope 2 for year 2050 has not yet been specified, but rather, the objective is presented here as a 90% reduction from each base year for each Scope. Accordingly, the overall target means a total reduction of 90% for Scope 1 and Scope 2. For 2030, the targets for Scope 1 and Scope 2 are collectively a 50% reduction compared to the base year 2023. These targets will be reviewed in

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2026–2027 to ensure they remain relevant and reasonable. The reported numbers for contract-based instruments such as International Renewable Energy Certificates (I-RECs) and Renewable Energy Guarantees of Origin (REGOs) have been produced by compiling data from the group's energy providers. For the unspecified certificates item, these metrics are based on information from the relevant landlord.

GHG intensity based on net revenue is computed from total market and location-based emissions divided by net revenue of 2,232 MSEK.

E1-7: GHG removals and GHG mitigation projects financed through carbon credits

Ependion did not conduct or finance any projects for the permanent removal of GHGs in its own operations or value chain in the reporting period, nor did it purchase or cancel any carbon credits from external climate-related projects. Accordingly, there is no quantitative information to disclose pursuant to this standard.

Reporting principles

Ependion's opinion is that there is no material financing of climate-related projects or activities for permanent GHG removal in the reporting period. This assessment is based on a review of internal investments, the project portfolio and purchasing of external climate credits. Any small-scale local initiatives intended to climate compensate for a specific activity, for example, are not covered by ESRS E1-7, because they do not constitute financing of external climate projects or GHG removal according to the standard's definition.

E1-8: Internal carbon pricing

In 2024, Ependion took a decision to adopt a global framework for ICP (internal carbon pricing) for the group's operations. The purpose of this framework is to raise awareness of the climate issue and its impacts for workers, and provide incentive for emission reductions consistent with the group's climate ambitions and the Paris Agreement's target.

Ependion applies shadow carbon pricing, which means that a theoretical monetary value is assigned to CO_2 emissions to enable the cost or benefit of different strategies and investments to be evaluated. The shadow price covers selected parts of:

» Processes for planning CapEx

» Processes for selecting suppliers

In 2025, this framework covered the whole group, although implementation was on a pilot basis, mainly affecting processes related to transportation and the transition to more sustainable materials.

The price of CO_2 was set at €100 per tonne, in line with sector practice and the EU emission rights trading system. The price was selected to create an incentive for emission reductions and support Ependion's climate ambitions. The price will be adjusted when major changes occur on the market, or in scientific guidance. The steering committee for ICP, led by the group's CFO, evaluates the framework regularly.

Because ICP was piloted in 2025 and not yet fully integrated into operations, there are no available numbers for the scope or gross volumes of GHG emissions covered by the system, or their share of the group total. This will be developed as the framework is implemented and data collection improves.

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ESRS E2 Pollution

IRO-1: Description of the process to identify and assess material impacts, risks and opportunities related to pollution

The process to determine and evaluate the material impacts, risks and opportunities is summarized in section ESRS 2 IRO-1. The topics of emissions to air and water have been considered material from an impact perspective, but only related to the supply chain. Accordingly, emissions data is not available. The assessment of emissions to air and water being materially related to suppliers is based on general assumptions on suppliers' operations and processes rather than any actual mapping of their emissions.

Poor chemicals processing and incidents causing spillages, leakages or other non-compliance with chemical regulations may potentially cause pollution. Most of the manufacturing processes in Ependion's operations involve assembly and imply limited risk of emissions to air, soil and water from Ependion's own operations.

Ependion's products contain a number of substances of concern and/or very high concern (SVHC). Accordingly, Ependion judges this segment as material for the group from an impact perspective. Lead is an SVHC included in certain products, which may have negative effects on the environment and health. Lead is in solder with certain components as high-temperature solder so components can be soldered onto PCBAs without breakage. Ependion's own processing of chemicals is limited, but these compounds are usually embedded in finished components, which means their impacts and risks are mainly in the supply chain. Even if the current impact is financially non-material, future costs may arise in the form of increased development expenses, purchasing prices and additional investments in system support. These impacts are mainly expected to arise in the medium term and managed within the framework of business entities' budgeting processes.

E2-1: Policies related to pollution

At group level, Ependion has a Sustainability Policy covering its commitments to reduce environmental impact focusing on climate, pollution, resource management and applying the principles of circular economy. The highest level responsible for implementing the Sustainability Policy are the CEOs of Ependion's business entities. Control mechanisms are in place to measure compliance with this Policy, through channels including audits and management reviews within the framework of the group's management systems. Ependion's Sustainability Policy is applied group wide and includes partnerships with external stakeholders.

Ependion's policies at group level do not specify individual topics, but instead, this is managed by each business entity. Business entities published product statements on their websites for various substance groups, such as PFAS or substances covered by dedicated regulations like SVHC under REACH. This ensures that information on relevant substances is available and adapted to each operation's product portfolio and market standards.

Ependion's policies for pollution are also integrated into environmental policies created at business entity level and are important parts of the group's management systems. These policies cover commitments to prevent and limit emissions to air and water, and avoid, as well as phase out, the use of hazardous compounds, focused on SVHCs related to its own operations and the supply chain.

Ependion views the phase-out of hazardous substances as highly significant to its work on promoting a circular economy. Actions to limit impacts from pollution are stated in the group's CoCs for each business entity and cover all operations.

Procedures to prevent and deal with incidents and emergencies are integrated into the business entity's management systems and not dealt with directly in the group's policies regarding pollution.

Viewpoints from stakeholders are considered in ongoing updates of policies and procedures. Policies in this segment are available on the group's website and internal communication channels.

Ependion has signed the UN Global Compact and backs international commitments designed to promote sustainable business methods, as reviewed in the group's Sustainability Policy.

E2-2: Actions and resources related to pollution

Because Ependion considers emissions to air and water as material only related to the supply chain, reliable data and metrics for these emissions is not available. Monitoring and checking supplier compliance with environmental and chemicals legislation is integrated into purchasing processes.

New and amended regulations for hazardous substances may imply new standards applying to the group's products and work on substitution may be resource intensive. Regulations are not globally harmonized, and market standards may differ between countries. Substituting SVHCs may cause increased costs for product development, purchasing and requirements for new technical validation.

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Ependion's business model is resilient to changes to chemicals legislation by substitution being integrated into the product development process, and by utilizing digital systems support to monitor component content. Chemical processing impacts strategic decisions on product design, supplier selection and customer engagement. Ependion collaborates with external experts as required to ensure compliance and flexibility if market standards alter. Ependion's strategy is based on dealing with pollution risks via the business entities' environmental policies and management systems.

Targets and action plans for managing and phasing out hazardous substances are set at business entity level, enabling tailored solutions based on the technical circumstances of each operation. Ependion views the phase-out of hazardous substances as highly significant in its work to help create a circular economy, which is one of the group's sustainability focuses. The group works continuously on evaluating and reducing chemical usage in its own operations and by replacing hazardous substances in purchased components, which means that this work covers its own operations and the supply chain.

At present, Ependion is not able to specify exact amounts for current or future financial resources earmarked to prevent and manage chemical-related impacts and pollution risks. The costs for these initiatives primarily consist of payroll expenses and costs for digital systems, although there is no dedicated monitoring or separate disclosure of these amounts at present. Ependion's opinion is that future resource needs may change with new legal requirements and business entity action plans, but at present, reliable data to quantify these amounts is not available. The management of product-related environmental and chemical legislation and chemical substitution covers several functions of the group's operations and is based on collaboration, mainly between Product Management, R&D, Purchasing and Operations. Because the regulations on hazardous compounds are being amended and updated continuously, work on substitution and phase-out is ongoing and integrated into product development work. Currently there are no key actions planned, but the focus is on systematically evaluating and executing improvements as needs are identified, ensuring flexibility in the process.

Westermo's actions include implementing a digital system for its own chemicals processing, enabling documentation of risk assessments and satisfaction of regulations like REACH and RoHS. In 2025, Westermo created a new role to intensify work on substitution, reporting and phase-out of hazardous substances and the operation has produced phase-out plans for the SVHCs included in its components. Beijer Electronics' chemicals use is limited, and it has not identified any SVHCs in its own production. Component databases and external tools are used to ensure that components are approved back in the design phase.

Ependion also has processes for substitution to less hazardous alternatives in partnership with suppliers. Regular site visits and engagement with component vendors is part of the work on ensuring compliance with product legislation in the environmental sphere.

The main materials for the business entities' operations are procured and consist of electronic components from complex supply chains. This means that securing information on the content of every component and a comprehensive view of the nature of the entire value chain are problematic. There are difficulties in obtaining information on SVHCs and other compounds that may present risks in components and products. Ongoing engagement is designed to progressively increase supplier understanding of these topics.

E2-3: Targets related to pollution

There are no group-level targets relating to pollution, and Ependion has no plans to set group-wide targets for this topic at present. Ependion's business entities have differing product portfolios and technological circumstances. Accordingly, targets and action plans, as well as monitoring pollution and the management, processing and phase-out of hazardous substances are set by each business entity where considered relevant. Local solutions tailored to each business entity's specific needs, capacities and technologies mean more efficient and practical actions to phase out hazardous substances.

E2-4: Pollution of air, water and soil

Because Ependion only considers emissions to air and water as material related to its supply chain, the data and metrics for these emissions in its own operations is not available. Monitoring and checking supplier compliance with environmental and chemicals legislation is integrated into business entity purchasing processes. To manage impacts and risks related to pollution in the supply chain, the business entities have implemented systematic follow-ups of their own suppliers. This process focuses on the largest and most strategic suppliers.

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E2-5: Substances of concern and substances of very high concern

Ependion's own usage of chemicals is largely concentrated on Westermo's business, where there is a digital solution and processes in place for chemical processing. This system is used for functions including documenting risk assessments, for example, which enable hazardous chemicals to be monitored and product legislation to be satisfied, such as REACH and RoHS. Staff training is a continuous process.

For managing pollution risks from accidental emissions, leaks or other unplanned incidents, each operation should have conducted risk assessments and have processes in place to manage such risks, in the form of absorbents or other decontamination equipment, for example. Systems and processes are in place that include logging in a component database. In turn, the component database is linked to other digital tools for the systematic satisfaction of various regulations such as REACH. This working method ensures that Ependion can already at the design phase of a new development project verify that the components are approved. The related processes include new and existing components. Where Ependion does not possess the skills in-house, it appoints external parties. Westermo has intensified its efforts on the topics by creating the new role of Sustainability Product Compliance Engineer in 2025. In operations, regular distributors and component suppliers in place maintain close engagement that also covers product legislation issues in the environmental segment designed to evaluate the potential to substitute with less hazardous alternatives. Ependion has processes in place in the group's purchasing functions to apply standards to, and monitor, the group's suppliers in terms of product-related environmental legislation.

Substances of very high concern

Hazard class	Amount used in production (kg)	Amount leaving the group's entities as emissions (kg)	Amount leaving the group's entities in products (kg)	Amount leaving the group's entities as part of products (kg)	Amount leaving the group's entities as part of services (kg)
Reproduction toxic	6.31			6.31	
Suspected reproductive toxic Persistent, bio-accumulative and toxic Under evaluation as persistent organic pollutant (POP)	0.30				
Reproduction toxic Skin irritant/sensitizing	0.07	0.07			
Reproduction toxic Skin sensitizing Endocrine disrupting	5.65			5.65	
Reproduction toxic Suspected of causing cancer (No harmonised classification)	9.57			9.57	

Total volume of SVHCs used in production or have been procured: 21.9 kg. The main hazard classification class of these products is reproduction toxicity. The total volume of SVHCs that leave the group's plants as emissions, as products or parts of products or services: 21.6 kg. Their main hazard class is reproduction toxicity. Substances of less than 10g are not covered by the reporting.

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Data is sourced either from an external component database compiled from supplier material datasheets, or collected directly from suppliers. In isolated cases, Ependion does its own weighing and measuring. Information on RoHS and REACH at component level is sourced from the same component databases or suppliers. Westermo then transfers this information to its PLM (Product Lifecycle Management) system, which is the foundation of Westermo's product-related reporting in most of its operations (Westermo Sweden). Some components are sourced locally, which are not always included in reporting.

Reporting is largely limited to cover substances in concentrations over 0.1g weight percentage, which is the reporting level of REACH.

Data from Welotec, acquired in June 2025, is not covered by reporting. Processes will be implemented in the year to enable reporting in 2026, which is not expected to have any material impact on metrics.

Beijer Electronics does not use an external system, but sources SVHC data directly from each supplier. Based on the concentration of each compound in the component, the total scope of SVHCs is computed from unit sales and other components with SVHC in each product.

Data for SVHCs for chemicals used in the manufacturing process is sourced from Westermo's chemical processing system, which includes a dedicated module for the Swedish operations. Other countries use more manual monitoring, and their chemicals use is less extensive.

Beijer Electronics' chemical usage is very limited, and there are no SVHCs in the chemicals used in its production. This conclusion is based on a review of safety data sheets for chemicals where each CAS number is matched against the latest list of SVHCs.

The reporting of hazardous substances only includes those compounds that are classified as SVHCs, and Ependion is dependent on data from third parties, which means there are significant challenges in reporting precise data. Comprehensive tracking across the supply chain is necessary to ensure complete and accurate reporting, which may be complex and time consuming. Additionally, accessing detailed information from suppliers regarding the SVHC content of products may be problematic. Chemicals may alter or be consumed during the manufacturing process, which further obstructs traceability and reporting precision. Correspondingly, reporting precise data on how much SVHC is present in the chemicals Ependion uses in various manufacturing processes is challenging. Accordingly, the data disclosed includes uncertainty. For compounds used in production, data relates partly to pure chemicals used in production and partly substances included in purchased components.

Ependion does not have information on data related to SOCs (Substances of Concern), and accordingly does not disclose it. Its view is that accessing reliable data will take time, so in this context, Ependion is largely dependent on third-party information, and the amount of substances classified as SOC is significant.

Problems on this topic are largely due to the same factors as those affecting SVHCs.

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ESRS E3 Water and marine resources

IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities related to water resources and marine resources

The process to identify and assess material impacts, risks and opportunities is summarized in section ESRS 2 IRO-1. Water has been identified as a material topic related to water consumption in the supply chain, not related to Ependion's own operations. This represents a significant limitation to the group's disclosures in this topic. The assessment is based on a cautious assumption because there is no supplier-specific data on water impact. Ependion considers supplier water consumption as a material factor, mainly against the background of the electronics sector generally involving processes with high water intensity. However, this conclusion is based on the sector structure rather than verified observations or specific disclosures on water use by relevant suppliers. In parallel, Ependion has measured its water consumption, indicating that its use is limited. The group's operations mainly consist of assembly work and there are no high water-intensity production stages.

E3-1: Policies related to water and marine resources

Water-related impacts are mainly addressed in each business entity's Code of Conduct (CoC) applying to all operations, and in each business entity's Supplier CoC, which primarily address suppliers of direct materials. Stipulations include Ependion's business partners being expected to conduct themselves responsibly in water consumption, emissions to water and pollution of groundwater. The group's Sustainability Policy, which applies to all operations, also addresses resource use and environmental impact in a broader perspective, and covers the whole value chain. Each business entity's CEO is responsible for compliance with these policies. Compliance is monitored through supplier audits.

Stakeholder views are considered in ongoing updates of policies and procedures. Policies addressing water are available on the group's websites, as well as internal communication channels.

E3-2: Actions and resources related to water and marine resources

Ependion requires the group's suppliers to work to reduce their environmental impact, which includes water-related topics. This work is continuous and there were no specific activities in 2025. Ependion does not distinguish between sub-topics on the water issue, but water is covered as a sub-topic in several of the group's supplier audits, which are one of the tools for monitoring suppliers' water use. At present, Ependion is not assigning any specific financial or other resources for water-related topics. Accordingly, implementation of actions related to water is not dependent on specific circumstances such as financial support or developing policies and market conditions.

E3-3: Targets related to water and marine resources

At present, the group has no dedicated targets for water, nor any plans to introduce them. With its current knowledge base, Ependion does not consider it viable or relevant to set specific targets for supplier water use. Instead, it ensures ongoing monitoring of water-related issues within its regular supplier audits. Water aspects of suppliers are considered on an integrated basis with other environmental topics, mainly through business entities' management systems and supplier monitoring procedures. Group-wide methodologies for measurements and reporting have not yet been implemented.

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ESRS E5 Circular economy

IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities related to water use and circular economy

The process to identify and assess material impacts, risks and opportunities is summarized in section ESRS 2 IRO-1. No group-wide screening has been conducted, with instead, analysis based on data in each business entity. Resource use and circular economy are material topics for Ependion from a negative impact perspective. Non-renewable resources are part of Ependion's value chain, and metals such as zinc and aluminum are important elements of the group's products and resource flows. The usage of metals can cause significant environmental impact in the extraction and processing phase, in GHG emissions and other forms. Ependion generates waste from the group's various production processes, as metals, plastics and packaging. Its products may include components that cannot be fully recycled or reused at present. The potential for recycling and reuse also varies across Ependion's different markets. If not processed appropriately, waste can cause pollution and resource losses.

Offering products that have long lifespans and can be kept updated over time is a critical piece of the circular economy puzzle. Ependion's product portfolio consists of robust products designed for long technical lifespans, backed by an extensive services proposition to further improve resource efficiency and extend product useful lives.

This positions the group well for the transition to a circular economy.

E5-1: Policies related to resource use and circular economy

Ependion has several policies and processes for managing its impacts on resource use and the circular economy. Some of them are overarching documents that apply to more than one topic in this Sustainability Statement. An overview of the group's sustainability-related policies is also provided in G1-1.

There is a group-level Sustainability Policy covering commitments to reduce the group's environmental impacts focused on climate, pollution, resource management and applying the principles of circular economy. Increased use of secondary resources and sustainable procurement, as well as the use of renewable resources is indirectly covered by the group's Sustainability Policy. The same applies to the ambition to focus on the upper parts of the Waste Hierarchy, because these topics are important principles in the circular economy.

The Sustainability Policy is backed by Ependion's framework for circular economy, which involves a holistic philosophy and the group is integrating circular principles throughout product lifecycles, from R&D to end-of life processing, as reviewed on the group's website.

The senior level responsible for implementing the Sustainability Policy is each business entity's CEO. There are control mechanisms in place to measure compliance with this Policy, through audits and management reviews within the framework of the group's management systems, for example. Ependion's Sustainability Policy is applied group wide and also covers the value chain and collaboration with external stakeholders.

The Sustainability Policy was produced using internal resources, which indirectly incorporated views of workers, customers and investors, through engagement and consideration of legislation and external standards. Stakeholder views are also factored into policy and procedure updates. Commitments to the circular economy are also stated in Ependion's CoCs, prepared by each business entity based on the group's CoC, and that cover all parts of business entities' operations.

Environmental policies are also approved by each business entity. At this level, policies are more detailed than at group level, and stipulations include operations working for increased use of renewables. The policies also have objectives to eliminate waste and pollution through preventive actions and ensuring that residual products are directed into circular flows for reuse and materials recycling.

Policies on this topic are available on the group's website and also through internal communication channels.

Ependion has signed the UN Global Compact and backs international commitments designed to promote sustainable business methods as reviewed in the group's Sustainability Policy.

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

Ependion's business model centers on production, where metals are a material part of the value chain. To integrate circular economy, the group's work focuses on aspects including designing for circularity and working strategically with suppliers to ensure access to recycled and renewable raw materials. Ependion provides services and solutions to extend product lifecycles such as repair and upgrade. The group also focuses on monitoring and adapting to regulatory changes in the EU and other relevant markets. Work on achieving the group's targets and ambitions in circularity is continuous and integrated into operations.

Ependion works actively to integrate circular principles across its value chain—from design to procurement, use and end-of-life processing of products. The group's strategy is founded on developing robust and energy-efficient products with long useful lives, backed by an extensive service proposition that extends useful life further.

The design phase is central to ensuring product circular characteristics. The focus is on material selection, energy efficiency and technical lifespan, which also improves the potential for upgrade and repair. Products are designed to cope with harsh environments and to be recyclable or reusable after use. In early-2025, members of the group's largest R&D function attended a circular design-themed workshop, which also resulted in a number of improvement projects, in segments including simulation and energy efficiency, which the group continued to work on in the year.

Electronics, metals, plastics and packaging are major waste categories. In accordance with the Waste Hierarchy, Ependion plans its procurement to reduce waste through avenues including avoiding materials that are obsolete or no longer suitable for use. Where necessary, Ependion contacts external parties to evaluate improved methods to process the group's waste. Ependion is subject to producer responsibility for packaging, electronic and electrical products, as well as batteries, partly managed by external parties such as the approved producer responsibility organizations Näringslivets producentansvar and Pronexa AG.

Ependion has mobilized resources in several functions to deal with circular economy-related issues. It manages work in R&D, procurement, production, logistics and servicing, with the responsibility for implementing circular principles within each function. For example, the business entities partner with suppliers to increase the share of low-carbon and recycled metals, and circularity aspects are integrated into the product development process. The group's work is continuous and non-time-finite apart from the actions linked to the targets stated in E5–3.

Material resources cover investments in test equipment, component databases and digital tools to track materials flows. Human resources include dedicated sustainability functions and procurement teams with skills in channels to disclose specific amounts for financial resources allocated directly to work on circular economy, or to make disclosures on future resource allocation, because these initiatives are largely integrated into operating activities, and such decisions impact the continued development and priorities of operations over time.

E5-3: Targets related to resource use and circular economy

Ependion has set targets for resource use and circular economy in each business entity, designed to comply with its policies and deal with material impacts, risks and opportunities related to resource flows and circularity. This means that there is demarcation in terms of the organizational scope of targets, but the assessment is that this is not of material significance.

There are no group targets related to circular economy, but the group has a collective framework for circular economy involving all stages from product design to procurement, production, transportation, the use phase and end-of-life processing.

Activities are ongoing in all these segments, but the group has not set any collective targets, but rather, any targets and activities are decided locally by business units within their management systems. The group's business entities have different circumstances and impacts, and work on circular economy is often directly integrated into operating activities without setting special targets, because initiatives must be flexible and adaptable to operational development and local priorities.

Targets have been set in the business units independently consistent with the group's policy to reduce its environmental impact. Accordingly, this is not the outcome of any legislative requirements, but based on voluntary commitments on climate, pollution, resource management and circular economy. These targets are consistent with the EU's Circular Economy Action Plan and the Waste Hierarchy is a fundamental principle in this segment, although no systematic review of the scientific evidence was conducted when setting these targets.

Targets relate to the group's main impacts, and cover segments including the usage of recycled materials, reducing climate impacts from purchased metals and improved recycling levels in packaging. No overall targets to reduce the environmental impacts from the group's waste have been set. Instead, this impact is managed primarily through local procedures at Ependion's production units consistent with ISO 14001 standards. Ependion has not conducted an analysis of how the targets for increased usage of recycled material may impact biological diversity, but its main focus has been on circular economy and climate impact.

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Beijer Electronics' target is for its products to use 50% recycled materials in 2026. It researched what new materials could be replaced by recycled ones, and set its target based on the weights of various components and expert know-how from its R&D function. Work focused on transitioning to recycled plastic and aluminum, and this effect will mainly be achieved through the new product platform, the X3.

Westermo's target has been set at local business unit level with a specific focus on metals and packaging solutions. Operations actively collaborate with the largest suppliers of metals to reduce climate impact and increase usage of recycled materials. These efforts include initiatives on low-carbon and recycled metals, with the ambition of continuously evolving and intensifying these activities. Westermo has also set local targets for its packaging materials for 2026. The target for the largest business unit is for packaging to use at least 50% recycled plastic and 70% recycled paper by end-2026. The figures for 2025 were 40% recycled plastic and 52% recycled paper. To achieve these ambitions, Westermo is partnering closely with a cluster of selected suppliers, with the central procurement organization coordinating the business entity's work.

The targets are integrated into each business entity's ISO 14001 management system and followed up at least yearly within Management's review. The targets relate to the upper layer of the Waste Hierarchy, and are designed to promote sustainable product design and reduce the dependency on primary raw materials. The targets have been formulated by internal resources of the organization, and external stakeholders were not directly involved in the process.

E5-4: Resource inflows

The most significant resource inflows linked to the group's products consist of metals and HMIs, but also products like industrial PCs and packaging materials. Ependion's business entities have formulated targets and action plans to reduce their climate impact and increase the share of recycled and reused materials linked to metals and packaging.

Resource inflows	2025
Total weight of produced material [tonnes]	332
Percentage share of biological materials, used in the manufacture of the group's products, that are of sustainable origin [%]	0
Total weight of reused or recycled components [tonnes]	81
Total share of reused or recycled components [%]	24
Total weight of secondary intermediate products [tonnes]	0
Total share of secondary intermediate products [%]	0
Total weight of secondary materials [tonnes]	0
Total share of secondary materials [%]	0

Reporting principles

Information and data relating to resource inflows cover the most significant materials, components and products; zinc, aluminum, HMIs, antennas, industrial PCs, PCBAs, as well as paper and plastic packaging. Metals represent most of the group's resource inflows in terms of weight. In terms of unit product, PCBAs are high volume. Data for decision-making on what would be most significant is collected from sources including lifecycle analysis of Ependion's core products. Information on amounts is from the group's purchasing systems, and supporting data on the share of recycled material is from the group's suppliers. Where information on the share of recycled materials is absent, it has been disclosed as zero.

The group's reporting defines technical materials as all materials used in production processes based on their technical characteristics. This includes all chemicals (synthetic and bio-based) and non-renewable energy sources. For example, the group has classified board as a technical material, because in operations, it is used for its technical characteristics rather than biological origin. This reporting and definitions will be reviewed before the year-2026 reporting.

These stated metrics incorporate significant uncertainty, and mean purchased materials are under-reported, for reasons including exact numbers for total weights of purchased materials in the year not being stated. Not all materials and components are included in reporting. Disclosures are also largely based on estimates and information from suppliers, which means that variations and exceptions between disclosure and actual volumes may occur. The group is working to progressively increase the scope and precision of reporting, which means that more segments and details will gradually be included in the Statement. This progress will keep pace with improvements in data availability and internal procedures for collection and quality-assurance being enhanced.

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E5-5: Resource outflows

Significant resource outflows are similar to the group's inflows. The EPD conducted on the Viper-112A switch in 2024 indicates that pure metals constitute over 80% of product weight. These metals can be recycled, as applies to most of Ependion's product packaging, which largely consists of board and plastic including some recycled materials.

The design phase has a significant impact on the circular characteristics of products and resource management. Ependion works to continuously enhance the integration of circular design principles into product development where products' technical lifespans and energy efficiency are important components.

The group judges that its products have medium to high repairability, which means they are designed so it is fairly straightforward to identify, exchange and repair individual components as required. For example, this includes using standard screws and fastenings, modular designs and keeping spare parts available. Servicing, maintenance upgrade and update processes are well established, and there are repair centers worldwide. The assessment of high repairability was not based on any standard method for parts of the group, but an estimate based on experience and practical knowledge of operations, while other parts use specialized methodologies for assessing repairability.

Regarding the expected sustainability of the products the group puts on the market compared to the sector average, the group did not identify an appropriate source for a sector average for the group's core products for 2025. The group is monitoring progress, and will include this information as it becomes available.

Share of recyclable materials in the group's products
97%

Share of recyclable materials in the group's packaging
100%

Waste from own operations	2025
Total waste generated [tonnes]	104
Total amount of waste diverted from disposal [tonnes]	96
- Preparation for reuse [tonnes]	0
- Material recycling [tonnes]	92
- Other recovery method [tonnes]	3
- Hazardous waste [tonnes]	11
- Non-hazardous waste [tonnes]	85
Total amount of waste for disposal [tonnes]	8
- Incineration [tonnes]	6
- Landfill [tonnes]	2
- Other disposal method [tonnes]	0
- Hazardous waste [tonnes]	0
- Non-hazardous waste [tonnes]	8
Proportion of non-recycled waste [%]	8
Total amount of hazardous waste [tonnes]	11
Total amount of radioactive waste [tonnes]	0

Reporting principles

Metrics relating to products and materials for the group's resource outflows are from Ependion's production and sales volumes in the year, and based on information from suppliers regarding the share of recycled materials, for example. The metrics cover the most significant materials and components, with metrics judged to incorporate sizable uncertainty because precise data is absent, on recyclability, for example. Disclosures on product recyclability are mainly based on estimates from waste management providers and known sector practice. It is generally accepted that some materials like metals have very high recyclability as is recognized across manufacturing and in wider society.

The group's packaging consists of paper, board and plastics, which are recyclable.

Metrics relating to waste from Ependion's own operations are mainly sourced from contracted waste management partners, where waste type and amount by weight are stated on invoices. Waste consists of metals, board, packaging, plastic, glass etc. Hazardous waste mainly consists of electronic waste and chemicals. The lack of global standardized methodologies to manage, classify, measure and report waste is a source of measurement uncertainty and challenges in comparing consolidated data over time and between operations. Where the processing method for a specific waste type is unknown, it has been classified in accordance with sector practice. Household waste has not been reported for some operations, which means under-reporting of waste sent for combustion with and without energy recycling. The reason is that waste management is included in rent, and there are no statistics on allocations to Ependion's operations. Ependion does not think this has a significant impact on the group's overall outcomes.

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ESRS S1 Own workforce

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The process to identify and assess material impacts, risks and opportunities is summarized in section ESRS 2 IRO-1. Working conditions have been identified as a material topic from an impact perspective. Despite Ependion doing preventive work, there are potential risks of negative impacts on health & safety in the workplace. Even if to date, the accidents that have occurred have been minor, Ependion is retaining its assessment that production involves specific risks, especially during change and conversions where several participants may be engaged and where more risky duties related to e.g. electrical work are conducted. Workers engaged in repair, servicing and fault-finding on site with customers are considered to be at greater risk, because several different parties are often involved, with duties performed in unfamiliar environments.

Ependion operates on a global market, and the possibility that work in different time zones impacts worker health and wellness negatively cannot be ruled out, even if the group's overall assessment is that sickness absence is generally low.

In addition to working conditions, the topic of equal treatment and equal opportunities for everyone is considered material from potentially positive and potentially negative impact perspectives. Ependion is a global corporation with workers of different nationalities, backgrounds and ages. Employee satisfaction surveys, which measure engagement and the experience of being yourself in the workplace, consistently indicate good results. The assessment is that the group's active and long-term work on developing its corporate culture and promoting inclusion and diversity has had clear positive impacts. This creates a working environment with the potential for each individual to fulfil their potential to develop and feel good at work.

Despite active and goal-oriented work to improve gender balance across the group, division remains unsatisfactory, which is assessed as potentially negative from an impact perspective, because low diversity can cause a poorer work climate, but also limited perspective and reduced innovation. Additionally, uneven representation may obstruct hiring and skills succession in the longer term.

Those segments identified as material—working conditions, plus equal treatment and equal opportunities—are central to attracting, developing and retaining qualified workers, which in turn, are critical for enabling and implementing Ependion's business strategy, as well as creating long-term commercial success. Ependion assesses that active work on developing its corporate culture, inclusion, diversity and good working conditions will have a positive impact on engagement, innovation and the ability to attract talent. Ependion judges that this positive impact on corporate culture applies to its own employees and contracted consultants. Meanwhile, these topics also present potential negative impacts relating to the working environment, health & safety or poor diversity, for example, which may impact the results of operations and the ability to hire and retain key skills. Accordingly, Ependion has integrated these topics into the group's strategy and business model through clear targets and actions. The group does not recognize any major differences in terms of material negative impacts in the contexts where the group operates, apart from assessing that the risk of accidents is higher in production environments.

ESRS 1 disclosures apply to everyone in Ependion's own workforce directly employed by the group. When assessing impacts, risks and opportunities, consultants and other people in operations but classed as non-employees under ESRS are also included because these groups may be significantly impacted by Ependion's operations.

Ependion's material impacts do not arise from transition plans to reduce negative environmental impact or the pursuit of more sustainable and climate-neutral operations. The group has not identified any countries or geographical regions in its own operations where there is an increased risk of forced or child labor.

S1-1: Policies related to own workforce

To prevent and deal with discrimination, Ependion applies clear processes that include preventive and reactive measures. This includes conducting regular training for all workers and managers on discrimination, harassment and equal treatment, as well as information initiatives on the procedures and contact pathways available if anyone experiences or suspects discrimination. Ependion has also established procedures to investigate and deal with suspected cases of discrimination promptly, where anonymity and impartiality are guaranteed through the whistleblower function and external management if required.

These processes also help promote diversity and inclusion, partly by creating a working environment where diversity is respected and valued, and by working actively to expand the hiring base and counter unconscious bias in hiring and promotion processes. Regular follow-ups of occupational health & safety and worker experiences are conducted to identify potential barriers to inclusion, and the outcomes are the foundation for continued improvement measures. This is how Ependion creates an inclusive workplace where everyone can develop and contribute based on their own circumstances.

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Group-wide policies

There are several policies in the group dealing with topics on its own workforce. The CoC and group-wide policies that apply to all operations, i.e. all workers, such as the Sustainability Policy and the Human Rights Policy, are also reviewed in section G1-1: Policies related to corporate culture.

Human rights

The Human Rights Policy is founded on the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. It is designed to address the group's material impacts and covers topics like discrimination, freedom of association, human trafficking, forced labor, child labor, working conditions, health & safety, salaries and compensation. To ensure compliance with these international guidelines, Ependion has established processes such as risk assessments, onboarding new suppliers, audits and follow-up on suppliers' work, partly utilizing external tools.

The Human Rights Policy covers commitments to promote a culture of social dialogue, where open, inclusive and constructive communication between all stakeholders is encouraged to ensure different perspectives are considered in the group's activities and initiatives. The Policy also includes maintaining an independent whistleblower channel and the commitment to offer compensation in cases where the group's operations have directly caused or contributed to negative impacts on human rights. At present, Ependion does not have special policy commitments related to inclusion or affirmative action for especially vulnerable groups in its own workforce. The human rights policy was produced using internal resources, which indirectly factored in views from workers, customers and investors through channels including engagement. Legislation and external standards were also considered. Stakeholder views are also considered when updating policies and procedures. The CoC and policies on this topic are available on the group's website and via internal communication channels.

Occupational health & safety, diversity and inclusion

The group's Global Sustainability Policy covers all workers, includes a zero-harm principle, which means that Ependion endeavors to ensure that no worker, contractor or visitor is injured in the group's operations. This underscores the group's commitment to create a safe and healthy working environment by actively identifying and minimizing risks, promoting a culture featuring safety, health and wellness while simultaneously improving its procedures to prevent accidents, ill health and negative environmental impacts.

Group-wide policies are backed by policies set at business entity level relating to health & safety, diversity and inclusion. Collectively, these specific policies are designed to eliminate discrimination and harassment, promote equal opportunities and create an inclusive, healthy and safe workplace where accidents and ill health are prevented. Diversity covers the whole spectrum of human differences, for example gender, gender identity, age, ethnicity, physical conditions or characteristics, nationality, religion, social background, political and ethical convictions and much more. Concepts and word choices, as well as laws and regulations, may differ between languages, countries and cultures. The policies are implemented through processes to clearly identify and remediate risks of discrimination, through channels including risk assessments, employee satisfaction surveys and review interviews. Training on diversity and equal treatment, along with structured hiring processes, help counter prejudice. Regular follow-ups ensure that the working environment satisfies the group's diversity and inclusion targets.

Overarching responsibility for implementing these business entity-specific policies, which cover all the entities' workers, rests with each business entity CEO. Policies in this topic are available for all workers on the group's intranet. Ependion prevents and deals with material impacts for its workforce through training, clear targets, action plans and management systems. Monitoring compliance is through safety patrols, audits, health & safety committee meetings and management reviews, for example. These activities form the foundation for further preventive and remedial measures.

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

Ependion maintains active dialogue with workers and their representatives on how the group's operations impact staff, with a range of communication channels used throughout their terms of employment. Both business entities conduct quarterly employee satisfaction surveys for all employees—a significant tool to collect views and gain insights that help work teams and the whole group to evolve. Employee satisfaction surveys are the primary channel for measuring employee engagement and offer insights into worker perceptions of their sense of belonging, value and equal opportunities. Staff can also leave open feedback and proposals in the employee satisfaction survey. Work team meetings are held with first-line managers after each quarterly survey, where work team performance is discussed. The overarching responsibility for the employee satisfaction survey rests with each business entity's HR Director, while each line manager bears operational responsibility for implementing any actions.

In Sweden, where most workers are stationed, business entity HR Directors meet union representatives every second month to maintain an open dialogue on the group's progress, working conditions and health & safety topics.

Health & safety committees are in place in the major business units, often convened by HR Directors. Company and employee representatives both participate. The primary focus is on health & safety, which may relate to risk assessments, the investigation of incidents and follow-up on safety patrols, which are another important tool for engagement with workers. The Committee decides on any actions based on these various activities.

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The group also has well-established processes for yearly appraisal interviews with every worker, which each manager is responsible for. This enables structured and continuous engagement with workers on issues affecting their development, job satisfaction and health & safety. It contributes to leveraging different perspectives, while tangible improvement actions can be identified collectively and implemented.

Ependion evaluates the effectiveness of the group's contacts with its own workforce through quarterly employee satisfaction surveys, but also through concrete outcomes in statistics on accidents and sickness absence, for example. This enables areas of improvement to be identified, and measurement of the impact of actions taken over time. Information on overall improvement measures, targets and activities is mainly available on Ependion's intranet. This ensures that workers get feedback on how their views have impacted overall decisions and operational development. The group has not seen a need to maintain special dialogues with specific groups in its own workforce, because no groups have been identified as especially vulnerable or marginalized.

The resources assigned to worker engagement are mainly human resources to manage and organize engagement with staff and resources for planning and implementing training. The group has also assigned financial resources for the digital tool used in employee satisfaction surveys. Westermo conducted its first global Wellness Week in 2025, with specific funds earmarked for lectures and other health-promotion activities.

Information on local activities is managed by each business entity's HR Director, whose duties include compiling results from employee satisfaction surveys and health & safety committees. If a local case needs to be dealt with at group level, it is escalated by the relevant business entity CEO to Group Management for further action.

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

Ependion takes action when the group's operations have caused or contributed to negative impacts on workers, and collaborates with affected parties to find the optimal solution on a case-by-case basis. The effectiveness of actions is also evaluated on a case-by-case basis and pursuant to applicable legislation. Workers are encouraged to feel confident about speaking out, and pursuant to its CoC, Ependion never accepts reprisals against those reporting breaches of the Code in good faith.

Reporting suspected breaches is possible through the group's various complaints channels, including personal contact with first-line managers or HR, email, mail, telephone or anonymously via the external whistleblower service. The process for monitoring and managing reported cases is reviewed in G1-1: Business conduct policies and corporate culture, which also covers information and training initiatives linked to the CoC.

As part of quarterly employee satisfaction surveys, business entities follow up on perceptions of worker security when speaking out or reporting concerns if they suspect or experience any form of impropriety. The health & safety tool is used to report hazards, which help identify and rectify unsafe situations. Health & safety incidents are investigated and outcomes shared on relevant forums to enable implementation of preventive measures to avoid similar events occurring. Ongoing collaboration between HR Directors and employee representatives also includes processes for reporting and updating, which ensures channels are fit for purpose and needs, and that any shortcomings are rectified. Statistics from incident reporting and employee satisfaction surveys are used to measure the effectiveness of actions taken over time and identify needs for further efforts.

A high share of Ependion's employees are party to collective bargaining agreements, and in reorganizations, consulting processes are conducted with the appropriate trade unions in accordance with applicable legislation and relevant collective bargaining agreements.

S1-4: Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The group's decentralized business model dictates that business entities bear primary responsibility for the planning and execution of actions to achieve the group's overall targets. Ependion's target, also stated in its Sustainability Policy, is a clear ambition that no-one within the group should be affected by injury or ill health in the workplace. The Sustainability Policy, as well as the group's Diversity and Inclusion Policies, also emphasize the importance of ensuring an inclusive and diverse workforce.

Ependion ensures that the group's business practice does not cause or contribute to negative impacts for its own staff, through means including risk assessments being conducted for changes that may impact workload or the working environment. These efforts are designed to balance business requirements with workers' wellness and ensure a secure and safe working environment. Risks and opportunities related to Ependion's own workforce are also covered by the group's overall risk management framework.

Actions taken are primarily dependent on the outcome of employee satisfaction surveys, occupational health & safety reporting, risk assessments, incident investigations and sector trends. This process usually involves HR analyzing data and proposing suitable actions, which are approved by the relevant management team for larger-scale activities.

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Actions are taken in the group's own operations and activities to ensure a secure, safe as well as inclusive working environment, which includes contractors and others working at the group's facilities. This work is continuous with no predetermined end date, unless otherwise stated in this section.

The expected outcome of the actions reviewed below is an improved working environment, better safety, increased worker participation and reduced risk of accidents, ill health and impropriety. By continuously monitoring and adapting actions based on data from employee satisfaction surveys, incident reporting and risk assessments, Ependion ensures its policies and targets are implemented in practice. Overall, these initiatives create a working environment centered on health, safety, diversity and inclusion, helping promote workers' long-term job satisfaction and engagement.

No group-wide key actions have been decided for 2026 other than training all workers on risk management related to health & safety. Targets were set related to the material impact, which is reviewed in section S1-5.

Health & safety

Ependion's business entities work on health & safety issues on a continuous and structured basis to prevent ill health and minimize the risk of accidents. They have implemented a reporting system for OHS events; risk assessments and training are conducted regularly. Workers are offered flexible ways of working and ergonomic improvements. For actual impacts, such as work-related injuries or illness, Ependion has established investigation, rehabilitation and return-to-work procedures. Workers are offered skills support for reorganizations to ensure security and continuity.

Additionally, Ependion is managing a range of initiatives to help promote a positive health & safety culture. In 2025, Westermo's actions included a global Wellness Week, and late in the year, commenced implementation of a project called Take 5, involving taking risk assessments prior to starting a new duty. In 2025, Beijer Electronics introduced quarterly employee satisfaction surveys to monitor engagement and health & safety aspects, as well as identify needs for new actions.

Ependion monitors occupational health & safety with clear KPIs on hazard reporting, sickness absence and accidents, for example. The business entities conduct employee satisfaction surveys and audits to ensure that actions have the desired effect and that continuous improvement is achieved, as specified by the management systems. In 2025, Westermo held reviews with all sales companies on their OHS work on a similar basis as conducting its business reviews, designed to improve OHS work and disseminate lessons learned and best practice, which it will continue in 2026. Beijer Electronics implemented a new OHS reporting system in the year, and roll-out will continue in 2026. Some operations also have externally certified ISO 45001 OHS management systems (Westermo in India and Beijer Electronics' operations in Taiwan).

Diversity and inclusion

Ependion works systematically to promote equal opportunities, diversity, and inclusion. The business entities invest in skills development through training programs and digital education platforms, while offering leadership training and mentorship to promote career development. Work on diversity and inclusion is integrated into hiring processes and internal training programs.

To prevent discrimination and work proactively on equal opportunities, workers and managers take regular training in segments like unconscious bias and inclusive leadership. The business entities monitor diversity and inclusion through employee satisfaction surveys and clear KPIs, enabling efforts to be evaluated and developed continuously. If the group is unsuccessful in ensuring equal treatment, there are clear procedures for investigating and dealing with these situations. Incidents or complaints about discrimination are investigated by business entity HR functions jointly with affected managers, and where necessary, external experts are involved to ensure impartiality. Actions are taken immediately to support affected workers and prevent recurrences.

Overall targets on gender balance and zero tolerance of discrimination, for example, are set at business entity level. Performance and progress are monitored using KPIs and reporting of incidents or complaints, which ensures continuous improvement and positive progress in diversity and inclusion is achieved and maintained.

Resources for own workforce

Human resources are mainly designated to deal with these issues. It is not just the HR function that is dedicated to OHS, diversity, inclusion and skills development—local managers bear substantial responsibility and are actively involved in these topics. The business entities set yearly budgets that include initiatives in training, wellness programs and OHS improvements. Technical resources are also deployed, such as systems for incident management, to support and ensure that initiatives are effective and contribute to sustainable development for workers and operations. Resources assigned to deal with material impacts include funds below threshold values for significant operational and investment costs.

S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Ependion has an overall objective of zero work-related accidents and zero human rights violations, in the short and long term. This objective is deliberately broad and long term to fit the group's decentralized structure. It serves as a collective direction and support for the policies and guidelines that direct work on OHS, human rights and diversity. More tangible and measurable targets need to be adapted to each business entity's unique circumstances and challenges, and accordingly, more specific targets are set by each business entity, with individual responsibility for operations and performance.

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Otherwise, Ependion has no group-wide targets to deal with potential impacts related to occupational health & safety or diversity and inclusion of its own workforce. How effective the group's policies and actions are in relation to potential impact on workers is mainly monitored within business entities' management systems and by reviewing any complaint and incident reporting on the group's whistleblower channel. Ependion continuously evaluates risks and opportunities related to working conditions and human rights within its risk management work. Both business entities also have action plans related to the topics identified as salient human rights.

By setting targets in each business entity, the group ensures that its targets are relevant, realistic and justified, which is also consistent with the group's management systems, themselves based on ISO standards. When new targets and activities are formulated, lessons learned and experience of previous initiatives are factored in, with the most important insights on OHS and diversity collected from incident investigations, risk assessments and day-to-day work.

This also enables faster decision-making and greater worker engagement, because workers get the opportunity to influence their own targets based on local conditions. In this way, Ependion can benefit from the strength of collective ambition on sustainability, while retaining flexibility to allow each part of its organization to focus on what is most relevant.

The process for setting and following up on local targets and activities is within the framework of the business entities' management systems. There is no group-wide procedure for consultation with workers in the value chain or their representatives to formulate or follow up on targets. Westermo's targets for 2025 and 2026 imply zero accidents causing absence, and the results of the employee satisfaction survey, which measures engagement, should be over 80. Westermo had a total of one accident causing absence in 2025. Engagement was measured at over 80. Westermo also has a target related to diversity in the form of gender balance of its workforce in total and in Management. The objective is 25% women for 2025, with the outcome for 2025 being 25% of the total workforce and 22% for Management. Continuous training and information initiatives are important tools for achieving targets related to Ependion's own workforce, conducted on unconscious bias, risk assessments and high-risk duties such as electrical work, for example.

Beijer Electronics implemented a tool for employee satisfaction surveys in 2025, and its target is to achieve a score of at least 80 for engagement. In 2025, the outcome was 79, and the same target has been set for 2026. Regarding diversity, the target is to achieve the same gender division in management positions as the total employee headcount. For 2025, this number was 39% female employees and 32% women in managerial positions.

S1-6: Information on the undertaking's employees

Number of employees per gender (S1-6 AR 55: Table 1)

Gender	No. employees
Man	614
Woman	272
Other* or not stated	0
Total no. employees	**886**

*Gender as stated by the employees themselves

Number of employees per country (S1-6 AR 55: Table 2)

Country	No. employees
Sweden	366
Germany	133
Taiwan	121
Other countries	266

Employees per type of employment, allocated by gender (S1-6 AR 55: Table 3)

	Women	Men	Other*	N/A	Total
No. employees	289	631	0	0	**920**
No. permanent employees	272	614	0	0	**886**
No. fixed-term employees	10	14	0	0	**24**
No. temporary employees	7	3	0	0	**10**

*Gender as stated by the employees themselves

Employees per type of employment, allocated by region (S1-6 AR 55: Table 4)

Region	No. employees	No. permanent employees	No. fixed-term employees	No. temporary employees
North America	36	36	0	0
Oceania	10	10	0	0
Asia	181	181	0	0
Europe	693	659	24	10

Staff turnover (S1-6 50.c and AR 59)

Metric	2025	2024
Staff turnover [%]	8.4	8.9
No. employees terminated in the reporting period	74	77

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Employee headcount has been compiled based on payroll data and using information from local HR representatives and the group's ERP systems. The numbers disclosed for employee headcount are actual individuals, rather than full-time equivalents (FTEs). Consultants, fixed-term employees and agency staff are not included in total employee headcount. This applies only to permanent employees, unless otherwise explicitly stated in the metrics, such as employees by employment type, for example. The disclosed figures for the number of employees are for the end of the reporting period, and not full-year averages. Ependion considers these disclosures accurate despite them being based on numbers at period-end instead of yearly averages. Because Welotec was part of the group for over six months of the reporting year, Ependion considers that their inclusion did not have a material impact on the full-year statistics. Without this acquisition, the employee headcount numbers would have been consistent with previous years, and any differences lie within normal operational variations.

Financial reporting states the employee headcount based on averages per country in the year rather than period ends. The definition of country in financial reporting is the same as in the Sustainability Statement. Pursuant to ESRS, a country is defined as a nation. The reporting includes other countries that have fewer than 50 employees and less than 10% of the total employee headcount (S1–6 50.f).

The metrics for employees per type of employment and region cover all employees within the scope of this reporting standard and that work for one of the group's business entities. Temporary employees are employees whose maximum service level is recorded at 0.2 of an FTE in the ERP system.

For employee headcount per country, those countries with fewer than 50 employees and that had less than 10% of the total employee headcount are included in the other countries group.

Staff turnover is disclosed only for Ependion's own permanent employees, and Welotec's staff turnover is not included in the 2025 metrics. This will be included effective 2026. The metric for the number of employees that terminated in the reporting period covers permanent employees that terminated their employment voluntarily, were terminated, retired or died.

S1-8: Collective bargaining coverage and social dialogue

	Collective bargaining agreement coverage	Social dialogue
Coverage percentage	Employees in EEA *(for countries with > 50 employees that represent > 10% of total employee headcount)*	Representatives in the workplace *(EEA only) (for countries with > 50 employees that represent > 10% of total employee headcount)*
0-19%	Germany	Germany
20-39%		
40-59%		
60-79%		
80-100%	Sweden	Sweden

At year-end 2025, 41% of the total workforce were covered by collective bargaining agreements.

The group has no agreements with employees about representation via the European Works Councils (EWC), Societas Europaea (SE) Works Council or Societas Cooperativa Europaea (SCE) Works Council.

Reporting principles

Ependion's reporting on collective bargaining coverage and social dialogue (S1-8 AR 70) cover permanent employees in the European Economic Area (EEA). The percentage rates for those covered by collective bargaining agreements are based on the proportion of employees in Sweden of total employee headcount. Data for Westermo has been reported by each country manager and compiled by the Head of HR centrally.

Beijer Electronics handles this centrally in its HR function, which has overview and monitoring of information in an aggregated system. The group's opinion is that the collected information is reliable based on the available data and methods for collection and reporting are effective and fit for purpose.

S1-9: Diversity indicators

Gender division, absolute and share at company management level (S1-9 66.a)

Metric	2025	2024
Number of women in senior management	7	7
Number of men in senior management	10	10
Number of other* employees in senior management	0	0
Number of other employees of unknown gender in senior management	0	0
Proportion of women in senior management [%]	41	41
Proportion of men in senior management [%]	59	59
Share of other* employees in senior management [%]	0	0
Share of employees of unknown gender in senior management [%]	0	0

*Gender as stated by the employees themselves

Division of employees by age group (S1-9 66.b)

Metric	2025	2024
Number of employees under 30	90	103
Number of employees aged 30-50	520	503
Number of employees over 50	276	263
Share of employees under 30 [%]	10	12
Share of employees aged 30-50 [%]	59	58
Share of employees over 50 [%]	31	30

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The gender balance statistics in number and percentages at Group Management level cover Group Management and management teams of the Beijer Electronics and Westermo business entities. Of a total of four members of Group Management, 3 are women, who are also members of business entity management teams, although each individual has only been counted once to avoid duplication.

The employee headcount has been produced based on payroll data from the group's ERP system and is for the group's permanent employees only. It means that temporary employees, consultants, agency staff, and interns are not covered by the statistics. Data presented applies to the number of employees at reporting period end, and is not yearly averages. The same sample is used to monitor local targets and action plans for diversity and inclusion.

S1-10: Adequate wages

All Ependion's own employees have adequate wages. In addition to collective bargaining agreements that set minimum salary levels, Ependion applies internal salary intervals based on external market comparisons and levels.

Ependion also considers minimum wage legislation in those countries where the group operates.

S1-13: Metrics for training and skills development

Interviews, employees (S1-13 83.a & AR 77)

Metric	2025	2024
Total share participating in performance reviews [%]	92	93
Share of women participating in performance reviews [%]	93	95
Share of women participating in performance reviews [%]	92	92
Share of others* participating in performance reviews [%]	0	0
Share of employees of undeclared gender identity participating in performance reviews [%]	0	0
Agreed total number of performance reviews	886	870
Agreed number of performance reviews per employee and year	1	1
Share of interviews conducted in relation to agreed number of interviews according to management decision [%]	92	93

*Gender as stated by the employees themselves

Training hours, employees (S1-13 83.b and AR 78)

Metric	2025	2024
Average number of training hours per female employee	30	32
Average number of training hours per male employee	39	40
Average number of training hours per employee with other or unstated gender*	0	0
Average number of training hours per employee	36	37

*Gender as stated by the employees themselves

Reporting principles

The statistics only cover the group's own permanent employees, which means temporary employees, consultants, agency staff and interns are not covered.

Disclosures on training-hours are based partly on estimates provided by local HR functions or managers to business entity HR Directors for compilation. For Beijer Electronics, most information is from its learning management system. When seminars are open to all workers or specific groups, operations calculate participation based on estimated attendance frequency. In 2025, Beijer Electronics had a sharp focus on training on tech support and sales. Most workers in these functions are male, which is one explanation for the higher number of training hours for men than women.

In addition to arranged training programs, the group values practical on-the-job training highly. However, because there is no collective, systematic monitoring, it is difficult to determine the precise number of hours creating uncertainty in the reliability of this metric.

Ependion conducts yearly performance and career development reviews for all workers. These reviews are interviews where employees are assessed according to criteria known to both the employee and the first-line manager, and with the employee's awareness that such an assessment is conducted at least yearly. Assessments are conducted by first-line managers. The data disclosed is based on estimates conducted by business entity HR Directors, from internal monitoring and assessments from local HR functions or first-line managers. The numbers are affected by hiring dates, terminations in the year and long-term absence, such as parental leave, for example.

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S1-14: Health and safety metrics

Health & safety for own workforce (S1-14 88, 90, AR 80 & AR 82)

Metric	2025	2024
Share of own workforce covered by the company's OHS systems based on legal requirements and/or recognized standards or guidelines [%]	100	100
Share of own workforce covered by OHS systems based on legal requirements and/or recognized standards or guidelines and that have been internally audited and/or audited or certified by an external party [%]	15	18
Number of fatalities resulting from work-related injuries	0	0
Number of accidents resulting from work-related ill health	0	0
Number of work-related accidents from absence (excluding fatalities)	1	1
Number of work-related accidents with absence (per million working hours)	0.61	0.63
Number of reportable cases of work-related ill health	1	3
Number of lost work days due to work-related injuries and fatalities as well as accidents and fatalities related to ill health	223	164

Health & safety for non-employed workforce (S1-14 88, 89 & AR 80)

Metric	2025	2024
Share of non-employees covered by the company's OHS systems based on legal requirements and/or recognized standards or guidelines [%]	0	0
Number of fatalities resulting from work-related injuries and work-related ill health	0	0
Number of work-related accidents from absence (excluding fatalities)	0	0
Number of work-related accidents with absence (per million working hours)	0	0
Number of reportable cases of work-related ill health	0	0
Number of lost work days due to work-related injuries and fatalities as well as accidents and fatalities related to ill health	0	0

Reporting principles

The metric for the number of accidents is based on a combination of different sources. Ependion uses a global health & safety reporting system for certain main parts of the group, i.e. Westermo globally excluding Welotec, as well as Beijer Electronics' Swedish operation, into which workers and managers both report events. Other units base their reporting on manual processes, with relevant managers reporting to business entity HR functions to compile data. For accidents, metrics only include accidents that have resulted in sickness absence. The frequency of accidents that have caused absence is calculated per one million hours worked. The definition of a work-related accident is not calibrated between the different entities, and accordingly, only those accidents that have resulted in absence are recorded to ensure comparable reporting. This metric is under implementation, and will be improved in 2026 as collective definitions are formulated, because the group uses a single global reporting system.

For management systems, all workers are covered by the group's working methods that are based on the principles of ISO 45001: plan, do, check, act. Metrics for the share of employees covered by management systems are based on local headcount. Beijer Electronics' Taiwanese operation and Westermo's Indian operation are third-party ISO 45001 occupational health & safety system certified. In 2024, only the Taiwanese operation was certified, and its headcount reduced in 2025, explaining why the share of workers covered by a certified management system reduced in 2025 from 2024.

S1-15: Work-life balance

Leave for family reasons (S1-15 93)

Metric	2025	2024
Share of employees entitled to leave for family reasons [%]	100	100
Share of families is entitled to leave for family reasons that took leave [%]	10	10
Share of women entitled to leave for family reasons that took leave [%]	11	9
Share of men entitled leave for family reasons that took leave [%]	9	10
Share of other* employees entitled to leave for family reasons that took leave [%]	0	0
Share of employees with undeclared gender that took leave for family reasons [%]	0	0

*Gender as stated by the employees themselves

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Statistics on the share of employees entitled to leave for family reasons are based on information from business entity HR Directors, who have collected information from local managers or local HR functions as required. The statistics only cover the group's own permanent employees, which means that temporary employees, consultants, agency staff, and interns are not covered.

S1-16: Compensation metrics (pay gap and total compensation)

Compensation-related metrics	2025
Average pay gap Sweden (%)	-5
Average pay gap Taiwan (%)	34
Total salary and compensation for group CEO in relation to employees	9

The average wage gap between the group's employees in Sweden is -5%, which means that women's average pay is 5% higher than men's. In Taiwan, the average wage gap is 34%, which means that women's average pay is 34% lower than men's. This difference is mainly due to most women employed in Taiwan working in production, where market wages are significantly lower than other functions of the company.

Reporting principles

Statistics on the gender pay gap are based on standard monthly working hours of 156 hours per month and cover basic gross salary presented as full-time salaries. The data is collected from the group's payroll systems. The available statistics on average wage gaps in Sweden and Taiwan are illustrated in the table that covers about 55% of the group's permanent employee base at year-end 2025. Wage gaps are mainly based on the gender imbalance among the most highly qualified positions rather than differences in pay for the same or equivalent work between genders.

Ependion's opinion is that a fairer analysis of wage gaps would be achieved by comparing average pay in each function, but at present, the group does not have access to such detailed data. Nor is there any representative and comprehensive data to report wage gaps at group level at present. The metric of the yearly total compensation level for the most highly paid individual in relation to median values for total compensation for all employees (excluding the highest paid individual) is based on fixed basic gross monthly salary converted to a full-year basis. In 2026, Ependion will establish a group-wide structure to adapt its procedures to the stipulations of the Pay Transparency Directive.

S1-17: Incidents, complaints and severe human rights impacts (S1-17 102, 103.a-c, 104 and AR 106)

In the period, zero (0) serious human rights issues or incidents were reported on the group's whistleblower system or discovered otherwise, which means zero (0) fines, penalties or compensation was paid. Nor were any complaints reported to the national contacts for the OECD Guidelines for Multinational Enterprises.

Information is based partly on internal data from the HR Directors of each business entity, and partly from the group's whistleblower system. More information on the group's whistleblower system is in GOV 1: How the undertaking protects whistleblowers.

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ESRS S2 Workers in the value chain

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Workers in the value chain is a material sustainability topic for Ependion from an impact perspective. No material financial risks or opportunities were identified. The process for identifying impacts, risks and opportunities is stated in ESRS 2 IRO-1.

When identifying the different types of worker in the value chain that are, may be, or may become impacted, Ependion has focused especially on those topics where it assesses the risk level as high, and where the group has a significant proportion of its suppliers. This assessment is based on business intelligence and internal experience rather than specific, country-based assessments.

The group judges that its global supplier network contains potential negative impacts related to the topics of child and forced labor, equal treatment, freedom of association, health & safety, pay and compensation, and working hours. It did not consider that any of the material impacts were related to any specific group of workers in the value chain. The group has not identified any specific countries where the risks of child labor or forced labor for example are especially prevalent, but rather views them as related to global challenges in certain sectors and regions. Impacts may occur throughout the supply chain, but it judges that the risks are most significant with suppliers outside tier 1, where the potential for transparency and monitoring is more limited. This applies to operations including the extraction of metals and other raw materials, and the manufacture of electronic components, segments often concentrated in Asia.

Generally, the group's own operations and the contractors it hires are subject to better control than further out in the supplier base. However, some impacts may also occur here, primarily related to health & safety in more risky duties rather than day-to-day work. For workers downstream in the value chain, like logistics and transportation, no specific potential impacts were identified. To manage and follow up on these topics, the group uses a system, a platform provided by an external vendor, which improves transparency and traceability.

The identified risks and potential impacts resulted in Ependion regularly reviewing, and where necessary adapting, its strategy and business model. The group integrates sustainability standards into its purchasing processes and creates close partnerships with strategic suppliers. This means that Ependion prioritizes suppliers able to demonstrate transparency and compliance with the group's working conditions and human rights standards, in turn affecting how its supplier network is structured. Thus, resources and investments are directed towards suppliers that share the group's values and sustainability ambitions.

The risks related to poor working conditions, especially further out in the supplier base, have impacted Ependion's strategic decisions on monitoring and control. In 2025, the group's largest business entity took another step towards implementing an external digital tool—a platform for supplier monitoring with a special focus on sustainability topics. This improved potential for transparency and systematic monitoring of suppliers' working conditions and sustainability work. Ependion did not identify any actual negative impact in those segments where the group operates, makes purchases or has business relationships.

S2-1: Policies related to workers in the value chain

Ependion has a global group-wide CoC covering the whole value chain and all business segments including the Westermo and Beijer Electronics business entities. The CoC states Ependion's expectation of suppliers to conduct themselves in accordance with the principles described there.

Additionally, the business entities apply their own global Supplier CoCs, which make clear stipulations on respect for human rights, working conditions and the environment. These CoCs offer support and guidance to suppliers in their work on satisfying the group's standards.

The group also has a global, group-wide Human Rights Policy covering all workers in the value chain, which is designed to prevent and counter risks and identify and manage any negative impacts in the value chain. Ependion's policy covers segments like discrimination, freedom of association, human trafficking, forced labor, child labor, working conditions, health & safety, pay & compensation. It is founded on the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. To ensure compliance with these international guidelines, Ependion has implemented established processes such as risk assessments, procedures for onboarding new suppliers, audits and follow-ups on suppliers' work, partly supported by external resources. Engagement and collaboration with workers and stakeholders in the value chain is promoted through regular meetings, dialogue and supplier monitoring. This enables risks to be identified early and intensifies relationships as well as the understanding of human rights in the value chain.

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If negative impacts for human rights are discovered, the group has mechanisms in place to report and manage them, through mechanisms including Ependion's whistleblower channel. If required, Ependion initiates measures to compensate affected parties.

The group's whistleblower protection processes are also reviewed in G1-1.

Ependion did not have any reported cases of non-compliance with the UN Guiding Principles, ILO Declaration or OECD Guidelines in its value chain in the reporting period. Accordingly, there is no further information on such cases to disclose.

To manage specific risks in the extraction of raw materials and manufacture of electronic components, the group also has a specific policy governing conflict minerals. Ependion's policy is designed to ensure that minerals are procured on a responsible basis, and that suppliers comply with international guidelines, which helps increase transparency and reduces the risk of the group indirectly contributing to conflicts or human rights violations.

The group's policies are also reviewed in section G1. These Policy documents enable Ependion to ensure that its whole value chain is permeated by the group's values and sustainability ambitions, as well as the risks and consequences related to working conditions and human rights being managed systematically and proactively. The group's policies for human rights and conflict minerals have been produced using internal resources which factor in views from workers, customers and investors indirectly through channels including dialogues that consider legislation and external standards. Stakeholder views are also considered when updating policies and procedures. The CoC and policies in this segment are available on Ependion's and its business entities' websites, as well as on internal communication channels.

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

Engagement with suppliers is continuous and also takes place during special projects. Ependion has established processes in the group's business entities. Dialogue with suppliers is direct and begins with risk minimization measures such as supplier audits and pre-qualification. It also includes defining actions to rectify any shortcomings. Ependion audits strategic suppliers of direct materials. These audits are also conducted through physical visits, with patrols and dialogue with supplier representatives, and ad hoc with their workers. Operational responsibility for ensuring engagement and that the outcomes of these dialogues are integrated into the group's working methods rests with the relevant manager of the procurement function of each business entity. The effectiveness of these engagements in preventing risks and negative consequences linked to working conditions and human rights in the value chain is assessed through channels including follow-ups on audit outcomes, as well as complaints and incidents reported on the group's whistleblower channel. The method for including the views of especially vulnerable groups is adapted as required based on the specific circumstances of each case. Ependion has no global framework agreements or agreements with global trade unions on human rights for workers in its value chain including the right to collective bargaining.

S2-3: Processes to remediate negative impacts and channels through which value chain workers can raise concerns

Ependion's whistleblower system enables workers throughout the value chain to anonymously report suspicions of impropriety without risk of reprisal or retribution. This channel is central to enabling objective and impartial investigation and for dealing with any negative impacts for human rights.

Reports and their status can be tracked continuously through the system, helping increase process efficiency. Where necessary, actions are taken to compensate affected parties, such as dialogue, remedial actions and follow-ups to ensure non-compliance is rectified fairly and transparently.

At present, Ependion does not follow upon whether workers in the value chain are aware of, or have confidence in, existing structures and procedures to highlight problems or needs, and have them investigated. Nor are there any processes adopted going forward to verify this. Additionally, at present, Ependion has no group-wide procedures or requirements to ensure that its workers or other participants in the value chain can access the corresponding reporting channels at their own workplaces, or that these channels satisfy specific availability and functionality standards.

Because Ependion has not experienced any serious events related to negative impacts in recent years, nor has it had reason to evaluate actions for compensation, and accordingly, no follow-ups have been relevant. For more information on the whistleblower system, see G1-1.

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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

Ependion works continuously to ensure that the group's business conduct does not cause or contribute to negative impacts on human rights and working conditions for workers in its value chain. Most actions are integrated into continuous improvement work, which is based on the group's management systems.

Ependion identifies the necessary initiatives through channels including supplier assessments, due diligence for human rights, risk assessments, audits and considering regulatory changes. The resources assigned to deal with impacts on workers in the value chain are mainly staff in procurement functions and system support for monitoring and evaluating suppliers.

Operations involve continuous improvement work without significant OpEx or CapEx because these activities are mainly part of day-to-day work. Accordingly, Ependion is unable to disclose specific amounts of financial resources allocated directly to the process of preventing negative impacts on workers in the supply chain, or making disclosures on future resource allocation.

Meanwhile, in 2025, the group did conduct some specific activities that supplemented its ongoing work, with representatives of the business entities participating in the Global Compact's human rights program. Westermo invested in new external system support in 2025—an external platform tailored to enable monitoring of suppliers' sustainability work. Implementation has begun, focused on suppliers of direct materials, and roll-out will continue in 2026. An update and subsequent roll-out of Westermo's Supplier CoC is also planned for 2026. In 2025, Westermo Ireland participated in the Global Compact's training program for sustainability in the supply chain.

In 2025, Beijer Electronics produced an updated global CoC for the business entity as well as a new Supplier CoC. Their roll-out began in the year, and implementation will continue in 2026.

These efforts are concentrated on suppliers of direct materials. Beijer Electronics also plans to introduce a new platform for monitoring supplier sustainability work in 2026.

Challenges in following up on working conditions, primarily for tier 2-4 suppliers, where insight is limited, remain. To reduce these risks, the group is working on setting standards that intensify supplier relationships and promote improved working conditions.

Overall, these actions are intended to prevent, identify and manage risks and negative consequences for environmental impacts and human rights and working conditions in the value chain.

In 2025, the group did not take any further special actions apart from day-to-day work to actively support the positive impact.

The planned initiatives for 2026 are expected to improve transparency and compliance with Ependion's policies, especially in implementing new system support and updated CoCs. These initiatives help improve controls over monitoring supplier sustainability work, and ensure compliance with the group's human rights values and standards in practice. Additionally, they enable a more systematic follow-up and faster remediation of any shortcomings, further accelerating the implementation of Ependion's guidelines. The long-term target is to create a robust, flexible structure that ensures that the group can operate proactively and on a long-term basis in its pursuit of good working conditions and taking responsibility across the value chain.

Ependion monitors the effectiveness of its actions through internal audits, complaints processing and incident reporting on its whistleblower channel, and through continuous dialogue with suppliers and monitoring action plans implemented.

The group has no special quantitative KPIs related to monitoring working conditions in its supplier base, but relies on the processes and tools reviewed above to ensure compliance and continuous improvement.

Primarily, monitoring is based on quantitative indicators like audits, risk assessments and systematic supplier follow-up on digital platforms.

Ependion did not receive any reports of serious human rights issues or incidents related to the group's upstream or downstream value chain in 2025.

Any issues are dealt with on a case-by-case basis, consistent with the process reviewed in S2-3.

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

Ependion has no group-wide targets addressing potential impacts related to workers in the value chain. This means that there is no collective process for formulating, monitoring or evaluating such targets. How effective the group's policies and actions are in relation to potential impacts on workers in the value chain is mainly monitored through business entity supplier audits, and reviews of any complaints and incidents reported on the group's whistleblower channel. Ependion takes a clear standpoint that no human rights violations may occur, which also covers the group's value chain.

The reason that the group does not set or plan to set collective targets at group level is that operations are managed in a decentralized structure. Ependion's business entities have different types of business model, geographical market and operational circumstances. Accordingly, centralized objectives risk becoming too generalized, and thus less relevant and effective to the actual situations each business entity is facing.

However, Ependion continuously evaluates risks and opportunities related to working conditions and human rights within the framework of its risk management work. Both business entities also have action plans related to those issues identified as salient human rights.

The process of setting any local targets and activities lies within the framework of business entity management systems, and there is no group-wide procedure for consultation with workers in the value chain or their representatives to formulate or follow up on targets. Beijer Electronics updated its Supplier CoC in 2025, communicating it to all suppliers of direct materials. Westermo has set a target for 2026 implying an update of its existing Supplier CoC, to then be communicated to all suppliers of direct materials.

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ESRS G1 Business conduct

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

The process to identify and assess material impacts, risks and opportunities is summarized in section ESRS 2 IRO-1. The assessment is based on the likelihood and scope of impacts, and the criteria are based on established sector practice and experience from similar operations, rather than a formally standardized methodology. Ependion assesses business conduct risks as an integrated component of the group's continuous enterprise risk management (ERM) work. Risks are continuously assessed based on factors like sector-specific challenges, in the countries where the group operates and has transactions, industry-related risks and the complexity of Ependion's business relationships. By including these aspects in the group's risk management processes, it adapts and prioritizes its actions for due diligence, training and monitoring. This enables the group to deal with potential risks related to bribery, corruption and other ethical challenges proactively.

Managing responsible business operations is material from a double materiality perspective for Ependion. The group's business entities are part of a global value chain, so their material risks and potential negative impacts linked to business conduct relate to the bribery and corruption topic. Poor management of these issues may present risks such as human rights violations in its supplier base, non-compliance with environmental standards and exposure to corruption and bribery. Such risks may have legal and financial consequences for Ependion, damage trust among the group's investors and customers, and impact business continuity. The likelihood of people being harmed by the incidence of bribery and corruption is significant, because such impropriety has potential impacts including unfair decisions, discrimination and poor working conditions. Protecting whistleblowers is also material from an impact perspective, to prevent negative impacts for the reporting party, and to ensure that important problems and impropriety are actually reported and can be addressed.

A strong and positive corporate culture makes Ependion more competitive. In its materiality analysis, the group concluded that there is a positive impact related to corporate culture. Employee satisfaction surveys indicate high engagement and motivation of staff. A positive and robust corporate culture not only helps attract and retain skilled workers, but also improves the group's business conduct by promoting responsible actions and transparency.

G1-1: Business conduct policies and corporate culture

Ependion has several governing policies designed to manage the impacts, risks and opportunities of business conduct and corporate culture. The CoC is the group' s overarching policy document and applies to everyone working with or for Ependion—not only employees but also the group's Board of Directors, consultants and suppliers. Ependion's CoC sets a foundation for how workers and suppliers should conduct themselves towards each other and the group's stakeholders. The CoC summarizes the values, standards and regulations that govern how Ependion's workers should deal with one another, the group's collaborative partners and wider society. The group's CoC also stipulates that Ependion should not accept any form of discrimination or reprisal against employees for reporting alleged violations in good faith.

Corporate culture is promoted and developed by actively encouraging responsible action and openness, and the group's business entities incorporate core values in training and processes for appraisal interviews.

Monitoring of the group's policies is carried out through several integrated processes such as internal and external audits, risk management, internal controls and continuous employee satisfaction surveys to measure engagement and monitor corporate culture.

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The CoC is the highest level of the group's framework of policy documents and is the starting point of Ependion's policies and rules for conduct. It addresses the group's most material risks and opportunities like business conduct, human rights, health & safety, as well as environmental impacts. Workers and investors were consulted during drafting the original CoC, but they have not been involved in subsequent revisions. The group's business entities also have their own CoCs that are based on the group's policy and clarify values and expectations of conduct in segments like bribery, corruption, whistleblowing, but also environmental impact and human rights. The business entities also have special Supplier CoCs, which are key policy documents for procurement processes and mainly cover suppliers of direct materials.

Ependion has no dedicated or regular training on business conduct for workers but instead information on the group's CoC is a natural part of new employee onboarding. This ensures that all new workers receive basic knowledge of Ependion's values, guidelines and expected conduct from the start.

The group judges that the biggest risks of bribery and corruption are in its procurement and sales functions. Ependion has not conducted a detailed analysis of its risk exposure, but its assessment is based on general experience and the group's understanding of where such risks typically arise. This is primarily in roles involving multiple external contacts and contract negotiations, where authority is particularly sensitive from a corruption perspective.

No dedicated training programs addressing high-risk roles or for administrative, management or supervisory bodies were conducted in 2025. More information on the skills and roles of executive and governing bodies in issues affecting business conduct are in section ESRS 2 GOV-1.

Ependion's perspective of the value chain permeates the group's policies and is the foundation of its sustainability work. All Ependion's group policies are approved by the CEO and apply to Ependion, its business entities and joint ventures. The CoC is also approved by the Board of Directors. Each business entity CEO is responsible for ensuring that all units of the organization have implemented the group's policies. Over and above group-wide policies, policies at business entity level are also approved where considered relevant. These are reported in each section of this Sustainability Statement. The group's Sustainability Policy, Human Rights Policy, Whistleblower Policy and Conflict Minerals Policy, as well as its CoC, have been published on the group's website. Ependion's Climate Policy is part of the group's climate transition plan. Ependion welcomes and values feedback from its stakeholders and their views are considered when Ependion updates the group's policies and working methods.

A summary of the group's policies follows:

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Policy	Purpose	Reference to standards/guidance	Owner(s)	ESRS
Code of Conduct	States the group's fundamental values and expectations of conduct. The purpose is to ensure that all operations are managed with integrity, ethics and respect for human rights, laws and international guidelines. The Code serves as guidance for how Ependion builds long-term trust with customers, workers, suppliers and communities, and how the group takes responsibility for the environment and sustainable development.	- The United Nations Global Compact - The OECD Guidelines for Multinational Enterprises - The Universal Declaration of Human Rights	CEO	E1 E2 E3 E5 S1 S2 G1
Sustainability Policy	States the group's commitments to reduce environmental impact and promote responsible business conduct. It integrates sustainability issues across the value chain. This Policy will guide, ensure compliance with international commitments and create long-term value for communities and stakeholders.	- The OECD Guidelines for Multinational Enterprises - UN Sustainable Development Goals - The Paris Agreement - The Universal Declaration of Human Rights - The eight ILO Core Conventions on Labor Standards - The UN Guiding Principles on Business and Human Rights	Group Head of Sustainability	E1 E2 E3 E5 S1 S2 G1
Climate Policy	States Ependion's guidelines to reduce the group's climate impact consistent with the Paris Agreement's 1.5°C target. Ensures that growth and profitability are possible without increased GHG emissions. By integrating climate tissues into business planning and decision-making, and including the whole value chain in action programs, Ependion improves its resilience and contribution to sustainable development.	- 1.5 °C ambition stated in the Paris Agreement	Group Head of Sustainability	E1
Human Rights Policy	Ensures respect for human rights across the value chain by preventing, managing and following up on risks and impacts, with zero tolerance of discrimination and forced labor.	- The United Nations Global Compact - The OECD Guidelines for Multinational Enterprises - The Universal Declaration of Human Rights - The eight ILO Core Conventions on Labor Standards - The UN Guiding Principles on Business and Human Rights	Group Head of Sustainability	S1 S2 G1
Whistleblower Policy	Ensures that workers and external stakeholders can easily and safely report suspected impropriety that breaches laws or the group's policy documents.		CEO	G1
Conflict Minerals Policy	Promotes responsible and conflict-free extra extraction of minerals through transparency, supplier standards and continuous monitoring of the supply chain consistent with regulations and initiatives like the Dodd-Frank Act and EU Conflict Minerals Regulation.	- EU Conflict minerals regulation - OECD 5 steps Due Diligence Framework (Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas	Group Head of Sustainability	S2
Risk Management Policy and Framework	Supports the group in predicting, assessing and managing risks so that well-founded and risk-aware decisions can be taken. Defines Ependion's overall risk management framework by clarifying roles and responsibilities.		Group CFO and Group Head of Sustainability	E1 S1 S2 G1

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Protection of whistleblowers

Ependion complies with Swedish law, which has been adapted to conform to the EU Whistleblower Directive. This means the group has established reporting channels and procedures to ensure that employees and other stakeholders can safely report suspected serious impropriety pursuant to applicable regulations.

Ependion's whistleblower system is managed by a third party, which guarantees reporter anonymity. Ependion's whistleblower Policy has been separate from the group's CoC since 2023. By having a dedicated Policy, descriptions of how to report suspicions of activities that breach laws and the group's policy documents are clearer.

The whistleblower function concerns issues of business conduct incuding corruption and bribery, human rights, labor law, the environment, health & safety.

Suspected breaches of Ependion's CoC, applicable legislation or similar should be reported. Ependion encourages its employees to make initial contact with their first-line manager or the HR function but they can also report impropriety anonymously on the group's whistleblower system, which is available to internal and external parties. Cases received are documented and investigated by the appropriate responsible function or individual, selected by the nature of the case and where the suspected impropriety has occurred in the organization. Information on the whistleblower system is included in new employee onboarding, but no other dedicated training is provided. Any actions are also discussed and adopted on a case-by-case basis.

The group documents the number of cases received, and confirmed cases of corruption and bribery. No reports of suspected corruption or bribery occurred in 2025.

G1-3: Prevention and detection of corruption and bribery

Ependion's overarching goal is to maintain zero tolerance for bribery, corruption and human rights violations. The group has implemented a range of measures and processes to prevent, identify and deal with potential illegal conduct such as corruption and bribery. This includes internal monitoring, a systematic ERM process and the whistleblower facility. These group-wide actions are ongoing and cover the whole value chain, helping maintain a culture that centers on business conduct and respect for laws and internal guidelines. Meanwhile, these measures consolidate the protection of parties reporting impropriety consistent with principles of transparency and fairness in the group's CoC.

Employees are expected to remain aware of relevant policy documents and internal regulations and procedures, and the CoC is part of new employee onboarding. No group-wide training programs on corruption and bribery were conducted in 2025. The CoCs of each business entity were prepared in 2025, with the related training and information managed by each of them. In late-2025, Westermo initiated a process with all workers signing the new CoC. This work is expected to conclude in early-2026. Apart from training programs, no specific key actions are planned at present. Instead, questions are progressively integrated into the group's various processes.

The CoC and other relevant policies on this topic are available to all employees on the group's intranet and have also been published on the group's external website.

As stated in G1-1, the group has a global whistleblower system managed by a third party, which guarantees reporter anonymity. Reporting in this area is to Group Management and the Board through the group's Audit Committee.

At present, Ependion is unable to specify exact amounts of current or future financial resources allocated to prevent and deal with issues related to business conduct, bribery and corruption. The costs of such initiatives mainly consist of payroll expenses and expenses for digital systems, but at present, there is no dedicated monitoring or separate disclosure of these amounts. The group plans to intensify its work on training, but its view is that future resource needs will not increase significantly.

G1-4: Confirmed incidents of corruption or bribery

Zero (0) breaches of anti-corruption and anti-bribery legislation were identified in Ependion's own operations or its value chain in 2025, and zero fines (0 SEK) related to these issues were levied.

Reporting principles

Disclosures only apply to Ependion's value chain where the group or workers were directly involved.

Violations of anti-corruption and anti-bribery laws come to Ependion's attention through reports on the group's whistleblower channel, but such breaches may also be discovered in internal reporting or the internal monitoring in place within the organization.

The Finance and HR functions of business entities are jointly responsible for collecting, documenting and maintaining an overview of data and the number of cases linked to corruption and bribery received. To reduce the risk that events are not discovered or reported, Ependion works actively on improving its corporate culture and encouraging transparency so that employees feel safe making reports.

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Taxonomy Regulation—sustainability reporting

Ependion's EU Taxonomy Reporting has been prepared in accordance with the EU Taxonomy Regulation. The Taxonomy Regulation requires companies like Ependion to report on the extent to which its activities are environmentally sustainable in accordance with the EU Taxonomy Regulation through three key indicators: share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

The EU Taxonomy states which economic activities lie within the Taxonomy framework ("eligible for the Taxonomy"), which of these activities satisfy the EU's technical review criteria, and are thus classified as environmentally sustainable ("Taxonomy-aligned economic activities").

For the group's products to be considered aligned with the review criteria, operations must comply with certain EU-specific standards (EU Regulation 2017/1369).

For 2025, activities eligible for the Taxonomy are presented divided between what is Taxonomy aligned, and what is not Taxonomy aligned based on:

a) the activity making a substantial contribution to one or more environmental goals.

b) the activity doing no significant harm (DNSH) based on environmental goals.

c) the activity being conducted in accordance with minimum safeguards.

The criteria of environmental goals 1-6 have also been mapped against the group's activities.

A significant proportion of Ependion's products and solutions are used in applications and segments that can be considered to contribute to sustainability and where the group contributes to a more sustainable world. Ependion welcomes the ambition of the EU's Taxonomy Regulation, but also believes the group's economic activities are only classified as economically sustainable to a limited extent under current versions of the Taxonomy documentation.

The results for 2025 imply that Ependion's turnover, CapEx and OpEx cannot be considered Taxonomy eligible for all activities apart from 6.15 Infrastructure enabling low-carbon road transport and public transport. The reason is that at present, Ependion is unable to verify comprehensive documentation covering all topic categories and "other topics" relating to the environmental topic of pollution. Accordingly, the DNSH principle for the environmental topic of pollution cannot be confirmed despite no non-compliance being identified. Structured work is ongoing to close this documentation gap. Ependion complies with all other criteria for the DNSH principle and the principle on minimum safeguards.

Activity 6.15 Infrastructure enabling low-carbon road transport and public transport is only covered by parts of the environmental objective of pollution prevention and control, which in Ependion's case is not considered relevant, so this activity is considered Taxonomy aligned.

Reporting principles

Based on Annex I and II as of 4 June 2021 and the Delegated Act of 27 June 2023 including Annex 1 and 2, Ependion has the following activities defined as sustainable pursuant to the Taxonomy Regulation:

3.19 Manufacture of rail constituents
3.20 Manufacture of electrical equipment for transmission and distribution
6.5 Transport by motorbikes, passenger cars and light commercial vehicles
6.14 Infrastructure for rail transport
6.15 Infrastructure enabling low-carbon road and public transport
7.6. Installation, maintenance and repair of renewable energy technologies

Because there is some overlap between the different documentation, Ependion has ensured that no activities have been duplicated.

Activities that are Taxonomy aligned

Each of the activities identified as Taxonomy eligible have been closely evaluated pursuant to the criteria of the Regulation documentation, and the share considered environmentally sustainable has been determined according to:

i) the activity significantly contributing to one or more environmental goals

ii) the activity doing no significant harm (DNSH) based on environmental goals

iii) the activity being conducted with minimum safeguards

Unassessed activities considered non-material

The activities 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (included in CapEx) and 7.6 Installation, maintenance and repair of renewable energy technologies (in all three tables) are non-assessed activities considered non-material. These activities amount to 0.05% of the numerator for turnover, 5.05% of the numerator for CapEx and 0.02% of OpEx.

A. Turnover

Taxonomy-eligible activities

As in the previous year, the basis for judging the parts of Ependion's activities to be included this year are the technical review criteria specified in Annex I and Annex II of the European Parliament and Council Regulation (EU) 2020/852. The new Act for 2025 with amendments and further criteria has also been considered.

The various descriptions in these documents have been closely studied, then mapped against the turnover of Ependion's business entities in 2025, see Note 2. The approach of the Taxonomy Regulation is binary, i.e. activities are considered either environmentally sustainable or not, and the basis of this is the description in these documents. Accordingly, reporting does not state how environmentally sustainable the activities of Ependion are, but rather the share of these activities eligible for the Taxonomy. Ependion has a centralized sales database containing details of all group companies at order level. All the group's orders are coded in several dimensions, and this is the basis for mapping.

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B. CapEx

The base is all the group's investments excluding acquisitions, see notes 11-13. Accordingly, this includes capitalized research and development, other intangible investments and tangible investments, as well as leased investments pursuant to IFRS 16. Ependion then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation. For more information see point D.

C. OpEx

The Regulation offers an overall review of the OpEx items to be reported. From this review, Ependion has included the following: research and development expenses, expenses for maintenance and repair, and other direct expenses necessary for the efficient daily operation of property, plant and equipment. Ependion then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation. For more information see point D.

D. Allocation of CapEx and OpEx

Ependion has decided to allocate CapEx and OpEx in line with turnover because operations do not consist of specific products or projects that directly satisfy EU Taxonomy criteria, but general products and solutions that can be applied within Taxonomy-aligned activities. This means Ependion does not have a clear connection between individual investments or expenditure and the Taxonomy-aligned items, but rather, products are used widely in various segments and applications, some of which are Taxonomy aligned.

Because there is no direct relationship between individual CapEx and OpEx and Taxonomy-aligned activities, Ependion has adopted a proportional allocation method based on turnover. It considers that this method, applied by segment, is the fairest and most consistent, because turnover reflects the actual use of our products in Taxonomy-aligned contexts. The higher the share of turnover relating to Taxonomy-aligned activities in each segment, the greater the share of our resources that can be considered to support these activities. CapEx and OpEx are general and not product specific, which means that investments in production facilities, R&D or IT systems for example, benefit the whole product portfolio rather than specific products. Nor is there any significant difference in the resource allocation between products used in Taxonomy-aligned activities and other products. Accordingly, proportional allocation consistent with turnover is a reasonable and transparent method.
Accordingly, Ependion largely allocating based on turnover means that it considers this the most representative indicator for how resources support Taxonomy-aligned activities.

Criteria for substantial contribution

3.19 – Manufacture of rail rolling stock constituents

The technical screening criteria for substantial contributions to climate change mitigation cover the manufacture, installation and retrofitting of equipment, which affects the railway components reviewed in point 2.7 in Appendix 2 of Directive (EU) 2016/797, which includes monitoring and control systems for all rolling stock equipment. These components are material to environmental performance, operation and functionality of trains and passenger cars that have zero direct CO_2 emissions.

Ependion provides network solutions for monitoring and control systems for the train industry for the manufacture, installation and retrofitting of equipment for trains and passenger cars that have zero direct CO_2 emissions in accordance with point a).

3.20 – Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation

The technical screening criteria for substantial contributions to climate change mitigation cover the manufacture, installation or maintenance of electrical products, equipment, and low-voltage equipment and systems that improve control over electrical systems and help increase the share of renewable energy or improve energy efficiency, using connectable switch-gear or control-gear.

Ependion provides network solutions for digitalizing new and existing power grids. This digitalization enables control, improves energy efficiency and the potential to increase the share of renewable energy in power grids in accordance with point c).

6.14 – Infrastructure for rail transport

The technical screening criteria for substantial contributions to climate change mitigation cover all land and vehicle-based equipment necessary to ensure the safety, control and monitoring of rail traffic approved on the rail network.

Ependion provides equipment for infrastructure, traffic management and signaling to enable train traffic that has zero direct CO_2 emissions in accordance with point a).

6.15 – Infrastructure enabling low-carbon road transport and public transport

The technical screening criteria for substantial contributions to climate change mitigation cover infrastructure for electrical charging sites for vehicles with zero CO_2 emissions as exhaust.

Ependion provides components for equipment and solutions for the installation and operation of infrastructure enabling charging of electric vehicles in accordance with point a) in the technical screening criteria for this activity.

Assessment of the DNSH principle

Ependion assesses that the group satisfies DNSH requirements for the following environmental targets:

i) climate change mitigation and climate adaptation
ii) transition to a circular economy
iii) preservation of biodiversity and ecosystems, and
iv) sustainable use and conservation of water and marine resources.

This assessment is based on group-wide governance, risk processes and technical/product sheets from LCA/EPD where available, backed by qualitative analysis where quantitative LCA is not applicable. For polltion, additional documentation related to "other topics" remains: until then, Ependion cannot confirm full DNSH compliance. Methods and data precision for various topics are disclosed in each ESRS section.

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Welotec, acquired in June 2025, is not covered by this assessment and the group's satisfaction of the DNSH requirements. This is because the analysis of Welotec's processes and documentation is not yet complete, which means that at present, Ependion cannot verify that the company satisfies DNSH and minimum safeguard requirements.

Climate (mitigation and adaptation)

Climate transition: Ependion is conducting group-wide climate work consistent with the 1.5° target. The climate transition plan (adopted 2024, updated 2025) integrates targets, action plans and responsibilities in subsidiaries. The focus is on reducing emissions in scope 3, with the emphasis on the energy performance of the use phase.

Lifecycle perspective: for core products in the rail segment, LCA/EPD covers all life cycle stages and indicates where the main impact arises; these insights are used in product design and purchasing, for example. LCA insights are applied for power grid digitalization and solutions close to renewability, where available, and otherwise, a qualitative technical assessment is applied.

Climate adaptation: climate risks are identified and managed within the group's risk processes, with a particular focus on adapting operational strategies and working methods to ensure resilience against altered climate conditions.

Circular economy

Design and material selection: the group applies circular design principles and policies for sustainable material selection. Products have long useful lives (e.g. approx. 20 years for Viper and 7-10 years for HMI products) which can be serviced/upgraded to extend useful lives. Compliance and producer liability: compliance with product legislation is assured through companies using databases and other systems to monitor and document chemical content and materials data. Relevant technical documentation is available on company websites. Producer liability for electronics is satisfied using established systems (e.g. Elkretsen and Pronexa). Waste is sorted according to legislation, and product documentation states instructions for processing.

Pollution

Assessment: Ependion judges that its operational use of proprietary chemicals is very limited and the incidence of hazardous substances in components as low. Compliance processes cover relevant chemical regulations including RoHS and REACH.

Documentation status: at present, Ependion cannot confirm comprehensive documentation covering all topic categories and "other topics;" accordingly, full DNSH compliance for pollution cannot be confirmed despite no non-compliance being identified. Structured efforts are ongoing to close this documentation gap.

Biodiversity and ecosystems

Ependion is not active in conservation or ecologically sensitive areas. Its direct impact is considered very limited; indirect impact related to biodiversity is managed through climate work. If required, Ependion conducts Environmental Impact Assessments (EIAs) as prescribed by law.

Sustainable use and conservation of water and marine resources

Production is managed using ISO 14001-based systems, identified environmental aspects and procedures for legal compliance monitoring. Ependion's assessment is that activities do not contribute significantly to poorer water quality or negative impacts on marine ecosystems. When planning operations including new start-ups, Ependion complies with existing legislation and regulations including requirements to conduct EIAs. The group's largest production facility is located in Stora Sundby in the Municipality of Eskilstuna, Sweden, and is not subject to permits.

Minimum safeguards

The Ependion group considers that it satisfies minimum safeguards apart from Welotec. Because analysis of Welotec's procedures and documentation is not yet fully complete, Ependion cannot confirm that Welotec satisfies minimum safeguards overall at present. However, there is no indication that Welotec does not satisfy these standards.

Ependion manages operations consistent with OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO's eight fundamental conventions and the UN Global Compact. These principles are integrated into the group's governance via the CoC, Human Rights and other Policies.

Risk management and due diligence are embedded in the group's governance model and ERM processes. Ependion has a whistleblower channel managed by a third party for anonymity. No breaches of OECD guidelines were observed in 2024-2025, and no incidents were reported.

Documentation and processes were improved in 2025 through a human rights framework identifying salient issues and action plans in subsidiaries. Anti-corruption processes and compliance with anti-trust and tax regulations are established.

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Key performance indicator	Total	Share of Taxonomy-eligible activities	Taxonomy-aligned activities	Share of Taxonomy-aligned activities	Breakdown by environmental objective for Taxonomy-aligned activities: Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Share of enabling activities	Share of transitional activities	Unassessed activities deemed not material	Taxonomy-aligned activities in the previous financial year 2024	Share of Taxonomy-aligned activities in the previous financial year 2024
	SEK 000	%	SEK 000	%	%	%	%	%	%	%	%	%	%	SEK 000	%
Turnover	2,231,753	49.4	42,480	1.9	1.9						100.0	0.0	0.05	814,866	36.1
CapEx	196,787	43.4	4,413	2.2	2.2						100.0	0.0	5.05	91,792	28.9
OpEx	176,708	63.6	1,635	0.9	0.9						100.0	0.0	0.02	71,272	48.0

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Reported indicators turnover
Financial year 2025

Economic activities	Code	Key performance indicators covered by the Taxonomy (share of turnover covered by the Taxonomy)	Key performance indicators aligned with the Taxonomy (monetary value of turnover)	Key performance indicators aligned with the Taxonomy (share of Taxonomy-aligned turnover)	Environmental objectives for Taxonomy-aligned activities						Enabling activities	Transitional activities	Taxonomy-aligned share of the Taxonomy-eligible share
					Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity			
		%	SEK 000	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of parts for rail rolling stock	CCM 3.19	19.5	0										0.0
Manufacture of electrical equipment for transmission and distribution	CCM 3.20	21.3	0										0.0
Railway transport infrastructure	CCM 6.14	6.7	0										0.0
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1.9	42,480	1.9	1.9						E		100.0
Total alignment by objective					**1.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**			
Key performance indicators total turnover		**49.4**	**42,480**	**1.9**	**1.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**100.0%**	**0.0%**	**3.9**

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Reported indicators CapEx
Financial year 2025

Economic activities	Code	Key performance indicators covered by the Taxonomy (share of CapEx covered by the Taxonomy)	Key performance indicators aligned with the Taxonomy (monetary value of CapEx)	Key performance indicators aligned with the Taxonomy (monetary value of CapEx)	Environmental objectives for Taxonomy-aligned activities						Enabling activities	Transitional activities	Share of Taxonomy-aligned activities of the Taxonomy-eligible share
					Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity			
		%	SEK 000	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of parts for railway rolling stock	CCM 3.19	16.9	0	0.0									0.0
Manufacture of electrical equipment for transmission and distribution	CCM 3.20	18.5	0	0.0									0.0
Railway transport infrastructure	CCM 6.14	5.8	0	0.0									0.0
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	2.2	4,413	2.2	2.2						E		100.0
Total alignment by objective					**2.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**			
Key performance indicators total CapEx		**43.4**	**4,413**	**2.2**	**2.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**100.0%**	**0.0%**	**5.2**

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Reported indicators OpEx
Financial year 2025

Economic activities	Code	Key performance indicators covered by the Taxonomy (share of OpEx covered by the Taxonomy)	Key performance indicators aligned with the Taxonomy (monetary value of OpEx)	Key performance indicators aligned with the Taxonomy (share of taxonomy-aligned OpEx)	Environmental objectives for Taxonomy-aligned activities: Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Enabling activities	Transitional activities	Share of Taxonomy-aligned activities of the Taxonomy-eligible share
		%	SEK 000	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of parts for rail rolling stock	CCM 3.19	25.7	0	0.0									0.0
Manufacture of electrical equipment for transmission and distribution.	CCM 3.20	28.1	0	0.0									0.0
Railway transport infrastructure	CCM 6.14	8.8	0	0.0									0.0
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0.9	1,635	0.9	0.9						E		100.0
Total alignment by objective					**0.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**			
Key performance indicators total OpEx		63.6	1,635	**0.9**	**0.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**100.0%**	**0.0%**	**1.5**

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SEK 000	2025	2024	Note
Revenues	2,231,753	2,258,125	2
Cost of goods sold	-1,038,727	-1,110,418	3
Gross profit	**1,193,026**	**1,147,707**	
Other operating income	36,828	35,684	4
Selling expenses	-346,426	-341,299	3
Administrative expenses	-345,282	-341,181	3, 5
Research and development expenses	-259,899	-219,514	3
Other operating expenses	-46,174	-30,490	4
EBIT	**232,073**	**250,907**	6, 7
Financial income	1,737	1,573	
Financial expenses	-39,975	-46,038	
Net financial income/expense	**-38,238**	**-44,465**	8
Profit/loss before tax	**193,835**	**206,442**	
Tax	-47,094	-49,439	10
Net profit	**146,741**	**157,003**	
Attributable to equity holders of the parent	*146,741*	*158,009*	
Attributable to non-controlling interests	*–*	*-1,006*	
Basic earnings per share, SEK	*4.73*	*5.45*	31
Diluted earnings per share, SEK	*4.70*	*5.38*	31

Statement of Comprehensive Income

SEK 000	2025	2024
Net profit/loss	**146,741**	**157,003**
Other comprehensive income:		
Items note reclassifiable to profit or loss		
Revaluation of net pension obligation	13,987	-21,720
Tax related to above items	-2,879	4,490
Items reclassifiable to profit or loss		
Translation differences for the year when translating foreign operations	-136,928	63,430
Translation differences transferred to net profit/loss	–	203
Changes in fair value of shareholdings	-9,751	-3,176
Effects of hedging net investment	15,975	-9,748
Tax related to above items	2,357	509
Total other comprehensive income	**-117,239**	**33,987**
Comprehensive income for the year	**29,502**	**190,990**
attributable to equity holders of the parent	*29,502*	*191,996*
attributable to non-controlling interests	*–*	*-1,006*

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SEK 000	31 Dec. 2025	31 Dec. 2024	Note
ASSETS			
Fixed assets			
Intangible assets	1,901,477	1,374,111	11
Property, plant and equipment	102,038	105,150	12
Right-of-use assets	112,601	144,502	13
Long-term receivables	4,071	5,531	15
Other long-term securities holdings	74,830	46,365	25
Surplus in pension plan	7,532	7,936	21
Deferred tax asset	48,846	47,835	22
Total fixed assets	**2,251,395**	**1,731,430**	
Current assets			
Inventories	371,540	396,301	17
Accounts receivable	376,800	381,599	18
Income taxes recoverable	19,626	27,763	
Other receivables	11,527	9,901	18
Prepaid expenses and accrued income	35,397	31,684	18
Cash and cash equivalents	159,563	178,053	
Total current assets	**974,453**	**1,025,301**	
Total assets	**3,225,848**	**2,756,731**	

EQUITY AND LIABILITIES			
Equity			
Share capital	10,770	9,781	
Other paid-up capital	560,577	264,767	
Reserves	102,652	230,999	19
Accumulated profit or loss	952,733	826,348	
Equity attributable to equity holders of the parent	**1,626,732**	**1,331,895**	
Equity attributable to non-controlling interests			
Total equity	**1,626,732**	**1,331,895**	

SEK 000	31 Dec. 2025	31 Dec. 2024	Note
Long-term liabilities			
Liabilities to credit institutions	415,984	430,476	20
Lease liabilities	68,803	97,497	13
Pension provisions	153,530	156,974	21
Deferred tax liabilities	173,032	106,902	22
Other provisions	183,328	38,689	23
Total long-term liabilities	**994,677**	**830,538**	
Current liabilities			
Liabilities to credit institutions	167,547	126,697	20
Lease liabilities	45,595	48,212	13
Customer advances	3,279	4,175	
Accounts payable–trade	164,155	154,411	
Tax liabilities	24,130	24,480	
Other liabilities	33,519	49,264	29
Accrued expenses and deferred income	166,214	187,059	24
Total current liabilities	**604,439**	**594,298**	
Total liabilities	**1,599,116**	**1,424,836**	
Total equity and liabilities	**3,225,848**	**2,756,731**	

Information on the group's pledged assets and contingent liabilities is in Note 26.

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	Attributable to equity holders of the parent							
SEK 000	**Share capital**	**Other paid-up capital**	**Translation reserve**	**Fair value reserve**	**Accumulated profit or loss** [a)]	**Tota**	**Non-controlling interests**	**Total equity**
Opening equity equity 1 Jan. 2024	9,746	258,098	179,783	–	711,455	1,159,082	4,611	1,163,693
Net profit/loss	–	–	–	–	158,009	158,009	-1,006	157,003
Other comprehensive income for the year	–	–	54,232	-3,015	-17,230	33,987	–	33,987
Comprehensive income	**9,746**	**258,098**	**234,014**	**-3,015**	**852,234**	**1,351,078**	**3,605**	**1,354,683**
Transactions with shareholders								
Paid-up capital after deducting for transaction expens-es	34	-311	–	–	–	-276	–	-276
Re-purchase of treasury shares	–	–	–	–	-34	-34	–	-34
Sale of treasury shares	–	–	–	–	3,089	3,089	–	3,089
Dividend	–	–	–	–	-28,941	-28,941	–	-28,941
Share-based payment	–	6,979	–	–	–	6,979	–	6,979
Disposal of partially owned subsidiary	–	–	–	–	–	–	-3,605	-3,605
Closing equity 31 Dec. 2024	**9,781**	**264,767**	**234,014**	**-3,015**	**826,348**	**1,331,895**	**-**	**1,331,895**

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	Attributable to equity holders of the parent					
SEK 000	**Share capital**	**Other paid-up capital**	**Translation reserve**	**Fair value reserve**	**Accumulated profit or loss** [a)]	**Total equity**
Opening equity equity 1 Jan. 2025	9,781	264,767	234,014	-3,015	826,348	1,331,895
Net profit/loss	–	–	–	–	146,741	146,741
Other comprehensive income for the year	–	–	-119,654	-8,693	11,108	-117,239
Comprehensive income	**9,781**	**264,767**	**114,360**	**-11,708**	**984,197**	**1,361,397**
Transactions with shareholders						
Paid-up capital after deducting for transaction expenses	989	290,222	–	–	–	291,211
Re-purchase of treasury shares	–	–	–	–	-18	-18
Sale of treasury shares	–	–	–	–	4,866	4,866
Dividend	–	–	–	–	-36,312	-36,312
Share-based payment	–	5,588	–	–	–	5,588
Closing equity 31 Dec. 2025	**10,770**	**560,577**	**114,360**	**-11,708**	**952,733**	**1,626,732**

No. of shares 1 Jan. 2024	29,241,296
New class C shares issued	102,918
No. of shares 31 Dec. 2024	29,344,214
New class C shares issued	54,000
Shares issued in private placement	2,912,622
No. of shares 31 Dec. 2024	32,310,836
Ordinary shares	32,152,255
Class C shares, 1/10 vote	158,581
Total	32,310,836

a) Including net profit/loss

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SEK 000	2025	2024	Note
Operating activities			
Profit/loss before tax	193,835	206,442	
Adjustments for non-cash items, etc.	206,682	214,476	28
Tax paid	-38,175	-40,952	
Cash flow from operating activities before changes in working capital	**362,342**	**379,966**	
Cash flow from changes in working capital			
Increase(-)/Decrease(+) of inventories	32,767	84,484	
Increase(-)/Decrease(+) in trade receivables	-6,971	31,463	
Increase(+)/Decrease(-) in trade liabilities	-13,590	-36,407	
Cash flow from operating activities	**374,548**	**459,506**	
Investing activities			
Investments in intangible assets	-155,458	-184,285	
Investments in property, plant and equipment	-25,111	-39,932	
Acquisitions of subsidiaries	-396,200	–	
Sale of property, plant and equipment	501	–	
Investments in other companies	-38,183	-49,565	
Sale of subsidiaries	–	-2,550	
Sale of other financial assets	772	715	
Cash flow from investing activities	**-613,679**	**-275,617**	

SEK 000	2025	2024	Note
Financing activities			
Proceeds from share issue	300,018	34	
Transaction expenses for share issues and re-purchase	-8,807	-311	
Purchase of treasury shares	-18	-34	
Sale of treasury shares	4,866	3,089	
Change in overdraft facility	43,441	-39,328	
Borrowings	103,629	3,285	
Loan amortization	-101,227	-49,025	
Amortization of lease liability	-47,161	-48,632	
Dividend paid to equity holders of the parent	-36,312	-28,941	
Cash flow from financing activities	**258,428**	**-159,863**	
Cash flow for the year	19,297	24,026	
Cash and cash equivalents at beginning of year	178,053	142,486	
Exchange difference in cash and cash equivalents	-37,787	11,541	
Cash and cash equivalents at end of year	**159,563**	**178,053**	28
Free cash flow	**148,090**	**187,372**	

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SEK 000	2025	2024	Note
Revenues	40,314	40,189	27
	40,314	40,189	
Operating expenses			
Administrative expenses	-87,090	-92,637	5,6,7
Earnings before interest and taxes	**-46,776**	**-52,448**	
Profit/loss from financial items			
Profit/loss from participations in group companies	57,305	47,401	8
Financial income	31,614	37,563	8
Financial expenses	-50,825	-47,798	8
Profit/loss after financial items	**-8,683**	**-15,282**	
Appropriations	70,576	54,931	9
Profit/loss before tax	**61,894**	**39,649**	
Tax on net profit/loss	-2,111	-2,008	10
Net profit/loss, and comprehensive income for the year	**59,782**	**37,641**	

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SEK 000	31 Dec. 2025	31 Dec. 2024	Note
ASSETS			
Fixed assets			
Intangible assets	5,267	6,597	11
Property, plant and equipment	4,752	3,168	12
Participations in group companies	578,305	573,854	14
Receivables from group companies	985,037	627,147	16
Deferred income taxes recoverable	3,976	4,977	22
Total fixed assets	**1,577,337**	**1,215,743**	
Current assets			
Receivables from group companies	129,084	113,375	
Income taxes recoverable	2,932	3,335	
Other receivables	552	1,345	
Prepaid expenses and accrued income	17,495	16,091	18
Cash and bank balances	-	66	
Total current assets	**150,063**	**134,212**	
Total assets	**1,727,400**	**1,349,955**	
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	10,770	9,781	
Statutory reserve	1,244	1,244	
Reserve for development expenditure	3,454	4,982	
Total restricted equity	**15,468**	**16,007**	

SEK 000	31 Dec. 2025	31 Dec. 2024	Note
Non-restricted equity			
Share premium reserve	290,440	–	
Retained earnings	316,009	302,018	
Net profit/loss	59,782	37,641	
Total non-restricted equity	**666,231**	**339,659**	32
Total equity	**681,699**	**355,666**	
Longterm liabilities			
Liabilities to credit institutions	415,984	430,476	20
Pension provisions	23,049	23,647	21
Liabilities to group companies	452,032	409,674	
Total longterm liabilities	**891,065**	**863,797**	
Current liabilities			
Liabilities to credit institutions	135,024	92,861	20
Accounts payable–trade	3,649	16,040	
Tax liabilities	25	290	
Other liabilities	425	509	
Accrued expenses and deferred income	15,513	20,792	24
Total current liabilities	**154,636**	**130,492**	
Total liabilities	**1,045,701**	**994,289**	
Total equity and liabilities	**1,727,400**	**1,349,955**	

Information on the parent company's pledged assets and contingent liabilities is in Note 26.

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Parent Company Statement of Changes in Equity

	Restricted equity			Non-restricted equity			
SEK 000	**Share capital [a]**	**Statutory reserve**	**Reserve for development expenditure**	**Share premium reserve**	**Accumulated profit or loss**	**Net profit/loss**	**Total equity**
Opening equity equity 1 Jan. 2024	**9,746**	**1,244**	**6,510**	–	**219,022**	**99,641**	**336,163**
Transfer of previous year's profit/loss	–	–	–	–	99,641	-99,641	–
Change in reserve for development expenditure	–	–	-1,528	–	1,528	–	–
Net profit/loss	–	–	–	–	–	37,641	37,641
Total changes to net worth, excl. transactions with the company's shareholders	**9,746**	**1,244**	**4,982**	**-**	**320,191**	**37,641**	**373,804**
Paid-up capital less transaction expenses	34	–	–	–	-311	–	-277
Re-purchase of treasury shares	–	–	–	–	-34	–	-34
Sale of treasury shares	–	–	–	–	3,089	–	3,089
Dividend	–	–	–	–	-28,941	–	-28,941
Share-based payment	–	–	–	–	8,024	–	8,024
Closing equity 31 Dec. 2024	**9,781**	**1,244**	**4,982**	**-**	**302,018**	**37,641**	**355,666**

	Restricted equity			Non-restricted equity			
SEK 000	**Share capital [a]**	**Statutory reserve**	**Reserve for development expenditure**	**Share premium reserve**	**Accumulated profit or loss**	**Net profit/loss**	**Total equity**
Opening equity equity 1 Jan. 2025	**9,781**	**1,244**	**4,982**	–	**302,018**	**37,641**	**355,666**
Transfer of previous year's profit/loss	–	–	–	–	37,641	-37,641	–
Change in reserve for development expenditure	–	–	-1,529	–	1,529	–	–
Net profit/loss	–	–	–	–	–	59,782	59,782
Total changes to net worth, excl. transactions with the company's shareholders	**9,781**	**1,244**	**3,453**	**-**	**341,187**	**59,782**	**415,448**
Paid-up capital less transaction expenses	989	–	–	290,440	-218	–	291,211
Re-purchase of treasury shares	–	–	–	–	-18	–	-18
Sale of treasury shares	–	–	–	–	4,865	–	4,865
Dividend	–	–	–	–	-36,312	–	-36,312
Share-based payment	–	–	–	–	6,504	–	6,504
Closing equity 31 Dec. 2025	**10,770**	**1,244**	**3,453**	**290,440**	**316,009**	**59,782**	**681,699**

a)	***2025***	***2024***
No. of ordinary shares	*32,152,255*	*29,050,025*
Quotient value (SEK)	*0.33*	*0.33*
Votes per share	*1*	*1*
No. of class C shares	*158,581*	*294,189*
Quotient value (SEK)	*0.33*	*0.33*
Votes per share	*0.10*	*0.10*

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Parent Company Cash Flow Statement

SEK 000	2025	2024	Note
Operating activities			
Profit/loss after financial items	-8,683	-15,282	
Adjustments for non-cash items, etc.	21,062	-1,771	28
Tax paid	-973	-3,898	
Cash flow from operating activities before changes in working capital	**11,406**	**-20,951**	
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in trade receivables	54,251	77,743	
Increase (+) / Decrease (-) in trade liabilities	-17,921	10,547	
Cash flow from operating activities	**47,736**	**67,339**	
Investing activities			
Investments in intangible assets	–	-593	
Investments in property, plant and equipment	-2,758	-2,693	
Investments/amortization of financial assets	-399,185	-46,922	16
Cash flow from investing activities	**-401,943**	**-50,208**	

SEK 000	2025	2024	Note
Financing activities			
Proceeds from share issue	300,018	34	
Transaction expenses for share issues and re-purchase	-8,807	-311	
Purchase of treasury shares	-18	-34	
Sale of treasury shares	4,866	3,089	
Change in overdraft facility	43,441	-39,328	
Borrowings	97,205	–	
Increase/decrease in financial liabilities	52,201	90,777	
Loan amortization	-98,453	-42,417	
Dividend paid	-36,312	-28,941	
Cash flow from financing activities	**354,141**	**-17,131**	
Cash flow for the year	-66	–	
Cash and cash equivalents at beginning of year	66	66	
Cash and cash equivalents at end of year	**-**	**66**	28

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Note 1

Reporting principles

(A) General information
Ependion AB and its subsidiaries form a multinational group that delivers advanced digital solutions for secure machine-machine and human-machine control, monitoring and communication in harsh environments, where reliability and high quality are critical factors. Ependion AB is registered in Sweden and has its registered office in Malmö. The address of the head office is Box 426, Stora Varvsgatan 13 A, 201 24 Malmö, Sweden. The company is listed on Nasdaq Stockholm Main Market's Mid Cap List with the ticker EPEN.

The most important accounting policies applied when preparing the Consolidated Accounts for 2025 are stated below. These policies have been applied consistently for all years presented, unless otherwise stated.

Basis of preparation of the financial statements
The Consolidated Accounts have been prepared in accordance with the Swedish Annual Accounts Act, *Supplementary Accounting Regulations for Groups* and IFRS® Accounting Standards, as well as IFRIC interpretations as endorsed by the EU. The Consolidated Accounts have been prepared in accordance with the cost method with the exception of financial assets and liabilities measured at fair value through profit or loss.

Introduction of new and revised accounting policies
(i) *New and amended standards applied by the group*
No new standards, amendments and interpretations that come into effect for the financial year beginning 1 January 2025 had any material impact on the consolidated financial statements.

(ii) *New and amended standards not yet applied by the group*
A number of new and amended IFRS® standards and interpretations have been published but have not yet come into effect, and accordingly, have not been applied in the preparation of these Consolidated Accounts.

The most significant new standard is IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 and comes into effect for financial years beginning after 1 January 2027 or later. Prospective application is permitted but this has not been adopted by the group. IFRS 18 is intended to improve comparability and transparency in financial statements, mainly through new standards applying to the structure of the Income Statement, clearer definitions of subtotals and increased disclosure requirements related to Management Performance Measures.

The group has not completed its analysis of the effects of introducing IFRS 18, but at present, considers that the standard will primarily affect presentation and disclosures in the financial statements and not have any material effect on the group's financial position or results of operations.

Ependion judges that other new or amended standards and interpretations that have not yet come into effect will not have any material impact on the consolidated financial statements.

(B) Basis of preparation of the parent company and consolidated accounts
The parent company's functional currency is Swedish krona (SEK), which is also the presentation currency of the parent company and the group. This implies that the financial statements are presented in SEK. All amounts, unless otherwise indicated, have been rounded to the nearest SEK 000.

The group's accounting policies outlined below have been applied consistently to all periods presented in the Consolidated Accounts, unless otherwise indicated below. The group's accounting policies have been applied consistently to reporting and the consolidation of the parent company and subsidiaries. The Annual Accounts and Consolidated Accounts were approved for issuance by the Board of Directors on 25 March 2026. The Consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet will be subject to adoption at the Annual General Meeting (AGM) on 12 May 2026.

(C) Estimates and judgements
Preparing the financial statements in accordance with IFRS® Accounting Standards requires the company's Management to make judgments and estimates as well as assumptions that influence the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that appear reasonable in the prevailing circumstances. The outcome of these estimates and assumptions is then used to assess the carrying amounts of assets and liabilities that would otherwise not be clearly apparent from other sources. Actual outcomes may differ from these estimates and judgments.

The estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period the change was made if the change affects this period only, or in the period the change is made and future periods if the change affects both the relevant period and future periods.

The estimates and assumptions that imply a material risk of material restatements of carrying amounts of assets and liabilities in the following financial year are summarized below.

(i) Pension obligations
The present value of pension obligations is dependent on a number of factors that are measured on an actuarial basis with the aid of a number of assumptions. The assumptions used when determining the net cost (revenue) of pensions include the discount rate. Any changes in these assumptions will impact the carrying amounts of pension obligations.

The group determines the applicable discount rate at the end of each reporting period. This is the interest rate applied to determine the present value of estimated future payments that are expected to be required to settle the group's pension obligations. When determining an appropriate discount rate for the group's Swedish pension obligations, the group obtains a yield curve based on average mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The group computes the discount rate from this information. For defined-benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. For more information and a sensitivity analysis, see Note 21 Provisions for pensions and similar obligations.

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(D) Segment reporting
Operating segments are reported in a manner that is consistent with internal reporting as submitted to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the results of operating segments. In the group, this function has been identified as the Management team.

(E) Classification, etc.
Essentially, parent company and consolidated fixed assets and long-term liabilities are amounts expected to be recovered or paid after more than 12 months from the reporting date only. Essentially, parent company and consolidated current assets and current liabilities are amounts expected to be recovered or paid within 12 months of the reporting date only.

(F) Principles of consolidation
(i) Subsidiaries
Subsidiaries are companies that Ependion AB exerts a controlling influence over. The group has a controlling influence over a company when it is exposed, or entitled, to variable returns on its holdings in the company and can influence these returns through its controlling influence over the company.

Subsidiaries are reported in accordance with acquisition accounting, which means that the acquisition of a subsidiary is treated as a transaction whereby the group indirectly acquires a subsidiary's assets and takes over its liabilities and contingent liabilities. The consolidated cost is determined through an acquisition analysis related to the acquisition. This analysis partly determines the cost of the shares or operation, partly the fair value of the acquired identifiable assets at the acquisition date, and liabilities and contingent liabilities taken over. Non-controlling interests in the acquired company are recognized at fair value.

The cost of the subsidiary shares and operations is the fair value at the transfer date of assets, liabilities that have arisen or have been taken over, and issued equity instruments submitted as payment in exchange for the acquired net assets. Transaction expenses are recognized in profit or loss. For business combinations where the cost exceeds the net value of the acquired assets and liabilities taken over and contingent liabilities, the difference is reported as goodwill. The group applies the full goodwill valuation method for the reporting of goodwill. When negative, the difference is recognized directly in profit or loss.

Subsidiary financial statements are included in the Consolidated Accounts from acquisition date to the date the controlling influence ceases.

The accounting policies for subsidiaries have, where applicable, been amended to guarantee consistent application of the group's policies.

(ii) *Transactions eliminated on consolidation*
Intra-group receivables and liabilities, revenues or expenses and unrealized profits or losses that arise from intra-group transactions between group companies are wholly eliminated when preparing the Consolidated Accounts.

(G) Foreign currency
(i) Transactions and balance sheet items
Foreign currency transactions are translated to functional currency at the rate of exchange ruling on the transaction date. The functional currency is the currency in the primary economic environments where the company conducts business. Foreign currency monetary assets and liabilities are translated to functional currency at the closing day rate. The exchange rate differences occurring from translation of trade assets and liabilities, such as accounts receivable and accounts payable, are recognized in EBIT. Other exchange rate differences are recognized as a financial income or financial expense in profit or loss.

(ii) *Financial statements of foreign operations*
Assets and liabilities of foreign operations, including goodwill and other consolidated surplus values and deficits, are translated from the functional currency of the foreign operations to the group's presentation currency, Swedish kronor, at the closing day rate. Income and expenses of foreign operations are translated to Swedish kronor at an average rate of exchange, which is an approximation of the rates of exchange at each transaction date. Translation differences occurring coincident with translation of foreign operations are reported directly against other comprehensive income as a translation reserve.

(iii) *Subsidiaries in high-inflation countries*
The subsidiary Beijer Elektronik ve Tic. A.Ş in Turkey has a high-inflation currency as its functional currency. For the sake of materiality, inflation adjustment has only been applied to goodwill in its financial statements.

(H) Revenue
Sale of goods and performing service assignments
The group's revenue mainly consists of the sale of goods, and a small share of services. For more information on the allocation of revenue, see Note 2. Revenues are measured at the fair value of what has been received or will be received and correspond to the amount received for goods and services sold after deducting for discounts, returns and value-added tax. Revenue is recognized in the Income Statement when control over the goods and services has transferred to the buyer. Revenues are not recognized if it is likely that the economic benefits will not flow to the group. If there is significant uncertainty regarding payment, the associated costs or risk of returns, and if the seller retains an obligation in ongoing management usually associated with ownership, revenue is not recognized.

(I) Financial income and expenses
Financial income and expenses are interest income on bank balances, interest expenses on loans, credit and lease liabilities, dividend income and realized and unrealized exchange rate differences on finance or investments in foreign currency.

(J) Financial instruments
(i) *Holdings of unlisted shares*
In 2024, the group acquired shares in unlisted UK company Blu Wireless Technology Ltd., and in 2025, unlisted UK company RazorSecure Ltd. These holdings are measured at fair value through other comprehensive income.

(ii) *Other financial assets*
Financial assets other than those reviewed above are measured at amortized cost.

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(iii) ***Financial liabilities***
Financial liabilities are either classified as measured at amortized cost or fair value through profit or loss. Financial liabilities recognized at fair value consist only of liabilities for contingent consideration. All other liabilities are recognized at amortized cost.

(iv) ***Impairment***
The group measures expected future credit losses related to investments in debt instruments recognized at amortized cost based on future-oriented information. The group designates its reserve method based on whether a material increase in credit risk has occurred or not.

Pursuant to the provisions of IFRS 9, the group applies a practical expedient for impairment tests of accounts receivable. This practical expedient means that the reserve for expected credit losses is computed based on the loss risk for the whole receivable's term and recognized on first-time recognition of the receivable.

(K) Property, plant and equipment
Property, plant and equipment are reported as assets in the Balance Sheet if it is likely that future economic rewards will flow to the group, and the cost of the asset can be reliably measured.

Property, plant and equipment are reported at cost in the group less accumulated depreciation and any impairment. The purchase price and costs directly attributable to the asset to bring it to the place and condition to be utilized in accordance with the purpose of the acquisition are included in the cost. Examples of directly attributable expenses included in costs are expenses for delivery and processing, installation, registration, consulting and legal services.

The accounting policies for impairment are stated below.

Property, plant and equipment that consist of components with differing useful lives are treated as separate components of property, plant and equipment.

The carrying amount of property, plant and equipment is derecognized from the Balance Sheet on obsolescence or disposal, or when no future economic rewards are expected from usage or obsolescence/disposal of the asset.

(i) ***Additional expenditure***
Additional expenditure is added to cost only if it is likely that the future economic rewards associated with the asset will flow to the company, and the cost can be reliably measured. All other additional expenditure is reported as an expense in the period it occurs.

When additional expenditure is added to cost, it is decisive whether this expenditure relates to the exchange of identifiable components, or parts of components, whereupon such expenditure is capitalized. In those cases when new components are created, expenditure is also added to cost. Any un-depreciated carrying amounts of exchanged components, or parts of components, are subject to obsolescence and expensed at exchange. Repairs are expensed as they occur.

(ii) ***Depreciation principles***
Depreciation is on a straight-line basis over the estimated useful life of an asset; land is not depreciated. The group utilizes component depreciation, which means that the assessed useful lives of components are the basis for depreciation. Estimated useful lives;

buildings, real estate used in business operations	5–60 years
machinery and other plant	3–12 years
equipment, tools, fixtures and fittings	2–8 years

Real estate used in business operations has a number of components with differing useful lives. The main division is between buildings and land. No depreciation is affected on the land component, whose useful life is considered indefinite. However, buildings have several components whose useful lives vary.

The useful lives of these components have been assessed to vary between 5 and 60 years.

The following main groups of components have been identified and form the basis for depreciation of buildings:

building decorations	5 years
other real estate components	25–60 years

The residual value and useful life of an asset is estimated yearly.

(L) Right-of-use assets and leases
Most of the group's leased assets relate to sales offices and vehicles with shorter contract terms. There is also a small number of significant leases within the group on production sites and the head office. Leases are normally signed for predetermined periods of between 2 and 7 years, although there may be extension options, as described below.
Assets and liabilities that arise from lease arrangements are initially recognized at present value. Lease liabilities include the present value of the following lease payments:
- fixed payments (including in-substance fixed), after deducting for any benefits that will be received on signing the lease
- variable lease payments due to indexation or pricing, initially measured using indexation or a price on the start date
- amounts expected to be paid by the lessee according to residual value guarantees
- the exercise price of an option to purchase if the group is reasonably certain of exercising such option
- penalties payable on cancelling the lease, if the lease term reflects the group exercising an option to cancel the lease.

Lease payments that will be made for reasonably certain extension options are also included in measurement of the liability.

Lease payments are discounted by the implicit interest rate of the lease. If this interest rate cannot be determined simply, as is normally the case for the group's leases, the lessee's incremental borrowing rate should be applied, which is the interest rate that the individual lessee would pay to borrow the necessary funds to purchase an asset of similar value as the right of use in a similar economic environment with similar terms and security.

The group determines the incremental borrowing rate by applying the group's current borrowing rate, pursuant to applicable credit agreements, for the currency in which the lease has been arranged.

The group is exposed to any future increases of variable lease payments based on indexation or an interest rate that are not included in the lease liability prior to the lease coming into effect. When adjustments of lease payments based on an index or interest rate come into effect, the lease liability is remeasured and restated against the right of use. The risk of unreported future cash flows in the group is considered limited.

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Lease payments are allocated between amortization of the principal and interest. Interest is recognized in profit or loss over the lease term in a manner that corresponds to a fixed interest rate for the recognized lease liability during the relevant period.

Assets with right of use are measured at cost and include the following:

- the amount the lease liability was initially measured at
- lease payments made at or prior to the start date, after deducting for any benefits received in tandem with signing the lease
- initial direct expenditure
- expenditure to restore the asset to the condition prescribed by the terms of the lease.

Rights of use are usually amortized on a straight-line basis over the shorter of the useful life and the lease term. If the group is reasonably certain of exercising a purchase option, the right of use is amortized over the useful life of the underlying asset.

Payments for shorter contracts and all leases of low value are expensed on a straight-line basis in the Income Statement. Short leases have terms of 12 months or less. Leases of low value include IT equipment and various items of office furniture, as well as the short-term lease on a number of premises.

(M) Intangible assets

(i) *Goodwill*

Goodwill is the difference between the cost of a business combination and the fair value of the acquired assets, liabilities taken over and contingent liabilities.

Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units and is subject to yearly impairment tests. Impairment tests compare carrying amounts with estimated recoverable amounts. If the carrying amount exceeds the recoverable amount, the item is impaired. Impairment of goodwill is not reversed.

(ii) *Development*

Expenditure for development, where research results or other knowledge are used to create new products, is reported as an asset in the Balance Sheet, if the product is technically and commercially usable and the group has sufficient resources to complete development, and use or sell the intangible asset later. The carrying amount includes expenditure for materials, direct expenditure for salaries and indirect expenditure that can be attributed to the asset in a reasonable and consistent way. Other expenditure for development is recognized in profit or loss as an expense when it occurs. Development expenditure is reported in the Balance Sheet at cost less accumulated depreciation and any impairment.

(iii) *Additional expenditure*

Additional expenditure for capitalized intangible assets is reported as an asset in the Balance Sheet only when it increases the future economic rewards for the specific asset to which it is attributable. All other expenditure is expensed as it occurs.

(iv) *Amortization*

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, providing such useful lives are not indefinite. Goodwill is subject to impairment tests yearly or as soon as there is any indication of impairment.

Intangible assets with determinable useful lives are amortized from the date they become available for use.

The estimated useful lives are:

trademarks & brands	5–20 years
patents	3–5 years
customer contracts	10-13 years
development expenditure	3–5 years
IT expenditure	5 years
technology platforms	10 years

(N) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is estimated using the FIFO method. The net realizable value is the estimated sales price in operating activities, less estimated expenses for completing and achieving a sale. The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

(O) Impairment

The carrying amounts of the group's assets are subject to impairment tests at each reporting date. An exemption is made for inventories and deferred tax assets. If there is an indication of value impairment, the assets' recoverable amount is calculated. For assets subject to the above exemption, valuations are tested according to the relevant standard.

Recoverable amounts of goodwill and intangible assets not yet ready for use are calculated yearly.

If it is impossible to determine significant independent cash flows of an individual asset, when conducting impairment tests, assets should be grouped at the lowest level it is possible to identify significant independent cash flows (cash-generating unit). Impairment is recognized when an asset's or cash-generating unit's carrying amount exceeds recoverable amount. Impairment is recognized in the Income Statement.

Impairment of assets attributable to a cash-generating unit (group of units) is primarily assigned to goodwill. Later, proportional impairment of other assets included in the unit is effected (group of units).

(i) *Measuring recoverable amount*

The recoverable amount of assets in the loan receivables and accounts receivable categories should be reported at amortized cost, calculated as the present value of future cash flows, discounted by the effective interest prevailing when the asset was reported for the first time. Assets with short maturities are not discounted.

The recoverable amount of other assets is the greater of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted by a discount factor that considers risk-free interest, and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is measured.

(ii) *Reversal of impairment*

Impairment of loan receivables and accounts receivable reported at amortized cost is reversed if a subsequent increase in recoverable amount can be objectively attributed to an event that has occurred after the impairment was effected.

(P) Share capital

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(i) *Re-purchase of treasury shares*
Holdings of treasury shares and other equity instruments are reported as a reduction in equity. Acquisitions of such instruments are reported as a deduction from equity. Payment for the sale of equity instruments is reported as an increase in equity. Any transaction expenses are reported directly against equity.

(ii) *Dividends*
Dividends are reported as a liability after AGM approval.

(Q) Employee benefits
(i) *Defined-contribution plans*
A defined-contribution plan is a pension plan where the group pays fixed contributions to a separate legal entity. The group is under no legally enforceable or constructive obligation to make any further contributions if such legal entity does not hold sufficient assets to pay all employee benefits that are associated with the employee's service in present or previous periods. Commitments relating to fees for defined-contribution plans are reported as an expense in the Income Statement as they occur.

(ii) *Defined-benefit plans*
A defined-benefit plan is a pension plan that is not defined contribution. The distinguishing feature of defined-benefit plans is that they designate an amount for the pension benefit an employee will receive after retirement, usually based on one or several factors like age, length of service and salary. The group has defined-benefit plans in the parent company, one subsidiary in Sweden and one subsidiary in Taiwan.

The group's net commitments regarding defined-benefit plans are calculated separately for each plan by estimating the future benefits the employee would have accrued through his/her service in present and previous periods; these benefits are discounted to present value, and the fair value of any plan assets is deducted.

When determining an appropriate discount rate for the group's Swedish pension obligations, the group obtains a yield curve based on all mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The group computes the discount rate from this information. For defined-benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. The computation is conducted by a qualified actuary using the projected unit credit method. When the benefits of a plan improve, the proportion of the increased benefit attributable to employee service in previous periods is reported as an expense on a straight-line basis in the Income Statement allocated over the average period until the benefits are fully vested. If the benefits are fully vested, an expense is recognized directly in profit or loss. Actuarial gains and losses resulting from judgments based on experience and changes to actuarial assumptions are recognized in other comprehensive income in the period they occur.

Expenses regarding services rendered in previous periods are recognized immediately in profit or loss.

(iii) *Variable compensation*
There is variable compensation in the group. Variable compensation is based on operational and financial targets and is payable if a predetermined target is achieved or exceeded. The expenses for variable compensation are charged in the year when there is a legally enforceable obligation.

(iv) *Share-based payment*
Expenses for share-based payments are reported allocated over the period employees render services. In the current share-based incentive programs, within the terms of the plans, participants will be able to receive shares based on the achievement of performance targets. This assumes that at the time of disbursement, the participant remains an employee of the group, has not resigned from employment and has undertaken to hold shares of the company him/herself. The expense for this including social security contributions is allocated evenly over the period until the time when the shares are received. This expense, measured based on the market value of shares of the company on the record date of each year's incentive program, is reported directly in equity. Social security expenses, measured based on the fair market value of shares of the company, are recognized as a liability.

(R) Provisions
A provision is reported in the Balance Sheet when the group has an existing legally enforceable or constructive obligation ensuing from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to settle the commitment, and the amount can be reliably estimated. When the impact of the timing of the payment is significant, the provisions are calculated by discounting the expected future cash flow by an interest rate before tax that reflects the relevant market valuation of the time value of money and, if applicable, the risks associated with the liability.

(S) Tax
Income tax consists of current tax and deferred tax. Income tax is recognized in profit or loss apart from when the underlying transaction is reported directly against other comprehensive income and equity respectively, whereupon the associated tax impact is reported in against other comprehensive income and equity respectively.

Current tax is tax paid or received for the present year, applying the tax rates that are enacted or substantively enacted as of the reporting date, which also include adjustments of current tax attributable to previous periods.

Deferred tax is computed in accordance with the balance sheet method, proceeding from temporary differences between carrying amounts and taxable values of assets and liabilities. The following temporary differences are not considered: for temporary differences occurring on first-time recognition of goodwill, first-time recognition of assets and liabilities that are not business combinations and neither influence reported nor taxable earnings at the time of the transaction. Nor are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future considered. The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying those tax rates and tax regulations that are enacted or substantively enacted as of the reporting date.

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Deferred tax assets related to deductible temporary differences and loss carry-forwards are only reported to the extent that it is likely that they will be utilized. The value of deferred tax assets reduces when it is no longer considered likely that they can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to tax debited by one and the same tax authority and either relate to the same taxpayer or different taxpayer, where there is an intent to settle the balances through net payments.

(T) Cash Flow Statement

The Cash Flow Statement has been prepared in accordance with the indirect method. Cash and cash equivalents are made up of cash funds and immediately available balances with banks and corresponding institutions, and short-term, liquid investments with a term of less than three months from the time of acquisition, exposed to only insignificant risk of value fluctuations.

(U) Hedge accounting

(i) *Hedging of net investment*

The group hedges net investments in selected foreign operations. The share of profit or loss on a hedging instrument classified as an effective hedge is recognized in other comprehensive income and accumulated in equity. The profit or loss relating to the ineffective portion is recognized directly in profit or loss as other income or other expenses.

(V) Parent company accounting policies

The parent company has prepared its Annual Accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that in its Annual Accounts for the legal entity, the parent company applies all the IFRS® Accounting Standards and statements endorsed by the EU, if this is possible within the framework of the Swedish Annual Accounts Act, and considering the relationship between accounting and taxation. The recommendation states the exemptions from, and supplements to, IFRS® Accounting Standards.

Differences between the group's and parent company's accounting policies

Differences between the group's and parent company's accounting policies are stated below. The following accounting policies of the parent company have been applied consistently for all periods published in the parent company's financial statements.

Subsidiaries and associated companies

In the parent company, shares in subsidiaries and associated companies are reported in accordance with the cost method. Dividends from subsidiaries are recognized as revenue.

Financial instruments

The parent company does not apply the measurement provisions of IFRS 9. In the parent company, financial assets are measured at cost less any impairment, and financial current assets at the lower of cost or market.

Leased assets

The parent company does not apply IFRS 16, but recognizes lease payments from leases as an expense on a straight-line basis over the lease term providing no other systematic method better reflects the user's economic benefit over time.

Employee benefits

Defined-benefit plans

The parent company uses a different basis for calculating defined-benefit plans than stipulated by IAS 19. The parent company follows the stipulations of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's instructions, because this is a pre-requisite for tax deductions. The most significant differences compared to IAS 19 are determining the discount rate, calculating the defined-benefit obligation on the basis of present salary levels excluding assumptions of future salary increases, and that all actuarial gains and losses are recognized in profit or loss when they occur.

Group contributions for legal entities

In accordance with the alternative rule of RFR 2, group contributions received and paid are recognized as appropriations. The tax impact of group contributions received and paid is recognized in the Income Statement in accordance with IAS 12.

Note 2

Segment reporting

Management has determined the operating segments used to reach strategic decisions. Management evaluates operations from a product perspective, where the operating segments are divided between the Beijer Electronics and Westermo business entities.

Beijer Electronics delivers innovative solutions for visualizing, automating and digitalizing industrial applications for the marine sector, OEMs in manufacturing, and for applications in rugged environments.

Westermo develops robust and secure communication solutions for harsh environments, with its main focus on rail networks, with the business entity being the global market leader in its niche for trackside and for the energy sector.

Management evaluates operating segments based on a metric termed EBIT.

Management also evaluates sales from a geographical perspective divided between the Nordic region, rest of Europe, North America, Asia and rest of world. The information presented for operating segment revenues relates to the geographical regions grouped where are customers are located.

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2024, SEK 000	Westermo	Beijer Electronics	Parent company	Group eliminations	Total
Revenues*	1,316,635	946,320	–	-4,830	2,258,125
EBITDA	288,734	182,861	-41,372	-2,750	427,473
Depreciation and amortization	-89,860	-76,850	-9,855	–	-176,565
EBIT	198,874	106,010	-51,227	-2,750	250,907
EBIT margin, %	15.1	11.2	–	–	11.1
Net financial income/expense	–	–	–	–	-44,465
Profit/loss before tax	–	–	–	–	206,442
Tax	–	–	–	–	-49,439
Profit after tax	–	–	–	–	157,003
Investments in tangible and intangible assets	108,200	112,731	3,286	–	224,217
of which capitalized development expenses	*82,944*	*100,712*	–	–	*183,656*
Product development expenditure, %	14.3	12.9	–	–	13.9

2024, SEK 000	Westermo	Beijer Electronics	Parent company	Group eliminations	Total
Revenues*	1,378,039	857,993	–	-4,279	2,231,753
EBITDA	308,989	164,804	-36,162	-5,082	432,549
Depreciation and amortization	-104,540	-86,252	-9,684	–	-200,477
EBIT	204,448	78,552	-45,846	-5,082	232,073
EBIT margin, %	14.8	9.2	–	–	10.4
Net financial income/expense	–	–	–	–	-38,238
Profit/loss before tax	–	–	–	–	193,835
Tax	–	–	–	–	-47,094
Profit after tax	–	–	–	–	146,741
Investments in tangible and intangible assets	95,415	82,396	2,758	–	180,570
of which capitalized development expenses	*79,481*	*75,437*	–	–	154,918
Product development expenditure, %	14.7	11.8	–	–	13.7

The segments' accounting policies conform to the group's accounting policies.

*Parent company revenues consist of group-wide services and are excluded from this table.

Internal pricing between the group's segments is determined on the basis of the arm's length principle, i.e. between parties that are mutually independent, well-informed and with an interest in the transactions.

The parent company provides group-wide services such as sustainability, IT infrastructure and finance, as well as stock market-related services like investor relations, M&A processes and reporting;

The Westermo business entity has sales to a group representing some 89% (19) of the business entity's and 11% (11) of Ependion's revenues. This customer makes its main contribution to the Train segment, but also has significant volumes in Trackside, both in the Network Equipment category. Sales to this customer are mainly in the Rest of Europe geographical market, although there are also high volumes in the Nordics.

The Beijer Electronics business entity does not have any single customer comprising more than 10% of the business entity's revenues.

Essentially, the timing of revenue recognition of the group and segments is at the date of sale. There are no significant contract assets to report. See Note 24 for the group's contractual liabilities.

Revenue by geographical market

SEK 000	2025	2024
Nordics	431,139	416,245
Rest of Europe	1,086,898	1,077,199
North America	273,416	313,480
Asia	426,344	446,676
Rest of world	13,956	4,525
Total	**2,231,753**	**2,258,125**

233 MSEK (240) of the group's revenues are from customers on the Swedish market, 273 MSEK (212) are from customers on the German market and 244 MSEK (279) are from customers in the USA.

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Revenue per category

Westermo, SEK 000	2025	2024
Network equipment	1,129,456	1,124,123
Industrial PCs	63,065	–
Software licenses	9,670	9,145
Servicing and other services	47,588	50,970
Third-party products	127,883	131,722
Internal sales	377	675
Total	**1,378,039**	**1,316,635**

Beijer Electronics, SEK 000	2025	2024
HMIs and accessories	687,446	746,551
Network equipment	52,912	68,544
Software licenses	22,691	26,554
Servicing and other services	6,610	7,034
Third-party products	84,432	93,482
Internal sales	3,902	4,155
Total	**857,993**	**946,320**

Group, SEK 000	2025	2024
Network equipment	1,182,368	1,192,667
HMIs and accessories	687,446	746,551
Industrial PCs	63,065	–
Software licenses	32,361	35,699
Servicing and other services	54,198	58,004
Third-party products	212,315	225,204
Total	**2,231,753**	**2,258,125**

Revenue by segment

2024, SEK 000	Westermo	Beijer Electronics	Group adjustments	Total
Train	449,428	–	–	449,428
Trackside	190,019	–	–	190,019
Energy	225,195	222,315	–	447,510
Manufacture	38,986	331,539	–	370,525
Marine	65,034	210,102	–	275,136
Infrastructure/Water	95,120	135,477	–	230,597
Other	252,853	46,887	-4,830	294,910
Total	**1,316,635**	**946,320**	**-4,830**	**2,258,125**

2025, SEK 000	Westermo	Beijer Electronics	Group adjustments	Total
Train	437,086	–	–	437,086
Trackside	148,333	–	–	148,333
Energy	269,491	211,194	–	480,685
Manufacture	104,097	297,467	–	401,564
Marine	82,731	221,874	–	304,605
Infrastructure/Water	106,169	102,015	–	208,184
Other	230,132	25,443	-4,279	251,296
Total	**1,378,039**	**857,993**	**-4,279**	**2,231,753**

Geographical division of fixed assets

SEK 000	2025	2024
Sweden	632,395	574,436
Germany	794,369	244,912
Ireland	184,693	204,463
Rest of Europe	129,618	127,124
USA	140,607	172,476
Taiwan	219,645	283,275
Rest of world	14,789	17,077
Total	**2,116,116**	**1,623,763**

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Note 3

Nature of expenses

The Consolidated Income Statement classifies expenses by function. Information on the significant cost types follows.

SEK 000	2025	2024
Cost of materials	794,912	830,659
Salaries, benefits and social security expenses	765,914	765,707
Depreciation and amortization of intangible assets and property, plant and equipment and right-of-use assets	200,477	176,565
Other expenses	229,032	239,480
	1,990,335	**2,012,411**

Note 4

Other operating income and operating expenses

Other operating income

SEK 000	2025	2024
Exchange gains on trade receivables/ liabilities	33,629	34,688
Other	3,199	996
	36,828	**35,684**

Other operating expenses

SEK 000	2025	2024
Exchange loss on trade receivables/ liabilities	-46,174	-30,490
	-46,174	**-30,490**

Note 5

Fees and reimbursement to auditors

Group, SEK 000	2025	2024
KPMG (PricewaterhouseCoopers)		
Auditing	4,294	3,480
Other audit services	1,000	225
Tax consultancy	199	478
Total	**5,493**	**4,183**
Other auditors		
Auditing	1,039	969
Tax consultancy	973	1,347
Other services	1,329	1,003
Total other auditors	**3,340**	**3,318**

Parent company, SEK 000	2025	2024
KPMG (PricewaterhouseCoopers)		
Auditing	1,776	1,075
Other audit services	1,000	225
Tax consultancy	35	–
Total	**2,811**	**1,300**

Note 6

Employees and personnel expenses

Average number of employees

	2025	of which men, %	2024	of which men, %
Parent company				
Sweden	11	57	13	59
Total, parent company	**11**	**57**	**13**	**59**
Subsidiaries				
Australia	10	80	10	79
Denmark	4	71	4	75
France	11	75	13	70
Ireland	51	82	51	82
India	12	67	3	84
China	33	64	34	65
Norway	10	100	10	100
Netherlands	3	100	3	100
Switzerland	25	89	27	87
Singapore	8	38	8	35
Spain	3	86	3	85
UK	20	81	21	83
Sweden	339	77	338	76
South Korea	4	73	4	67
Taiwan	131	37	198	42
Turkey	16	61	18	61
Germany	119	73	65	80
USA	36	81	38	80
Total, subsidiaries	**835**	**70**	**848**	**69**
Group total	**846**	**70**	**861**	**68**

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Gender division in Management

	31 Dec. 2025	31 Dec. 2024
	Share of women%	Share of women%
Parent company		
Board of Directors	17	20
Other senior executives	50	33
Group total		
Board of Directors	17	20
Other senior executives	75	60

Salaries, other benefits and social security expenses

SEK 000	2025		2024	
	Salaries and benefits	Social security expenses	Salaries and benefits	Social security expenses
Parent company	19,067	12,769	20,220	16,245
(of which pension expense)		*(2,920)*		*(4,436)*
Subsidiaries	568,742	165,336	560,401	168,841
(of which pension expense)		*(46,665)*		*(42,098)*
Group total	**587,809**	**178,105**	**580,621**	**185,086**
(of which pension expense)		*(49,585)*		*(46,534)*

The parent company meets all social security expenses of the group's LTI programs.

Remuneration and other benefits to the CEO, EVP and other senior executives under the year
Expenses for remuneration and benefits to the CEO, EVP and senior executives were as follows:

SEK 000	2025			2024		
	CEO	EVP	Other senior executives [a]	CEO	EVP	Other senior executives [a]
Basic salary	4,887	2,596	3,791	4,587	2,483	6,607
Variable compensation	908	482	1,037	1,254	675	915
Long-term incentive programs	936	500	437	887	592	1,321
Other benefits	214	24	221	209	22	323
Pension expense	1,464	647	1,161	1,350	618	1,835
Salaries and benefits, total	**8,409**	**4,249**	**6,647**	**8,287**	**4,390**	**11,001***

a) There are 2 (3) other senior executives who are members of Ependion AB's Group Management.
*) Of which 2.1 MSEK is severance pay to a senior executive.

Remuneration to the Board of Directors in the year
Directors' fees paid were 2,020,000 SEK (2,070,000), allocated as follows:

Board of Directors, SEK 000	2025	2024
Peter Nilsson, Chairman of the Board	700	–
Bo Elisson, Chairman of the Board prev. years	–	650
Johan Wester	355	330
Karin Gunnarsson	370	340
Lars Eklöf	270	250
Jonas Hård	325	250
Charlott Samuelsson	–	250
Total	**2,020**	**2,070**

Peter Nilsson received 50,000 SEK and Johan Wester received 85,000 SEK for service on Committees, included in the above table. Karin Gunnarsson received 100,000 SEK and Jonas Hård received 55,000 SEK for service on Committees, included in the above table. Bo Elisson left the Board of Directors and his position as Chairman at the AGM 2024, and he was replaced by Peter Nilsson. Charlotte Samuelsson left the Board of Directors at the AGM 2024. Per Allmér was elected at the AGM 2025 and did not receive fees in the year. The expense for Directors' fees was 2,133,000 SEK (2,037,000) excluding social security contributions.

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Chief Executive Officer
Apart from contracted basic salary, the Chief Executive Officer is also entitled to variable compensation. Variable compensation is based on operational and financial performance and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 30% of gross salary excluding bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 12 months, which cannot be claimed for termination initiated by the CEO. The notice period from the CEO's side is six months. No other remuneration upon termination has been agreed.

Executive Vice President
Apart from contracted basic salary, the Executive Vice President is also entitled to variable compensation. Variable compensation is based on operational and financial performance and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 25% of gross salary excluding bonus is provisioned as pension assurance for the EVP. This pension is defined benefit and defined contribution and becomes payable at age 65. According to agreement, the EVP has a notice period from the company's side of 12 months, which cannot be claimed for termination initiated by the EVP. The notice period from the EVP's side is six months. No other remuneration upon termination has been agreed.

Other senior executives
Other senior executives receive basic salary with a variable component. The variable component is based partly on the group's, and partly on each business entity's, volume, profitability and cash flow performance. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined-contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives. The notice period from the senior executive's side is six months.

Incentive programs
The AGM 2025 resolved on the introduction of a share-based incentive program, "LTI 2025/2028" for the CEO, EVP, other senior executives and a further number of key individuals within the group. For entitlement in the plan, participants have undertaken to own shares of the company themselves. This plan measures performance in the period January to December 2025, and providing employment continues, the participants will receive shares in 2028 based on the outcome of performance targets in 2025. The performance targets defined in January 2025 were as follows (i) order intake 30%, (ii) EBIT 30%, (iii) free cash flow 30% and (iv) implementation of a due diligence framework for human rights 10%. The outcome computed for 2025 is for granting of approx. 51,364 shares, or 51.3% of the maximum.

The Board of Directors' proposed guidelines for 2026
The Board of Directors proposes that the AGM adopt the following guidelines for remunerating senior executives: senior executives means the Group Management including the CEO and EVP.

Total compensation covers basic salary and variable remuneration, consisting of a yearly and a long-term portion. Pension and other customary benefits are additional. The variable portion will be based on the satisfaction of predetermined targets related to the company's earnings growth and other important change targets.

The maximum variable portion for the CEO, EVP and other senior executives is six months' salary.

If the CEO's or EVP's employment is terminated from Ependion AB's side, they have a 12-month notice period. No other compensation on termination has been agreed. If other senior executives are terminated from the company's side, and termination is not due to gross negligence, maximum notice periods of 12 months have been agreed.

The Board of Directors is proposing the introduction of a share-based incentive program for the CEO, EVP, other senior executives and a number of other key individuals of the group. This program should measure performance in the financial year 2026 but has a term of three years, in which participants in the program undertake to hold shares in the company themselves, to then receive what are termed performance shares in 2029 on satisfying or exceeding performance targets.

Decision-making process
The Remuneration Committee consults on the Board of Directors' decisions on remuneration to the Chief Executive Officer and decides on remuneration to the Executive Vice President and other senior executives. Directors' fees are resolved by the AGM.

Note 7

Depreciation, amortization and impairment of property, plant and equipment and intangible assets

Group, SEK 000	2025	2024
Capitalized development expenditure	107,882	90,258
Capitalized expenditure for software	1,844	1,958
Customer contracts, brands and similar rights	20,065	14,895
Buildings and country	2,846	1,841
Machinery and other plant	6,905	7,566
Equipment, tools, fixtures and fittings	13,177	11,124
Right-of-use assets	47,758	48,923
	200,477	**176,565**

Parent company, SEK 000	2025	2024
Capitalized expenditure for software	1,330	1,437
Equipment, tools, fixtures and fittings	1,174	352
	2,504	**1,789**

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Net financial income/expense

Group, SEK 000	2025	2024
Interest income	1,024	634
Exchange difference	637	932
Other financial income	76	7
Financial income	**1,737**	**1,573**
Interest expenses	-32,185	-41,826
Other financial expenses	-7,790	-4,212
Financial expenses	**-39,975**	**-46,038**
Net financial income/expense	**-38,238**	**-44,465**

Parent company, SEK 000	2025	2024
Dividend	57,305	47,401
Profit/loss from participations in group companies	**57,305**	**47,401**
Exchange difference	–	5,861
Interest income, group companies	31,614	31,702
Financial income	**31,614**	**37,563**
Exchange difference	-16,817	–
Interest expenses, group companies	-8,939	-12,919
Interest expenses, other	-21,068	-31,400
Other financial expenses	-4,001	-3,479
Financial expenses	**-50,825**	**-47,798**

Note 9

Appropriations

Parent company, SEK 000	2025	2024
Group contributions, received	70,576	54,931
	70,576	**54,931**

Note 10

Tax on net profit/loss

Group, SEK 000	2025	2024
Current tax		
Tax expense for the period	-41,757	-32,858
Withholding tax	-5,362	-6,203
Adjustment of tax attributable to previous year	392	-576
	-46,727	**-39,637**
Deferred tax (Note 22)		
Occurrence and reversal of temporary differences	-7,937	-16,920
Deferred tax in the deductible value of loss carry-forwards changed in the year	7,570	7,118
	-367	**-9,802**
Total reported tax expense, group	**-47,094**	**-49,439**

Parent company, SEK 000	2025	2024
Current tax		
Tax expense for the period	-24	–
Withholding tax	-1,086	-2,342
Adjustment of tax attributable to previous year	–	139
	-1,110	**-2,203**
Deferred tax		
Occurrence and reversal of temporary differences	-1,001	195
	-1,001	**195**
Total reported tax expense, parent company	**-2,111**	**-2,008**

Reconciliation of actual tax

Group, SEK 000	2025	%	2024	%
Profit/loss before tax	193,835	–	206,442	–
Tax at applicable rate, parent company (20.6%)	-39,930	-20.6	-42,527	-20.6
Tax effect of:				
- Other tax rates for foreign subsidiaries	-3,138	-1.6	-539	-0.3
- Non-deductible expenses	-3,173	-1.6	-2,909	-1.4
- Non-taxable revenue	1,303	0.7	2,734	1.3
- Increase in remaining negative net interest income without corresponding capitalization of deferred tax	–	–	-4,761	-2.3
- Increase in loss carry-forwards without corresponding capitalization of deferred tax	-477	-0.2	-1,361	-0.7
- Utilization of previously unrecognized deductible negative net interest	2,022	1.0	–	–
- Utilization of previously unrecognized tax loss carry-forwards	1,718	0.9	3,803	1.8
- Capitalization of previous year's deficit	204	0.1	2,956	1.4
- Tax attributable to previous year	392	0.2	-526	-0.3
- Withholding tax	-5,362	-2.8	-6,203	-3.0
- Other	-653	-0.3	-107	-0.1
Reported effective tax	**-47,094**	**-24.3**	**-49,439**	**-23.9**

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Parent company, SEK 000	2025	%	2024	%
Profit/loss before tax	61,894	–	39,649	–
Tax at applicable rate, parent company (20.6%)	-12,750	-20.6	-8,168	-20.6
Tax effect of:				
- Non-deductible expenses	-180	-0.3	-1,324	-3.3
- Non-taxable revenue	228	0.4	2,250	5.7
- Non-taxable dividend from subsidiaries	11,805	19.1	9,765	24.6
- Increase in remaining negative net interest income without corresponding capitalization of deferred tax	–	–	-2,428	-6.1
- Use of previously uncapitalized lost carry-forwards	130	0.2	533	1.3
- Remaining negative net ineerest income	-258	-0.4	-434	-1.1
- Tax attributable to previous year	–	–	139	0.4
- Withholding tax	-1,086	-1.8	-2,342	-5.9
Reported effective tax	**-2,111**	**-3.4**	**-2,008**	**-5.1**

For the group, tax of -2,879,000 SEK (4,490,000) attributable to actuarial revaluation of pension obligations and tax of 2,357,000 SEK (509,000) attributable to other provisions was recognized in other comprehensive income. In addition, tax of –917,000 SEK (1,043,000) attributable to long-term incentive programs was recognized in equity.

Note 11

Intangible assets

2023, SEK 000	Goodwill	Develop-ment expenditure	IT expen-diture	Patents	Trademarks & brands	Customer contracts	Technology platforms	Total
Purchases								
Opening balance, 1 Jan. 2024	930,072	756,511	99,830	3,248	84,358	202,500	39,901	2,116,420
Internally developed assets	–	183,656	–	–	–	–	–	183,656
Acquired assets	–	–	630	–	–	–	–	630
Exchange differences for the year	37,183	2,006	1,450	82	3,029	7,135	1,858	52,743
Closing balance, 31 Dec. 2024	**967,255**	**942,173**	**101,910**	**3,330**	**87,387**	**209,635**	**41,759**	**2,353,449**
Accumulated amortization and impairment								
Opening balance, 1 Jan. 2024	-96,755	-436,376	-90,027	-2,795	-70,475	-138,046	-24,742	-859,216
Amortization for the year	–	-90,258	-1,958	-438	-3,026	-9,551	-1,880	-107,111
Exchange differences for the year	–	-1,872	-1,703	-77	-2,877	-5,148	-1,334	-13,011
Closing balance, 31 Dec. 2024	**-96,755**	**-528,506**	**-93,688**	**-3,310**	**-76,378**	**-152,745**	**-27,956**	**-979,338**
Carrying amounts								
As of 1 Jan. 2024	833,317	320,135	9,803	453	13,883	64,454	15,159	1,257,202
As of 31 Dec. 2024	870,500	413,666	8,222	20	11,009	56,890	13,803	1,374,111

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2023, SEK 000	Goodwill	Development expenditure	IT expenditure	Patents	Trademarks & brands	Customer contracts	Technology platforms	Total
Purchases								
Opening balance, 1 Jan. 2025	967,255	942,173	101,910	3,330	87,387	209,635	41,759	2,353,449
Internally developed assets	–	154,918	–	–	–	–	–	154,918
Acquired via business combinations	355,158	–	–	–	14,399	150,625	51,478	571,660
Acquired assets	–	–	506	–	34	–	–	540
Disposals and retirements	–	–	-947	–	–	–	–	-947
Exchange differences for the year	-62,991	-4,784	-4,971	-197	-6,880	-17,172	-4,179	-101,174
Closing balance, 31 Dec. 2025	**1,259,422**	**1,092,307**	**96,498**	**3,133**	**94,940**	**343,088**	**89,058**	**2,978,446**
Accumulated amortization and impairment								
Opening balance, 1 Jan. 2025	-96,755	-528,506	-93,688	-3,310	-76,378	-152,745	-27,956	-979,338
Amortization for the year	–	-107,882	-1,844	-16	-4,433	-12,479	-3,137	-129,791
Acquired assets	–	–	–	–	-3,265	–	–	-3,265
Disposals and retirements	–	–	947	–	–	–	–	947
Exchange differences for the year	–	4,926	6,026	194	6,281	13,773	3,279	34,479
Closing balance, 31 Dec. 2025	**-96,755**	**-631,463**	**-88,559**	**-3,132**	**-77,795**	**-151,451**	**-27,814**	**-1,076,969**
Carrying amounts								
As of 1 Jan. 2025	870,500	413,666	8,222	20	11,009	56,890	13,803	1,374,111
As of 31 Dec. 2025	1,162,667	460,844	7,939	1	17,145	191,637	61,244	1,901,477

The group reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method	Functions where the amortization is reported
Goodwill	Indefinite	Impairment test	
Development expenditure	3-5 years	Straight-line amortization method	Research and development expenses
IT expenditure	5 years	Straight-line amortization method	Administrative expenses
Patent	3-5 years	Straight-line amortization method	Administrative expenses
Trademarks & brands	5-20 years	Straight-line amortization method	Administrative expenses
Customer contracts	10-13 years	Straight-line amortization method	Administrative expenses
Technology platforms	10 years	Straight-line amortization method	Administrative expenses

The parent company reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method	Functions where the amortization is reported
IT expenditure	5 years	Straight-line amortization method	Administrative expenses

Parent company 2024	SEK 000
Accumulated cost	
Opening balance, 1 Jan. 2024	80,749
Other investments	593
Closing balance, 31 Dec. 2024	**81,342**
Accumulated amortization	
Opening balance, 1 Jan. 2024	-73,308
Amortization for the year	-1,437
Closing balance, 31 Dec. 2024	**-74,745**
Carrying amounts	
As of 1 Jan. 2023	7,441
As of 31 Dec. 2023	6,597

Parent company 2025	SEK 000
Accumulated cost	
Opening balance, 1 Jan. 2025	81,342
Closing balance, 31 Dec. 2025	**81,342**
Accumulated depreciation and amortization	
Opening balance, 1 Jan. 2025	-74,745
Amortization for the year	-1,330
Closing balance, 31 Dec. 2025	**-76,075**
Carrying amounts	
As of 1 Jan. 2025	6,597
As of 31 Dec. 2025	5,267

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Impairment tests of cash-generating units containing goodwill

The following cash-generating units—consisting of the Beijer Electronics and Westermo business entities—constitute the group's total reported goodwill values:

SEK 000	2025	2024
Westermo	807,326	467,431
Beijer Electronics	355,341	403,069
Total goodwill value, group	**1,162,667**	**870,500**

Measurement of recoverable amount

The group analyzes whether goodwill is impaired at least yearly, in accordance with the accounting policies stated in Note 1. The basis for these analyses is financial budgets, forecasts and business plans presented to the Board of Directors and approved by Group Management. Estimates and measurements are made on this basis.

Ependion conducted its most recent analysis of the potential impairment of goodwill as of 30 November 2025. The recoverable amount of the two cash-generating units is based on measurements of estimated value in use. These estimates are based on estimated future cash flows before tax based on financial budgets and forecasts, founded on the business entities' growth strategies, as well as additive assessments for each entity for the period until 2030. Material assumptions applied in the measurement of value in use are expected sales growth, gross margins, the discount rate, and growth assumptions after the end of the forecast period.

To forecast sales growth and gross margin, material assumptions were made regarding sales volume, general market growth, and in certain cases, the increased market share enabled by the business entities' planned launches of new products and solutions, as well as rationalizations of production and logistics over the period.

For Beijer Electronics, sales growth in the forecast period is approx. 7% above the five-year historical average. The higher sales growth in the forecast is mainly explained by sales in 2025 reducing as an effect of the phase-out of low-margin products, which affected average historical sales growth negatively. Sales growth in the forecast period is expected to benefit from the new strategy implemented in 2025 and the launch of a new product platform in late-2025. Additionally, gross margin is approx. 5% higher in the forecast period than the five-year historical average. However, the gross margin applied in the forecast period is only 1% higher than the actual gross margin in 2025. The higher gross margin in 2025 and in the forecast period is primarily an effect of the phase-out of low-margin products, the implementation of a new strategy under the new management and the launch of a new product platform.

For Westermo, the material assumptions are based on historical experience and extra volumes that the 2025 acquisition of Welotec GmbH is expected to contribute.

The discount rate was estimated based on the weighted average cost of capital (WACC) before tax at 13.1% (11.9). The change in the discount rate on 2024 relates primarily to the progress of the risk-free interest component.

Expected future cash flow beyond 2030 has been extrapolated using an estimated average long-term terminal growth rate of 2.0% (2.0).

The outcome of the impairment test conducted was that Management did not identify any impairment relating to any cash-generating unit.

Sensitivity analysis

To support the impairment test conducted on goodwill in the group, an analysis of sensitivity to the variables applied in the model was conducted. Management's opinion is that no reasonable possible changes in the assumptions of the impairment test would result in impairment.

Impairment tests of cash-generating units including capitalized development expenditure

The following operating segments and cash-generating units have significant carrying amounts of capitalized development expenditure.

Capitalized development expenditure has a determinable useful life. This expenditure is amortized over a period of 3-5 years:

SEK 000	2025	2024
Westermo	256,611	223,753
Beijer Electronics	204,233	189,913
Total value of capitalized development expenditure, group	**460,844**	**413,666**

	Type of asset
Westermo	Hard and software solutions for robust and secure data communication in harsh environments.
Beijer Electronics	Hard and software solutions for digitalized data control, connect and present

Sensitivity analysis of cash-generating units including capitalized development expenditure

The company conducts regular analysis of the impairment of capitalized development expenditure through a sensitivity analysis of expected sales growth and gross margin of underlying products.

The sensitivity analyses indicate that there is no impairment for these adjustments of computation variables.

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Note 12

Property, plant and equipment

	Group				Parent company
2024, SEK 000	**Buildings and country**	**Machinery and other plant**	**Equipment, tools, fixtures and fittings**	**Total**	**Equipment, tools, fixtures and fittings**
Cost					
Opening balance, 1 Jan. 2024	69,773	91,850	165,373	326,996	3,087
Reclassifications	-2,108	-2,363	4,471	–	–
Purchases	10,762	11,098	18,072	39,932	2,693
Sales/retirements	–	-11,500	-3,821	-15,321	–
Exchange differences	1,141	350	3,618	5,109	–
Closing balance, 31 Dec. 2024	**79,568**	**89,435**	**187,713**	**356,716**	**5,780**
Depreciation					
Opening balance, 1 Jan. 2024	-29,996	-70,767	-140,436	-241,199	-2,260
Depreciation for the year	-1,841	-7,566	-11,124	-20,531	-352
Sales/retirements	–	10,060	3,727	13,787	–
Exchange differences	-432	-276	-2,916	-3,624	–
Closing balance, 31 Dec. 2024	**-32,269**	**-68,549**	**-150,749**	**-251,566**	**-2,612**
Carrying amounts					
As of 1 Jan. 2024	39,777	21,083	24,937	85,797	827
As of 31 Dec. 2024	47,299	20,886	36,964	105,150	3,168

	Group				Parent company
2025, SEK 000	**Buildings and country**	**Machinery and other plant**	**Equipment, tools, fixtures and fittings**	**Total**	**Equipment, tools, fixtures and fittings**
Cost					
Opening balance, 1 Jan. 2025	79,568	89,435	187,713	356,716	5,780
Reclassifications	–	-248	248	–	–
Acquired via business combinations	–	69	1,392	1,461	–
Purchases	4,332	5,764	15,016	25,112	2,758
Sales/retirements	–	–	-2,577	-2,577	–
Exchange differences	-4,922	-931	-9,949	-15,803	–
Closing balance, 31 Dec. 2025	**78,978**	**94,089**	**191,843**	**364,909**	**8,538**
Depreciation					
Opening balance, 1 Jan. 2024	-32,269	-68,549	-150,749	-251,566	-2,612
Depreciation for the year	-2,846	-6,905	-13,176	-22,928	-1,174
Sales/retirements	–	–	1,843	1,843	–
Exchange differences	1,664	730	7,385	9,780	–
Closing balance, 31 Dec. 2025	**-33,451**	**-74,724**	**-154,697**	**-262,871**	**-3,786**
Carrying amounts					
As of 1 Jan. 2025	47,299	20,886	36,964	105,150	3,168
As of 31 Dec. 2025	45,527	19,365	37,146	102,038	4,752

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Leases

2024, SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
Cost				
Opening balance, 1 Jan. 2024	214,273	3,915	20,958	239,145
Purchases & changes	80,285	504	12,102	92,891
Sales	-14,387	-370	-7,003	-21,760
Exchange differences	4,483	31	348	4,862
Closing balance, 31 Dec. 2024	**284,654**	**4,080**	**26,405**	**315,139**
Depreciation and amortization				
Opening balance, 1 Jan. 2024	-127,999	-2,859	-9,168	-140,026
Depreciationand amortization for the year	-39,489	-720	-8,714	-48,923
Sales	13,943	369	6,450	20,762
Exchange differences	-2,326	-9	-115	-2,450
Closing balance, 31 Dec. 2024	**-155,871**	**-3,219**	**-11,547**	**-170,637**
Carrying amounts				
As of 1 Jan. 2024	86,274	1,056	11,790	99,119
As of 31 Dec. 2024	128,783	861	14,858	144,502

2025, SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
Cost				
Opening balance, 1 Jan. 2025	284,654	4,080	26,405	315,139
Purchases & changes	14,668	716	9,817	25,201
Sales	-10,580	-3,319	-5,193	-19,092
Exchange differences	-10,952	-59	-2,121	-13,132
Closing balance, 31 Dec. 2025	**277,789**	**1,419**	**28,908**	**308,116**
Depreciation and amortization				
Opening balance, 1 Jan. 2025	-155,871	-3,219	-11,547	-170,637
Depreciationand amortization for the year	-37,786	-517	-9,455	-47,758
Sales	9,484	2,815	4,959	17,258
Exchange differences	4,674	42	907	5,623
Closing balance, 31 Dec. 2025	**-179,499**	**-880**	**-15,136**	**-195,515**
Carrying amounts				
As of 1 Jan. 2025	128,783	861	14,858	144,502
As of 31 Dec. 2025	98,290	539	13,772	112,601

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SEK 000	31 Dec. 2025	31 Dec. 2024
Lease liabilities		
Long-term	68,803	97,497
Short-term	45,595	48,212
Total	**114,398**	**145,709**

The following table illustrates the contracted terms of lease liabilities.

2024, SEK 000	Contracted terms				
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
Payments	48,803	39,883	63,652	5,864	158,202

2025, SEK 000	Contracted terms				
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
Payments	47,771	34,322	41,857	2,253	126,203

See also Note 1 Accounting policies for more information on the group's reporting of lease arrangements.

SEK 000	2025	2024
Amortization of capitalized leases	47,758	48,923
Lease payments for non-capitalized short-term leases and leases of low-value assets	4,291	2,044
Interest expenses	5,672	5,116
Total lease payments in Income Statement	**57,721**	**56,083**

Cash flow

Amortization of lease liabilities is recognized under financing activities in cash flow and interest expenses, short-term leases and leases of low-value assets are recognized under operating activities.

SEK 000	2025	2024
Amortization of lease liabilities	47,161	48,632
Interest expenses	5,672	5,116
Lease payments for non-capitalized short-term leases and leases of low-value assets	4,291	2,044
Total cash flow	**57,124**	**55,792**

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Participations in group companies

SEK 000	31 Dec. 2025	31 Dec. 2024
Accumulated cost		
At beginning of year	573,854	568,793
Increase via share-based payment	4,451	5,061
Carrying amount at end of period	**578,305**	**573,854**

Specification of parent company and group holdings of participations in group companies

			31 Dec. 2024
Subsidiary/Corp. ID no./Reg. office	*No. of shares*	*Holding, %[a]*	*Carrying amount i SEK 000*
Westermo Network Technologies AB, 556361-2604, Västerås	**100,000**	**100.0**	**266,525**
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo Data Communications A/S, 44591278, Köge	4,000	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, HRB 53461, Mainz	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Westermo Data Communications SL, B06811046, Malaga	1	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Westermo Neratec AG, CHE-107.669.950, Bubikon	516	100.0	
Virtual Access Holdings Ltd., 353755, Dublin	4,250,000	100.0	
Westermo Ireland Limited, 253172, Dublin	1,000,000	100.0	
Virtual Access Technology Ltd., 370589, Dublin	1,000,000	100.0	
Westermo Eltec GmbH, HRB 7038, Mainz	850,853	100.0	
Westermo India Private Ltd, 29AADCW8566B1Z0, Bangalore	158,400	100.0	
Beijer Electronics AB, 556701-4328, Malmö	**1,000**	**100.0**	**157,229**
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics GmbH, HRB 22383, Nürtingen	1	100.0	
Smart-HMI GmbH, HRB 71278, Meerbusch	570,000	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, 9131000079453912XD, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	83,759	100.0	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	100,000	100.0	
Beijer Electronics UK Ltd, 9863522, Nottingham	50,000	100.0	
Beijer Electronics B.V., 91073030 0000, Amsterdam	100	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	**1,000**	**100.0**	**100**
Korenix Technology Co., Ltd, Taipei [b)]	**18,467,000**	**100.0**	**0**
Beijer Group Holding Inc., 36-4027234, Elgin	**1,000**	**100.0**	**150,000**
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
Westermo Data Communications Inc., 20-4447643, Elgin	100	100.0	
			573,854

a Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.
b Of the group's total holdings, 52.5% is held by Ependion AB.

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Specification of parent company and group holdings of participations in group companies

			31 Dec. 2025
Subsidiary/Corp. ID no./Reg. office	*No. of shares*	*Holding, %* [a]	*Carrying amount i SEK 000*
Westermo Network Technologies AB, 556361-2604, Västerås	**100,000**	**100.0**	**269,689**
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo Data Communications A/S, 44591278, Köge	4,000	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, HRB 53461, Mainz	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications SL, B06811046, Malaga	1	100.0	
Westermo Data Communications B.V., 98924850, Amersfoort	1,000	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Westermo India Private Ltd, 29AADCW8566B1Z0, Bangalore	158,400	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Westermo Neratec AG, CHE-107.669.950, Bubikon	516	100.0	
Virtual Access Holdings Ltd., 353755, Dublin	4,250,000	100.0	
Westermo Ireland Limited, 253172, Dublin	1,000,000	100.0	
Virtual Access Technology Ltd., 370589, Dublin	1,000,000	100.0	
Westermo Eltec GmbH, HRB 7038, Mainz	850,853	100.0	
Westermo Germany Holding GmbH, HRB 137424, Mainz	25,000	100.0	
Welotec GmbH, HRB 3363, Laer	5	100.0	
Beijer Electronics AB, 556701-4328, Malmö	**1,000**	**100.0**	**158,516**
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics GmbH, HRB 22383, Nürtingen	1	100.0	
Smart-HMI GmbH, HRB 71278, Meerbusch	570,000	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, 9131000079453912XD, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	83,759	100.0	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	100,000	100.0	
Beijer Electronics UK Ltd, 9863522, Nottingham	50,000	100.0	
Beijer Electronics B.V., 91073030 0000, Amsterdam	100	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	**1,000**	**100.0**	**100**
Korenix Technology Co., Ltd, Taipei [b)]	**18,467,000**	**100.0**	**0**
Beijer Group Holding Inc., 36-4027234, Elgin	**1,000**	**100.0**	**150,000**
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
Westermo Data Communications Inc., 20-4447643, Elgin	100	100.0	
			578,305

a Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.
b Of the group's total holdings, 52.5% is held by Ependion AB.

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Note 15

Long-term receivables

SEK 000	31 Dec. 2025	31 Dec. 2024
Accumulated cost		
At beginning of year	5,531	6,045
Additional receivables	76	2,050
Reclassifications for the year	5	-5
Amortization for the year	-1,046	-2,762
Exchange differences for the year	-495	203
Carrying amount at end of period	**4,071**	**5,531**

All long-term receivables accrue variable interest and the effect of discounting is marginal. Fair value is judged largely to correspond to book value.

Note 16

Long-term receivables from group companies

Parent company, SEK 000	31 Dec. 2025	31 Dec. 2024
Accumulated cost		
At beginning of year	627,147	561,497
Additional receivables	399,185	46,922
Amortization for the year	–	–
Exchange differences for the year	-41,295	18,728
Carrying amount at end of period	**985,037**	**627,147**

The fair value of loans to related parties is measured at cost, and in those cases where denominated in foreign currency, at the closing day rate.

The effective interest on long-term receivables to related parties is 1.7 0–5.96% (2.82–6.66).

Note 17

Inventories

SEK 000	31 Dec. 2025	31 Dec. 2024
Raw materials and consumables	238,997	287,960
Finished goods and goods for resale	65,955	46,367
Work in progress	43,586	39,513
Advance payments to suppliers	2,518	4,903
Goods in transit	20,484	17,558
	371,540	**396,301**

The cost of finished goods and goods for resale for the group includes impairment of inventories of 10.2 MSEK (25.8).

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Note 18

Accounts receivable and other current receivables

SEK 000	31 Dec. 2025	31 Dec. 2024
Accounts receivable	381,406	389,990
Allowance for doubtful debt	-4,606	-8,391
Accounts receivable – net	**376,800**	**381,599**
Other receivables	11,527	9,901
Prepaid expenses and accrued income	35,397	31,684
	423,724	**423,185**

The fair value of accounts receivable and other receivables is consistent with book value.

Change in allowance for doubtful debt

SEK 000	31 Dec. 2025	31 Dec. 2024
Opening balance	-8,391	-5,317
Recognized in profit or loss:		
- additional allowances	-1,144	-5,829
- reversed unused allowances	2,140	2,211
Used in the year	2,035	777
Exchange differences	754	-233
Closing balance	**-4,606**	**-8,391**

Accounts receivable are assessed individually at each reporting date. The individually assessed receivables subject to impairment mainly relate to customers that have experienced unexpected financial difficulties.

The expense for doubtful and bad debt is included in the Selling expenses item in the Income Statement. The maximum exposure to credit risk on the reporting date is the fair value of each category of receivable stated above. The group has no assets pledged as collateral. See Note 25 for more information on the group's credit risk.

The group is not dependent on major customers. In 2025, the group had one customer representing more than 10% of the group's total sales. For more information, see Note 2.

Carrying amounts, by currency, of the group's accounts receivable and other receivables are as follows:

SEK 000	31 Dec. 2025	31 Dec. 2024
SEK	59,377	51,482
EUR	192,346	197,139
USD	68,550	79,705
TWD	23,259	21,630
GBP	17,620	20,894
CNY	19,952	25,334
NOK	10,338	4,487
DKK	4,301	2,677
TRY	895	333
Other currencies	27,086	19,504
	423,724	**423,185**

Prepaid expenses and accrued income

Group, SEK 000	31 Dec. 2025	31 Dec. 2024
Rent	2,342	1,915
Insurance	3,543	3,359
Lease payments	3,297	499
Licenses	13,449	14,231
Other items	12,766	11,680
	35,397	**31,684**

Parent company, SEK 000	31 Dec. 2025	31 Dec. 2024
Rent	2,477	2,433
Insurance	1,915	1,794
Licenses	11,648	10,848
Other items	1,455	1,016
	17,495	**16,091**

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Note 19

Hedging of net investments in a foreign operation

Group, SEK 000	31 Dec. 2025	31 Dec. 2024
Hedging instruments		
Carrying amount of hedging instruments that are liabilities	297,649	294,372
Change in fair value used as the basis for measuring ineffectiveness for the year	12,684	-7,740
Change in fair value recognized in other comprehensive income for the year	12,684	-7,740
Nominal amount after tax*	236,333	233,731
Hedged items		
Change in fair value used as the basis for measuring ineffectiveness for the year	-12,684	7,740
Balance in exchange rate reserve for current hedges	-12,539	-25,223

*Ependion has decided to measure hedging effectiveness after tax.

Hedging instruments are included in current and long-term liabilities to credit institutions in the Balance Sheet and relate to Virtual Access Holdings Ltd., Smart-HMI GmbH (EUR) and Nera Management AG. (CHF).

Note 20

Liabilities to credit institutions

This Note contains information on the group and parent company's contractual terms relating to liabilities to credit institutions. For more information on the group's exposure to interest risk and the risk of exchange rate fluctuations, see Note 25.

Ependion AB's current finance agreement with Danske Bank and Svensk Exportkredit came into effect on 1 November 2022. This agreement involves bank loans totaling 1,200 MSEK and expires on 22 October 2027. An extension was arranged after the end of the financial year, which extends this finance by one year, and includes a further one-year extension option. The company also gained an option to raise another loan of 300 MSEK in tandem with this extension.

Book value is judged to be a close approximation of fair value. Bank borrowing is renegotiated every three months with new interest rates on market terms.

The overdraft facility amounts to 250 MSEK.

Group, SEK 000	31 Dec. 2025	31 Dec. 2024
Long-term liabilities to credit institutions		
Bank loans	415,984	430,476
	415,984	**430,476**
Current liabilities to credit institutions		
Bank loans	73,207	75,797
Overdraft facility	94,340	50,900
	167,547	**126,697**

Covenants

The group's bank loans in Sweden are subject to covenants in the form of two key financial ratios according to the definitions below.

Total leverage

Total leverage according to this covenant is defined as interest-bearing liabilities, excluding provisions for pension obligations less cash and cash equivalents and investments in securities, etc. in relation to rolling 12-month EBITDA adjusted for restructuring costs and acquired EBITDA.

Total leverage may not exceed 3.50 (3.50).

Interest coverage ratio

Interest coverage ratio is defined as rolling 12-month EBITDA adjusted for restructuring costs and acquired EBITDA in relation to net interest income/expense (interest expenses less interest income).

The interest coverage ratio may not be less than 3.50 (3.50).

Compliance with covenants

Each quarter, the company reports the quantitative outcome of both loan covenants to lenders based on the financial information stated in quarterly reports. The company satisfied all covenants in its 2025 and 2024 annual financial statements by a good margin.

Parent company, SEK 000	31 Dec. 2025	31 Dec. 2024
Long-term liabilities to credit institutions		
Bank loans	415,984	430,476
	415,984	**430,476**
Current liabilities to credit institutions		
Bank loans	40,684	41,961
Overdraft facility	94,340	50,900
	135,024	**92,861**

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Note 21

Pension provisions, etc.

Defined-benefit obligations

SEK 000	2025	2024
Defined-benefit obligations		
Present value of funded obligations	22,760	23,969
Fair value of plan assets	-30,292	-31,905
Deficit in funded plans	**-7,532**	**-7,936**
Present value of unfunded plans	153,530	156,974
Net liability for pension obligations	**145,998**	**149,038**
of which recognized as asset	*-7,532*	*-7,936*
of which recognized as provision	*153,530*	*156,974*
Net amount is divided between plans in the following countries:		
Sweden	152,670	156,974
Korea	860	–
Taiwan	-7,532	-7,936
Net amount in Balance Sheet	**145,998**	**149,038**

%	2025	2024
Plan assets are divided into the following components:		
Shares	51	46
Bonds and fixed-income funds	22	23
Bank balances	16	21
Other	11	10
Total plan assets	**100**	**100**

100% (100) of plan assets relate to funded obligations in Taiwan. Under Taiwanese legislation, the state pension authority manages all such assets.

Pension expense

SEK 000	2025	2024
Defined-benefit plans		
Expense for pensions vested in the year	3,478	2,860
Return on plan assets	-451	-356
Interest expense	5,984	5,616
Payroll tax	2,165	1,971
Expense, defined-benefit plans	**11,176**	**10,091**
Expense, defined-contribution plans	46,107	43,612
Payroll tax and tax on profits	7,498	6,522
Total expense, defined-contribution plans	**53,605**	**50,134**
Total expense for benefits after terminated employment	**64,781**	**60,225**

Reconciliation of net amounts for pensions in the Balance Sheet
The following table illustrates how the net amount in the Balance Sheet changed in the period:

SEK 000	2025	2024
Amount at beginning of year	149,038	125,777
Expense, defined-benefit plans	9,462	8,476
Return on plan assets	-451	-356
Contributions from employees	-144	-150
Payment of benefits	-2,324	-2,072
Actuarial revaluations, financial assumptions	-11,341	16,978
Discontinued operation	–	592
Adjustment of opening balance	720	–
Translation difference	1,038	-207
Amount at end of year	**145,998**	**149,038**

Actuarial assumptions
The following material actuarial assumptions were applied when calculating obligations (weighted averages):

	2025	2024
Discount rate, %	3.56	3.28
Future salary increases, %	2.80	2.89
Inflation, %	1.93	2.03
Staff turnover, %	5.22	5.21
Expected remaining lifespan after pensionable age 65, years	24.12	23.32

For more information on the method for determining the discount rate: see Note 1, section (Q) Employee benefits, section (ii) Defined-benefit plans. A sensitivity analysis of the effect of the discount rate on the scale of defined-benefit obligations is stated below in the sensitivity analysis section.

Book value is considered a close approximation of fair value. Provisions for pensions are discounted at a satisfactory market interest rate for their term.

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Sensitivity analysis

The value of defined-benefit obligations consists of the present value of expected future pension disbursements. Accordingly, measurements of the defined-benefit obligations are materially dependent on the applied discount rate in the computation of present value. Adjustments of the discount rates are a change in actuarial assumptions, and accordingly, the effects of these restatements are reported in actuarial gain or loss.

The effect of restatements of certain assumptions on the present value of obligations as of 31 December 2025 is stated below.

Adjusted discount rate (% point)	-0.5	+0.5
Present value of obligation (+ increase / - decrease)	14,489	-12,959
Adjusted salary growth rate (% point)	-0.5	+0.5
Present value of obligation (+ increase / - decrease)	-3,344	3,757
Adjusted inflation expectation (% point)	-0.5	+0.5
Present value of obligation (+ increase / - decrease)	-11,283	12,412
Adjusted lifespan (years)	-1	+1
Present value of obligation (+ increase / - decrease)	-4,748	4,666

Forecast for forthcoming financial year

SEK 000	
Defined-benefit obligations	
Expense for pensions vested in the year	3,608
Return on plan assets	-408
Interest expense	6,344
Total	**9,544**

The group does not wish to present any quantified estimate of the coming financial year's income statement item of actuarial profit/loss because this amount is materially dependent on the value of the discount rate, which in turn, is dependent on macroeconomic factors. The group refers the reader to the section on the sensitivity analysis and progress of the discount rate in this section on actuarial assumptions in order for the reader to obtain a view of possible progress.

Defined-contribution plans

The group judges that the expense for defined-contribution plans will be at a level that is comparable with recent years.

Parent company

The employees of Ependion AB are covered by one of two occupational pension plans, ITP 1 or ITP 2 (Supplementary Pensions for Salaried Employees). ITP 2 is a defined-benefit occupational pension plan, which means that the individual is guaranteed pension amounts calculated as a percentage of salary.

All employees born in 1979 or later are covered by ITP 1. The following table illustrates how pension provisions in the Parent Company Balance Sheet changed in the period:

SEK 000	2025	2024
Amount at beginning of year	23,647	22,335
of which defined-benefit plans	*20,881*	*19,463*
Expense, defined-benefit plans	-121	1,418
Provision to long-term payroll tax on direct pensions	-477	-106
Amount at end of year	**23,049**	**23,647**

Pension expense

SEK 000	2025	2024
Defined-benefit plans		
Expense for pensions vested in the year	-746	813
Interest expense	625	605
Payroll tax	-29	344
Expense, defined-benefit plans	**-150**	**1,762**
Expense, defined-contribution plans	3,666	3,561
Payroll tax	889	864
Total expense, defined-contribution plans	**4,555**	**4,425**
Total expense for benefits after terminated employment	**4,405**	**6,187**

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Deferred tax

	Group			Parent company
31 Dec. 2024, SEK 000	**Deferred tax asset**	**Deferred tax liability**	**Net**	**Deferred tax asset**
Tangible assets	2,634	2,457	177	–
Right-of-use assets	829	–	829	–
Intangible assets	3,782	101,602	-97,820	–
Financial assets	1,205	34	1,171	–
Inventories	7,035	–	7,035	–
Pension provisions	9,446	1,587	7,859	2,918
Untaxed reserves	–	597	-597	–
Other provisions	4,030	625	3,405	–
Loss carry-forwards	18,874	–	18,874	–
Other	–	–	–	2,059
Net deferred tax liability	**47,835**	**106,902**	**-59,067**	**4,977**

Group, SEK 000 31 Dec. 2024	Amount at beginning of year	Recognized in profit or loss	Recognized against other comprehensive income	Recognized in equity	Acquisi-tions	Reclassifi-cation	Exchange differences	Amount at end of year
Tangible assets	114	93	–	–	–	–	-31	177
Right-of-use assets	590	116	–	–	–	–	123	829
Intangible assets	-79,951	-17,326	–	–	–	–	-544	-97,821
Financial assets	339	821	–	–	–	-34	45	1,171
Inventories	6,600	361	–	–	–	–	74	7,035
Pension provisions	4,826	-1,672	4,490	–	257	–	-44	7,859
Untaxed reserves	-597	–	–	–	–	–	–	-597
Other provisions	3,141	685	509	-1,043	–	34	79	3,405
Loss carry-forwards	11,758	7,118	–	–	-357	–	356	18,875
	-53,180	**-9,802**	**4,999**	**-1,043**	**-101**	**–**	**59**	**-59,067**

	Group			Parent company
31 Dec. 2025, SEK 000	**Deferred tax asset**	**Deferred tax liability**	**Net**	**Deferred tax asset**
Tangible assets	2,878	2,099	779	–
Right-of-use assets	1,109	–	1,109	–
Intangible assets	3,055	168,889	-165,834	–
Financial assets	646	61	585	–
Inventories	7,129	–	7,129	–
Pension provisions	6,525	1,506	5,019	2,416
Untaxed reserves	–	597	-597	–
Other provisions	2,846	-120	2,966	–
Loss carry-forwards	24,658	–	24,658	–
Other	–	–	–	1,560
Net deferred tax liability	**48,846**	**173,032**	**-124,186**	**3,976**

Group, SEK 000 31 Dec. 2025	Amount at beginning of year	Recognized in profit or loss	Recognized against other comprehensive income	Recognized in equity	Acquisitions	Exchange differences	Amount at end of year
Tangible assets	177	348	–	–	–	255	779
Right-of-use assets	829	316	–	–	–	-36	1,109
Intangible assets	-97,821	-6,698	–	–	-60,901	-414	-165,834
Financial assets	1,171	-1,491	1,058	–	–	-153	585
Inventories	7,035	387	–	–	–	-293	7,129
Pension provisions	7,859	-169	-2,879	–	–	208	5,019
Untaxed reserves	-597	–	–	–	–	–	-597
Other provisions	3,405	-630	1,299	-917	–	-190	2,965
Loss carry-forwards	18,875	7,570	–	–	–	-1,787	24,658
	-59,067	**-367**	**-522**	**-917**	**-60,901**	**-2,410**	**-124,186**

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Parent company, SEK 000 31 Dec. 2024	Amount at beginning of year	Recognized in profit or loss	Amount at end of year
Pension provisions	3,030	-112	2,918
Other	1,752	307	2,059
	4,782	**195**	**4,977**

Parent company, SEK 000 31 Dec. 2025	Amount at beginning of year	Recognized in profit or loss	Amount at end of year
Pension provisions	2,918	-502	2,416
Other	2,059	-499	1,560
	4,977	**-1,001**	**3,976**

Loss carry-forwards

The majority of the group's capitalized loss carry-forwards have no expiry. The group expects to be able to use those with an expiry date beforehand.

Loss carry-forwards for which no deferred tax liability has been capitalized total 97.4 MSEK (114.8), of which 0 MSEK (0) from business combinations.

SEK 000	
Expiry	
2030	11,353
after 2030	17,095
no expiry	68,943
Total	**97,391**

Note 23

Other provisions

SEK 000	31 Dec. 2025	31 Dec. 2024
Opening balance	38,689	41,577
Recognized in profit or loss:		
– additional provisions*	5,876	13,479
– reversed unused provisions	-7,574	-13
Additional contingent consideration	152,696	-
Reclassification to current liability	-	-13,870
Used in the year	-5,936	-2,707
Exchange differences	-423	223
Closing balance	**183,328**	**38,689**

27,475,000 SEK (34,671,000) of the closing balance for the year is provisions for guarantees and 152,696,000 SEK relates to the contingent consideration for the acquisition of Welotec GmbH

Note 24

Accrued expenses and deferred income

Group, SEK 000	31 Dec. 2025	31 Dec. 2024
Accrued salaries and social security contributions	86,289	100,532
Accrued social security contributions	43,675	53,265
Accrued consulting expenses	11,124	11,438
Deferred income	5,863	4,662
Other items	19,263	17,162
	166,214	**187,059**

Parent company, SEK 000	31 Dec. 2025	31 Dec. 2024
Accrued salaries and social security contributions	5,903	7,389
Accrued social security contributions	5,728	8,188
Other items	3,882	5,215
	15,513	**20,792**

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Note 25

Financial risks and finance policy

Net debt

The group's net debt as of 31 December 2025 and 2024 respectively was as follows:

SEK 000	31 Dec. 2025	31 Dec. 2024
Cash and cash equivalents	159,563	178,053
Liabilities to credit institutions–due within one year	167,547	126,697
Liabilities to credit institutions - maturing after one year	415,984	430,476
Pension provisions–due after one year	153,530	156,974
Lease liabilities–due within one year	45,595	48,212
Lease liabilities–due after one year	68,803	97,497
Net debt	**691,896**	**681,803**

SEK 000	31 Dec. 2025	31 Dec. 2024
Cash and cash equivalents	159,563	178,053
Gross debt - variable interest	852,440	861,790
Net debt	**692,877**	**683,737**

Gross debt excludes capitalized financing expenses on loan liabilities.

SEK 000	Cash and cash equivalents	Loan liabilities maturing within 1 year	Loan liabilities maturing after 1 year	Pension provisions maturing after 1 year	Lease liabilities maturing within 1 year	Lease liabilities maturing after 1 year	Net
Net debt as of 1 Jan. 2024	142,486	167,668	462,631	125,777	39,319	59,766	712,675
Additional liabilities to credit institutions	–	3,283	–	–	–	–	3,283
Additional lease liabilities	–	–	–	–	30,736	62,155	92,891
Amortization of liabilities to credit institutions	–	-88,353	–	–	–	–	-88,353
Amortization of lease liabilities	–	–	–	–	-48,631	–	-48,631
Net cash flow	24,026	–	–	–	–	–	-24,026
Exchange differences	11,541	1,782	10,162	–	911	1,843	3,157
Other non-cash items	–	42,317	-42,317	31,197	25,877	-26,267	30,808
Net debt as of 31 Dec. 2024	**178,053**	**126,697**	**430,476**	**156,974**	**48,212**	**97,497**	**681,803**
Net debt as of 1 Jan. 2025	178,053	126,697	430,476	156,974	48,212	97,497	681,803
Additional liabilities to credit institutions	–	49,865	97,205	–	–	–	147,070
Additional lease liabilities	–	–	–	–	10,044	15,157	25,201
Amortization of liabilities to credit institutions	–	-38,912	-62,315	–	–	–	-101,227
Amortization of lease liabilities	–	–	–	–	-47,162	–	-47,162
Net cash flow	19,297	–	–	–	–	–	-19,297
Exchange differences	-37,787	-5,740	-13,745	–	-3,112	-4,696	10,494
Other non-cash items	–	35,636	-35,636	-3,444	37,613	-39,155	-4,985
Net debt as of 31 Dec. 2025	**159,563**	**167,546**	**415,984**	**153,530**	**45,595**	**68,803**	**691,896**

Other non-cash items relating to liabilities to credit institutions and lease liabilities consist of re-classification between liabilities maturing after one year to liabilities maturing within one year. The line also includes some cash operations related to provisions to pensions, and in 2024, the reclassification of a deficit in funded plans reported as an asset, see Note 21.

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Loan, interest and maturity structure

The following table illustrates the maturity structure of borrowing by original currency, and the maturity structure and renegotiation dates on the reporting date.

SEK 000	Interest rate, %	Fixed-interest period	Remaining duration, fixed-interest period	Currency	Nominal amount, original currency	Nominal amount, presentation currency
Bank loans:						
Bank loans	3.35	92 days	90 days	SEK	160,000	160,000
Bank loans	3.52	92 days	90 days	EUR	24,286	262,726
Bank loans	1.50	92 days	90 days	CHF	3,000	34,923
Bank loans	2.14	30 days	30 days	TWD	111,000	32,523
Overdraft facility	2.85	92 days	90 days	SEK/EUR/USD/NOK/DKK/ GBP/SGD/CHF/AUD		94,340
						584,512

The final maturity of the bank loans is 22 October 2027. The agreement was extended after the end of the financial year, implying that finance was extended by one year and also includes an option of a further one-year extension.
The revolving credit facility carries a contractual interest rate of 35% on the applicable margin on unutilized credit and amounts to 0.525% for the current fixed-interest period.

Financial assets and financial liabilities

The group holds the following financial instruments:

Financial assets

SEK 000	31 Dec. 2025	31 Dec. 2024
Financial assets measured at amortized cost		
- Accounts receivable	376,800	381,599
- Cash and cash equivalents	159,563	178,053
	536,363	**559,652**

Accounts receivable are amounts relating to customers for goods sold or services rendered in operating activities.

Generally, accounts receivable become due for payment within 30-90 days, and accordingly, all accounts receivable are classified as current assets. The fair value of accounts receivable corresponds to carrying amounts, because the discounting effect is not considered material.

3% (5) of the group's accounts receivable on the reporting date were more than 61 days overdue, and 41% (35) of these are provisioned. Additionally, 22% (17) are between 1 and 60 days overdue.

The group's customer base mainly consists of large corporations, with Beijer Electronics and Westermo products often embedded in customers' product specifications. This implies that customers need to make repeat purchases of products, and the risk of non-payment of accounts receivable reduces. Historically, the group has incurred insignificant bad debt. There is also a credit policy with credit checks regularly conducted. Customers that do not pass credit checks or where no credit check is conducted pay in advance. For more information, see Credit risks below.

Financial assets measured at fair value through other comprehensive income

SEK 000	31 Dec. 2025	31 Dec. 2024
Opening balance	46,389	
Investments	38,182	49,380
Recognized i other comprehensive income	-9,751	-2,991
Closing balance	**74,820**	**46,389**

The group's financial assets, in the form of long-term securities holdings of unlisted shares, are recognized at fair value in level 3, i.e. measured based on input data that is not observable on the market.

The above table illustrates a reconciliation between opening and closing balances of liabilities in tier 3.

Fair value measurement is conducted by discounting future cash flows with a discount rate based on comparable required returns on comparable companies and financial instruments.

Financial liabilities

SEK 000	31 Dec. 2025	31 Dec. 2024
Financial liabilities measured at amortized cost		
- Borrowing	583,531	557,173
- Accounts payable-trade	164,155	154,411
	747,686	**711,584**

The fair value of borrowing corresponds to carrying amount because interest on this borrowing is on a par with current market interest rates or due to borrowing being short term.

Accounts payable are unsecured and normally paid within 30 days. The fair value of accounts payable are considered to correspond to carrying amount, because they are inherently short term.

The following table states the contracted maturities of financial liabilities.

	Contracted terms			
SEK 000	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Total
Borrowing	167,546	35,636	380,348	583,531
Accounts payable-trade	164,155			164,155
	331,701	**35,636**	**380,348**	**747,686**

The contracted terms of lease liabilities are stated in Note 13.

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SEK 000	31 Dec. 2025	31 Dec. 2024
Financial liabilities measured at fair value through profit or loss		
Opening balance	14,358	13,870
Acquisitions in the year	149,865	–
Purchase considerations paid	-14,358	–
Interest expenses	3,398	–
Exchange rate differences	-567	488
	152,696	**14,358**

The group's financial liabilities in the form of long-term contingent considerations are recognized at fair value in tier 3, i.e. measured on the basis of input data that is not observable on the market.

The above table illustrates a reconciliation between opening and closing balances of liabilities in tier 3.

Contingent considerations whose present value has been measured using an interest rate judged as the market level.

Transaction exposure

The group's transaction exposure for 2025 is divided between the following currencies:

SEK 000	Sales		EBIT	
Currency		%		%
EUR	1,162,425	52.1	73,788	31.8
USD	374,829	16.8	360	0.2
TWD	53,621	2.4	45,511	19.6
NOK	64,280	2.9	7,371	3.2
DKK	21,918	1.0	-618	-0.3
GBP	127,705	5.7	10,121	4.4
CHF	6,235	0.3	12,410	5.3
TRY	6,734	0.3	-1,110	-0.5
CNY	148,131	6.6	390	0.2
SGD	12,133	0.5	-3,330	-1.4
AUD	27,421	1.2	-414	-0.2
INR	9,617	0.4	-8,193	-3.5
SEK	194,008	8.7	119,913	51.7
Other currencies	22,696	1.0	-24,126	-10.4
	2,231,753	**100**	**232,073**	**100**

Translation exposure

The group's foreign net assets are divided between the following currencies:

Currency/000s	Foreign currency	Swedish currency	%
EUR	55,398	599,291	46.4
USD	23,526	216,473	16.8
TWD	888,329	260,280	20.2
NOK	5,854	5,355	0.4
DKK	10,568	15,307	1.2
GBP	1,171	14,537	1.1
CHF	4,404	51,272	4.0
TRY	101,180	21,693	1.7
CNY	37,270	49,040	3.8
SGD	1,249	8,948	0.7
AUD	1,869	11,525	0.9
INR	298,548	30,601	2.4
OTH	–	5,951	0.4
		1,290,273	**100.0**

Finance policy

Through its operations, the group is exposed to various types of financial risk. Financial risk means fluctuations in the company's profits and cash flow ensuing from variations in rates of exchange, interest levels and credit risks. The Board of Directors decides on currency hedging and additional new long-term funding.

Interest risks

The group's net financial income/expense and profit or loss are affected by fluctuations in interest rates. The group's average interest fixing period is some 90 days. Interest rates at year-end vary between 1.5 and 3.5% (2.2 and 5.2%). The average interest factor for the year is approximately 3.5% (5.0). A 1% interest rate change would affect consolidated profit before tax by some 5.8 MSEK (6.1) with the loan exposure at the end of the financial year.

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Credit risks

The group's cash and cash equivalents are divided between the parent company and its subsidiaries, with no single entity holding more than 16% (18) of group total cash and cash equivalents. The group's policy is to invest cash and cash equivalents in reputable and leading regional banks with high credit ratings.

The group is exposed to credit risks in accounts receivable. The group's customers are subject to credit checks involving the collection of information on their financial positions from various credit agencies. The group has prepared a Credit Policy for managing customer credit, which continuously monitors customers' progress and solvency.

Advance payments, bank guarantees or other collateral are necessary for customers with low credit ratings or insufficient credit history. In the group, accounts receivable more than 120 days overdue are generally 100% provisioned. However, consideration should be taken to the incidence of credit insurance, etc.

Additionally, individual assessments are made where necessary. Net profit was charged with 1.1 MSEK (5.8) for credit losses occurring in the group's receivables, equivalent to 0.05% (0. 26) of group sales. The conclusion is that the group has well-functioning credit monitoring, which to date, means the company has not been impacted by any significant credit losses.

The parent company finances most of its subsidiaries with intragroup loans. The parent company measures its loss reserve for lending to its subsidiaries by measuring expected credit losses that could occur within 12 months. Any impairment can be adjusted by Management if there is information justifying such adjustment. These adjustments consider prospective information. There were no material losses in the parent company in 2025 and 2024.

Currency risks

The group operates internationally and is exposed to various types of currency risk. The primary exposure relates to purchases and sales in foreign currencies, where the risk may be in fluctuations in the currency of the financial instrument, customer's or supplier's invoice, and the currency risk in expected or contracted payment flows, termed transaction exposure. Currency fluctuations also occur in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency (translation exposure). In the financial year, the group did not apply currency hedging to its payment flows or exposure in foreign subsidiaries, in accordance with the group's policy.

The largest procurement currencies for the group are the USD, EUR and SEK. The largest invoicing currencies are EUR, USD, SEK, CNY and GBP. The group has some flow matching of its currency exposure, implying relatively low value at risk (theoretical risk value). The policy is for the group subsidiaries to manage their currency risk by controlling revenues and expenses against functional currency, and allow the parent company to conduct netting of various currencies.

The parent company evaluates its net exposure to each purchasing and sales currency on an ongoing basis with the aim of judging the effect on consolidated profit. 10% depreciation/appreciation of the Swedish krona against all transaction currencies would increase/decrease sales by some 193 MSEK and EBIT by some 22 MSEK, given year-2025 levels and mix of sales and earnings. 91% (92) of group sales are in foreign currency.

The group has significant net assets denominated in EUR, TWD and USD. A 10% depreciation/appreciation in the value of the SEK against the EUR, TWD and USD would increase/decrease equity by an estimated 60 MSEK, 26 MSEK and 22 MSEK respectively.

Liquidity risks

Ependion AB has loans that become due for payment at different times. An overdraft facility represents a portion of these loans, which has a contracted one-year term, and can be renewed for 12 months at the end of its term after renewed evaluation. The group's other finance accrues variable interest with straight-line amortization. The group is within the limits of the terms of credit issued by lenders as guarantees for credit issuance.

Ependion AB's current bank facility expires on 22 October 2027. An extension was arranged after the end of the financial year, which extends this finance by one year, and includes a further one-year extension option.

Capital risk

Capital risk means the risk of the group's capability of continuing its operations reducing because of a capital shortage. The group's target for its capital structure is to ensure the group can continue its operations, so it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimal capital structure to limit the cost of capital. The group continuously assesses this risk on the basis of the equity/assets ratio, computed as reported equity as a percentage of total assets. The target is a minimum equity/assets ratio of 30%. Over the most recent five-year period, the average equity/assets ratio has been 43.8%.

To maintain or adjust its capital structure, the group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

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Pledged assets, contingent liabilities, and contingent assets

	Group		Parent company	
SEK 000	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**
Pledged assets	**12,132**	**13,383**	**None**	**None**
Contingent liabilities				
Guarantee commitments, FPG/PRI	2,766	2,661	415	418
Guarantee commitments in favor of subsidiaries:				
- rent guarantees	–	–	2,287	1,997
- customs guarantees	–	–	722	722
Other guarantee commitments	1,465	3,751	–	–
Total contingent liabilities	**4,231**	**6,412**	**3,424**	**3,137**

Note 27

Related parties

The parent company has related party relationships with its subsidiaries, see Note 14. The pricing of deliveries between group companies is on an arm's length basis and at market prices. Intragroup earnings generated on sales between group companies have been eliminated. Parent company sales wholly consist of sales to group companies, see the table to right for more information on the parent company's transactions with its subsidiaries.

Remuneration to the CEO, Directors and senior executives is illustrated in Note 6. The group did not have any transactions with the CEO, Directors and senior executives or companies where these individuals or their related parties have a significant influence, apart from those illustrated in Note 6.

Stena Adactum AB controls approximately 30% of the votes of Ependion AB. In the financial year, the group sold goods worth 11,000 SEK (76,000) to companies where Stena Adactum AB has a significant ownership influence. All transactions were on an arm's length basis and at market prices.

Summary of transactions with related parties

SEK 000	Year	Sale of services to related parties	Purchase of services from related parties	Receivable from related parties as of 31 december	Liability to related parties as of 31 december
Subsidiaries	2024	40,189	-3,062	740,522	409,674
Subsidiaries	2025	40,314	-2,436	1,114,121	452,032

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Cash flow

Group, SEK 000	31 Dec. 2025	31 Dec. 2024
Cash and cash equivalents		
Cash and cash equivalents include the following components:		
Cash	39	30
Checks	438	513
Bank balances	159,086	177,510
Total, Balance Sheet	**159,563**	**178,053**
Total, Cash Flow Statement	**159,563**	**178,053**

Parent company, SEK 000	31 Dec. 2025	31 Dec. 2024
Cash and cash equivalents		
Cash and cash equivalents include the following components:		
Bank balances	-	66
Total, Balance Sheet	**-**	**66**
Total, Cash Flow Statement	**-**	**66**

Interest paid and dividend received

	Group		Parent company	
SEK 000	2025	2024	2025	2024
Dividend received	–	–	57,305	47,401
Interest received	3,118	3,876	33,480	28,586
Interest paid	-33,219	-45,357	-32,101	-47,547
	-30,101	**-41,481**	**58,684**	**28,440**

Adjustments for non-cash items

	Group		Parent company	
SEK 000	2025	2024	2025	2024
Depreciation, amortization and impairment	200,477	176,565	2,504	1,789
Profit/loss from sale of property, plant and equipment	231	38	–	–
Pension provisions	7,358	5,287	-122	1,418
Other provisions	-14,361	28,652	–	–
Unrealized exchange gains/losses	6,491	-1,263	15,358	-8,584
Other	6,486	5,197	3,322	3,606
	206,682	**214,476**	**21,062**	**-1,771**

Unutilized credit facilities

	Group		Parent company	
SEK 000	2025	2024	2025	2024
Unutilized credit facilities amount to	540,296	424,651	523,375	402,273

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Other liabilities

SEK 000	31 Dec. 2025	31 Dec. 2024
Other current liabilities		
VAT liability	19,605	21,438
Contingent consideration*	-	14,358*
Other current liabilities	13,914	13,468
	33,519	**49,264**

** Reclassification from other provisions.*

Note 30

Subsequent events

There were no significant events to report after the end of the year until the signing of this Annual Report.

Note 31

Earnings per share

SEK 000	2025	2024
Net profit/loss	146,741	158,009
Weighted no. of shares	31,008	29,005
Basic earnings per share	**4.73**	**5.45**
Weighted no. of outstanding shares after dilution	31,221	29,345
Diluted earnings per share	**4.70**	**5.38**
Dividend paid per share, SEK [a]	**1.50**	**1.25**

a The proposed dividend for the AGM 2026 is 1.50 SEK per share.

Note 32

Proposed appropriation of profit

Parent company, SEK 000	2025	2024
Share premium reserve	290,440	-
Retained profit	316,009	302,018
Net profit/loss	59,782	37,641
Total	**666,231**	**339,659**
Total dividend	48,228	36,313
Carried forward	618,003	303,346
Total	**666,231**	**339,659**

Note 33

Parent company

Ependion AB AB is a Swedish-registered limited company with its registered office in Malmö, Sweden. The parent company's shares are quoted on Nasdaq Stockholm Main Market's Mid Cap List, under the ticker EPEN. The address of the head office is: Box 426, 201 24 Malmö, Sweden.

The Consolidated Accounts for 2025 include the parent company and its subsidiaries, collectively termed the group.

Note 34

Alternative performance measures

Ependion discloses certain financial measures in its annual report not defined according to IFRS® Accounting Standards but are consistent with how investors and the company's Management measure the company's financial performance. Ependion considers that these metrics offer valuable additional information to investors and the company's Management as they enable evaluation of trends and the company's performance. These alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS® Accounting Standards, but rather, as a complement. The computation of the complementary key performance measures disclosed in this Report may differ from similar metrics used by other companies. The reconciliation of alternative performance measures is stated on Ependion's website: https://www.ependion.com/en/investors/alternative-performance-measures

For definitions, see pages 180-181.

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Business combinations

Welotec GmbH

On 2 June 2025, Ependion acquired 100% of the shares and votes of German company Welotec GmbH through the Westermo business entity. This acquisition strengthens Westermo's positioning in the expansive energy segment and brings access to complementary edge computing technology. Welotec will serve as Westermo's technology center for edge computing, enabling synergies in sales and product development.

Welotec has about 70 employees and reported sales of some 24 MEUR in 2024 with an EBIT margin of 13.4%. Ependion judges that this company has the capacity to contribute consistent with the group's financial targets.

The cash purchase consideration paid was 382 MSEK, with cash settlement of working capital of 5.4 MSEK and the currency effect from hedging instruments (futures) of 1.8 MSEK being additional. Accordingly, the total cash payment was 389.2 MSEK. There is a maximum contingent consideration of 161 MSEK related to the acquisition, dependent on future earnings performance. The acquisition analysis measures the contingent consideration at its maximum amount and discounted to 150 MSEK.

The purchase consideration was financed with funds from the private placement completed on 15 May 2025 and 9 MEUR acquisition finance.

Transaction expenses are expensed as incurred in the Consolidated Income Statement under the administrative expenses item, and amount to 5.5 MSEK.

Welotec is consolidated into the group's and Westermo's accounts effective 2 June 2025.

If Welotec had been consolidated into the group at the beginning of the financial year, the acquisition would have contributed an estimated 270 MSEK of sales and 36 MSEK of profit after tax for the period January-December 2025. After the acquisition date, Welotec contributed sales of 159 MSEK and profit after tax of some 14 MSEK after transaction expenses and depreciation and amortization of identifiable assets. There is no difference between gross and net acquired accounts receivable in the company.

SEK 000	2025
The purchase consideration consists of:	
Cash purchase consideration for shares	382,043
Cash settlement of working capital (net)	5,374
Currency effects from futures	1,784
Contingent consideration	149,865
Total purchase consideration	**539,066**
Acquisition-related expenses	**5,469**
Acquisition's impact on the group's cash flow:	
Cash portion of purchase consideration	-389,201
Acquisition-related expenses	-5,469
Cash (acquired)	12,819
Cash flow from investing activities	**-381,851**
Arrangement of loan to finance the acquisition	97,205
New share issue (after deducting for transaction expenses)	291,411
Cash flow from financing activities	**388,616**
Net cash flow	**6,765**
Carrying amounts of identifiable assets and liabilities taken over	
Trademarks & brands	10,770
Technology platform	51,478
Customer relationships	150,625
Other intangible assets	271
Property, plant and equipment	1,433
Financial assets	349
Current assets	64,502
Cash and cash equivalents	12,819
Current liabilities	-44,133
Long-term liabilities	-1,671
Deferred tax liabilities	-62,536
Total identifiable net assets	**183,908**
Goodwill	355,158
Total	**539,066**

The table states the fair value of identifiable assets and liabilities taken over on the acquisition date.

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Corporate Governance Report 2025

Ependion AB is a Swedish public limited company quoted on the Nasdaq Stockholm Main Market's Mid Cap List, with the ticker EPEN. Ependion applies the Swedish Code of Corporate Governance. The complete Code is available at www.bolagsstyrning.se.

The Corporate Governance Report for the financial year 2025 has been prepared in accordance with the Code's recommendations. Ependion has no instances of non-compliance to report. Ependion's Auditors have performed a statutory review of this Corporate Governance Report.

Shareholders and Articles of Association

There were 4,957 (4,641) shareholders at the end of the year. The largest shareholder was Stena Adactum AB with 29.6% of the votes. Of total share capital at year-end, just over 18% (17) was held by foreign investors. Ependion has two share classes, ordinary shares and class C shares, and the maximum permitted issue of class C shares is 5% of all Ependion shares, which carry 1/10 of a vote per share. The share capital amounts to 10,770,279 SEK, divided between 32,310,836 shares, of which million 32,152,255 ordinary shares each carrying 1 vote, corresponding to 32,152,255 votes, and 158,581 class C shares each carrying 1/10 vote, corresponding to 15,858.1 votes. Each ordinary share has a quotient value of approx. 0.33 SEK. For more information on the share and shareholders, see pages 13-14. Information on shareholders is updated quarterly, and is also available at the group's website, www.ependion.com.

Ependion's Articles of Association contain no special provisions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Companies Act apply.

AGM 2025

The AGM was held on 13 May 2025. Shareholders were able to participate at the Meeting in Malmö in person, or by postal voting, and the Meeting was streamed on the Internet. 78 shareholders representing some 73% of the votes of Ependion attended the Meeting. Chairman of the Board Peter Nilsson was elected Chairman of the Meeting.

Ependion's CEO & President Jenny Sjödahl reviewed the group's operations over the past year and the first quarter of 2025 in the two business entities, presenting examples of customer needs and solutions, and the acquisition of Welotec. The auditors reported on their review of Ependion's accounting records and administration at the Meeting and reviewed their work over the past year.

The minutes of the Meeting are available from Ependion and have been uploaded to ependion.com. Some of the resolutions of the Meeting follow:

- Dividend of 1.25 SEK per ordinary share.
- That the Board of Directors shall consist of six members with no deputies.
- To re-elect the Board members Peter Nilsson, Johan Wester, Karin Gunnarsson, Lars Eklöf and Jonas Hård.
- To elect Per Allmér as a new Board member.
- To re-elect Peter Nilsson as Chairman of the Board.
- To appoint registered public accounting firm KPMG AB as Ependion's auditor for the period until the end of the AGM 2026.
- Fees of 695,000 SEK to the Chairman of the Board and 290,000 SEK to each of the other Board members.
- Unchanged fees for service on the Board of Directors' Audit Committee of 125,000 SEK to the Chairman of the Committee, and 65,000 SEK to other members.
- Fees for service on the Board of Directors' Remuneration Committee of 50,000 SEK to the Chairman of the Committee and 30,000 SEK to other members.
- Fees to auditors would be payable according to approved account.
- To approve the remuneration report for 2025.
- To authorize the Board of Directors to decide on the new issue of ordinary shares corresponding to issue proceeds of approx. 300,000,000 SEK, with deviation from the shareholders' preemption rights, on one or more occasions until the next AGM 2026, to finance the acquisition of Welotec GmbH.
- To authorize the Board of Directors to decide on the new issue of a total number of shares corresponding to a maximum of 10% of the company's share capital at the time the authorization is exercised on the first occasion, on one or more occasion until the next AGM 2026, with or without deviation from the shareholders' pre-emption rights, for the purpose of financing company acquisitions or acquisitions of other assets considered of value to the company's operations.
- To adopt a long-term share-based incentive program for 2025 (LTI 2025/2028) covering up to 25 employees of the Ependion group. This resolution also included the resolution to authorize the Board of Directors to decide on a private placement of class C shares, authorization for the Board to re-purchase issued class C shares and the transfer of ordinary treasury shares to participants in LTI 2025/2028.
- To authorize the Board of Directors on one or more occasions in the period until the following AGM to reach decisions on transferring ordinary treasury shares, a maximum of 45,333 ordinary shares, on Nasdaq Stockholm at a price per share in the share price interval recorded at the time.

Nomination Committee for the AGM 2026

The Nomination Committee was presented on 2 October 2025 and has four members, with one representative of each of the four largest shareholders before publication (holdings on the last business day of August 2025). The Chairman of the Board is co-opted to the Nomination Committee. Anders Wassberg, representing Stena Adactum AB, leads the work of the Nomination Committee. The Nomination Committee's duty is to consult on proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held three meetings where minutes were taken and a number of informal telephone and email discussions. All Board members have been interviewed by the Nomination Committee and responded to a survey on the Board's work.

Nomination Committee Name	Owner's representative of	Votes,% 31 Aug. 2025
Anders Wassberg	Stena Adactum AB	29.56
Fredrik Carlsson	Svolder AB	15.44
Katarina Hammar	Nordea Fonder	13.25
Lovisa Runge	Fourth AP Fund	6.34
Peter Nilsson, Chairman of the Board, co-opted		
Total		**64.59**

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In its work on proposing a Board of Directors for the forthcoming term of office, the Nomination Committee appraised the work of the Board. The findings of this appraisal included the Board members being very committed, and their attendance was high. Generally, the Nomination Committee was able to conclude that Board work was effective, and that the members of the Board of Directors represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international trading conditions and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the stipulations of rule 4.1 of the Swedish Code of Corporate Governance, i.e. that the Board of Directors should have an expedient composition in terms of Ependion's operations, developmental phase and other circumstances, featuring diversity and breadth in terms of members' competence, experience and backgrounds, and that an even gender balance should be pursued. The Nomination Committee applied the relevant provision of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal and the Nomination Committee will continue to pursue improved gender division on the Board over time.

The Nomination Committee's proposal for the Board of Directors to the AGM was presented on 2 February 2026.

The Nomination Committee proposes that the Board of Directors consists of six members. The Nomination Committee is proposing re-election of all Board members: Peter Nilsson, Johan Wester, Karin Gunnarsson, Lars Eklöf, Jonas Hård and Per Allmér. The Committee also proposes that Peter Nilsson is re-appointed Chairman.

The proposed Board members represent broad-based skills, including thorough industrial and financial know-how, as well as knowledge of international trading conditions and markets.

In its reasoned statement regarding its proposal to the Board, the Nomination Committee stated that the Board has an expedient composition, featuring versatility and breadth in terms of Directors' skills, education, age, experience, background and length of service. Even gender division remains one of the Nomination Committee's highest priorities, and the Committee will continue to endeavor to improve gender division on the Board of Directors over time.

The rules stipulating Board member independence in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members apart from Johan Wester are independent of Ependion's major shareholders. All Board members are independent of Ependion.

Work of the Board of Directors in 2025

			Attendance				Dependent on	
Board member	Elected	Position	Audit Committee	Remuneration Committee	Board meetings	Fee*, SEK	Ependion	Major shareholders
Peter Nilsson 1)	2024	Chairman		2/2	15/15	700,000	no	no
Johan Wester 2)	2015	Member	3/3	2/2	14/15	355,000	no	yes
Karin Gunnarsson 3)	2018	Member	3/3		15/15	370,000	no	no
Lars Eklöf	2018	Member			14/15	270,000	no	no
Jonas Hård 4)	2022	Member	3/3		15/15	325,000	no	no
Per Allmér	2025	Member			9/15		no	no
Total						**2,020,000**		

1) Fee includes compensation of 50,000 SEK for committee work.
2) Fee includes compensation of 55,000 SEK for service on the Audit Committee and 30,000 SEK on the Remuneration Committee.
3) Fee includes compensation of 100,000 SEK for service on the Remuneration Committee.
4) Fee includes compensation of 55,000 SEK for service on the Audit Committee.
**Fees paid in arrears and the above fees were approved by the AGM 2024.*
Per Allmér was elected at the AGM 2025 (and accordingly has not received any compensation).

Board of Directors

The Board of Directors bears ultimate responsibility for Ependion's organization and administration and takes decisions on Ependion's overall goals and strategy. The duties of the Board of Directors also include identifying how sustainability issues impact Ependion's risks and business opportunities. In the financial year 2025, the company's Board of Directors had six members appointed by the AGM.

Ependion has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see ependion.com and pages 167-168.

The role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the group on ownership-related matters.

The Board of Directors' working methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. Ependion's Chief Financial Officer, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election.

Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, Ependion's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted. The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also

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includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work, and that of the Chief Executive Officer, on an ongoing basis. In addition, a formal appraisal is conducted led by the Chairman of the Board. In 2025, the appraisal was completed in the form of a survey presented to each Board member. Board members sent their responses to an external party, independent of the Board of Directors and Ependion, who collated the responses. The appraisal was then presented to the Chairman and to other Board members at the Board meeting in December 2025.

Work of the Board in 2025
In the financial year 2025, the Board of Directors held 15 (12) Board meetings including the Board meeting following election. Extensive contact was maintained between Ependion, the Chairman of the Board and other members between Board meetings. Ependion's Auditors attended the first Board meeting of the year, reporting their observations on the group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on two other occasions.

Remuneration Committee
The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, decides on remuneration to other senior executives and consults on proposals for potential incentive programs. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2025, the members of the Remuneration Committee were Peter Nilsson and Johan Wester, with Peter Nilsson serving as Chairman. In the financial year 2025, the Remuneration Committee held 2 (3) meetings. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting 2025.

Audit Committee
The Audit Committee members are Karin Gunnarsson, Johan Wester and Jonas Hård, with Karin Gunnarsson serving as Chairman. The duty of the Committee is to analyze, discuss and supervise Ependion's risk management, governance and internal controls, and financial reporting. The Committee maintains contact with Ependion's Auditors to stay informed on the audit of the accounts, reviewing and supervising auditor impartiality, and to discuss the orientation and scope of audit work. The Audit Committee has adopted guidelines for other services apart from auditing Ependion can purchase from its auditors. The complete guidelines are available at ependion.com. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting.

Remuneration to the Board and Management in 2025
In 2025, the Chief Executive Officer of Ependion, also President of the Group, and other senior executives drew basic salary and other benefits that are reported in Note 6, pages 135-137. Other senior executives means the four people that made up Group Management in 2025 including the Chief Executive Officer. For more information on remuneration pursuant to the guidelines approved by the AGM, see the presentation of the Board of Directors in the remuneration report.

Remuneration to the CEO
Apart from contracted basic salary, for the financial year 2025, the Chief Executive Officer is also entitled to variable remuneration. Variable remuneration is based on the group's EBIT, order intake and free cash flow, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 30% of gross salary excluding bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from Ependion's side of 12 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Remuneration to other senior executives
Other senior executives have basic salary with a variable component. The variable component is based partly on the group's, partly on each business entity's EBIT, order intake and cash flow. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined-contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from Ependion's side have been agreed for other senior executives.

Incentive programs
The purpose of incentive programs is to promote senior Management's commitment to the group's progress and thus increase value for the group's shareholders. In accordance with a resolution by the AGM 2024, the AGM 2025 resolved to create a long-term share-based incentive program, LTI 2025/2028 for Management and a number of key individuals within the group. The plan measures performance in 2025, but has a three-year term, and involves up to 25 employees of the group. Participants in the plan undertake to hold Ependion shares themselves, to then receive what are termed performance shares on satisfying or exceeding performance targets for 2025.

Directors' fees
Directors' fees, including fees for committee work, resolved by the AGM 2024, were 2,020,000 (2,070,000) SEK, which were disbursed in 2025, and allocated as in the above table. The AGM in May 2025 resolved on Directors' fees including fees for committee work, of 2,480,000 SEK for 2025, to be disbursed in 2026.

Management and corporate structure
The Chief Executive Officer is responsible for Ependion's ongoing administration, which covers all matters that are not reserved for the Board and administered by Management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters.

Senior executives currently consist of the President and CEO of Ependion, also CEO of the Westermo business entity, the EVP/CFO, Head of Sustainability and CEO of the Beijer Electronics business entity. Group Management meetings are held regularly to discuss the group's strategic and operational progress and to monitor results of operations. For more information on the members of Group Management, see Ependion's website and page 176.

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Business entities

The group's operations are organized into two business entities. The CEOs of each business entity are members of Group Management, and are responsible for the Income Statement and Balance Sheet of each entity.

Internal controls over financial reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, Ependion's Auditors report their observations from auditing and evaluating the company's internal controls. Ependion's Auditors participate in Board meetings and special meetings with the Audit Committee, which enables Board members to ensure that internal control is satisfactory and that reporting to the Board is effective.

According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing annual financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to assure quality. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies.

The CEO presents a financial report to the Board of Directors at least once monthly, presented in a manner specified by the Board of Directors in advance. This enables the Board of Directors to monitor any variances in reporting or content.

Control environment, risk assessment and control structures

Ependion structures its operations based on decentralized responsibility for profitability. Internal controls in a decentralized operation is founded on a well-secured process intended to define targets and strategies for each business.

Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The group's primary financial policy documents are its accounting policies, finance policy and a reporting manual, including instructions for each financial statement. Ependion has an established control structure to manage the risks the Board of Directors and Management consider significant to internal controls regarding the group's accounting organization.

Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against targets set, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's provisions, the Board of Directors has taken a view on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within the group. Coincident with its evaluation of this need, the Board of Directors considered the group's size, risk outlook and the control functions already established within the group, which include regular internal audits operated by the central finance function.

Financial reporting and information

Ependion's communication processes are intended to provide the market with relevant, reliable, accurate and up-to-date information on the group's progress and financial position.

Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the group's website and intranet.

Insider Policy

Ependion's Board of Directors has adopted an Insider Policy complementing the Swedish Market Abuse Act. This Policy states the rules on registering insiders, their holdings and reporting, alerts and black-out periods for trading in financial instruments. The complete insider policy is available from ependion.com.

Code of Conduct

Ependion's operations should be conducted with high standards of integrity and ethics. The group has adopted a number of values that set a framework for employees and promote good judgment and consistent decision-making. Ependion's Board of Directors approves the Code of Conduct each year for the group's operations, which also includes guidelines for the group's conduct in society in order to ensure its long-term value-creating ability. The document is available in full at ependion.com.

Staff can anonymously report grievances like discrimination and harassment to their first-line managers, direct to HR or via a whistleblower function that is also available to external stakeholders. The group works systematically in the segment using a whistleblower policy, communicated as part of its Code of Conduct. No situations of discrimination and harassment were reported in 2025.

Values

For the Group and all companies within the Group, overarching values and principles apply in accordance with the Code of Conduct adopted in May 2025. The Group's operations are based on independent business entities with their own values, while Ependion's role is to support the operations and invest in people, technologies, and products for a safe and connected world.

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Board of Directors' certification

The Board of Directors and Chief Executive Officer confirm that the Annual Accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the Consolidated Accounts have been prepared in accordance with IFRS® Accounting Standards as endorsed by the EU, and that the Annual Accounts and Consolidated Accounts have been prepared in accordance with the adopted European Sustainability Reporting Standards (ESRS) and the specifications adopted pursuant to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment. The Annual Accounts and Consolidated Accounts give a true and fair view of the parent company's and the group's financial position and results of operations.

The Directors' Report of the parent company and group give a true and fair view of the progress of the parent company's and group's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors affecting the parent company and companies within the group.

The Annual Accounts were approved by the Board of Directors on 25 March 2026.

The Consolidated Income Statement and Consolidated Balance Sheet and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the AGM on 12 May 2026.

Malmö, Sweden, 25 March 2026.

Peter Nilsson
Chairman

Johan Wester

Karin Gunnarsson

Lars Eklöf

Jonas Hård

Per Allmér

Jenny Sjödahl
Chief Executive Officer

Our Audit Report on the Annual Report and our Assurance Report on the Statutory Sustainability Report were submitted on 27 March 2026.
KPMG AB

Jonas Nihlberg
Authorized Public Accountant
Key Audit Partner

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Board of Directors

Peter Nilsson
Born in 1966.
Chairman of the Board since 2024.

Main occupation: CEO of Trelleborg AB.

Other directorships: Chairman of Cibes Holding AB, Board member of Sydsvenska Industri & Handelskammaren and Swedish Handbollslandslaget AB.

Education: M.Sc. (Eng.), the Institute of Technology at Linköping University, Sweden, honorary doctorate, Lund University.

Professional experience: CEO of listed company Trelleborg AB since 2005. Prior to that, Business Area Manager with Trelleborg and other positions in the Trelleborg group, as well as organizational consultant at BSI.

Holdings in Ependion AB:
100,000 call options.

Johan Wester
Born in 1966.
Board member since 2015.

Main occupation: Senior Vice President of Stena Adactum AB.

Other directorships: Chairman of SR Energy AB and Stiftelsen Torslandaldrott. Board member of Midsona AB and NGC AB.

Education: M.Sc. (Eng.), Industrial Engineering & Management, Chalmers University of Technology, Gothenburg, Sweden.

Professional experience: previous experience with Arthur D. Little, Accenture and Flexlink, mainly in supply chain management, strategy and business development.

Holdings in Ependion AB:
30,976 shares

Karin Gunnarsson
Born in 1962.
Board member since 2018.

Main occupation: Directorships.

Other directorships: Board member of companies including Bulten AB and Cibes Holding AB.

Education: M.Sc. (Econ.), Stockholm School of Economics, Sweden.

Professional experience: previous experience of various finance and controlling positions including Telelogic, the Trelleborg group and Hexpol. Most recently CFO & IR Manager of Hexpol AB.

Holdings in Ependion AB:
11,000 shares.

Cont. over.

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Lars Eklöf

Born in 1964.
Board member since 2018.

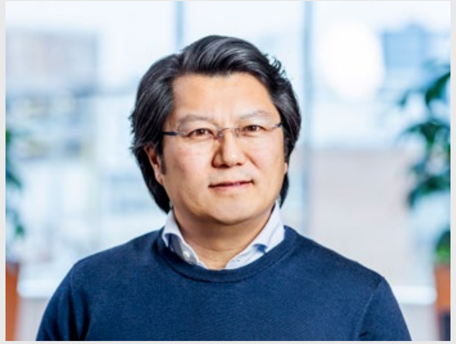
Main occupation: President of Atlas Copco's Motor Vehicle Industry division.

Other directorships: none.

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm, Sweden, Bachelor of Engineering, Dartmouth College, US.

Professional experience: international industrial background with Atlas Copco, including experience of various sales/marketing, product management and general management positions based in Sweden, and previously, France. President of Atlas Copco's Motor Vehicle Industry division since 2015, previously President of the Industrial Technique Service division.

Holdings in Ependion AB:
6,593 shares.



Jonas Hård

Born in 1971.
Board member since 2022.

Main occupation: Industry Advisor.

Other directorships: Board member of Bulten AB and a number of start-ups.

Education: MBA from Henley Business School, UK, and General Management Program from Harvard Business School, US.

Professional experience: most recently Chief Digital Officer of the Autoliv group. Further industry experience from companies including Electrolux and the Nobia group.

Holdings in Ependion AB:
4,000 shares.

Per Allmér

Born in 1965.
Board member since 2025.

Main occupation: CEO of PerMa-Way GmbH.

Other directorships: Board member of Trifilon AB.

Education: B.Sc. Stockholm University and Executive MBA from Uppsala University.

Professional experience: international industry background from ABB, Daimler Chrysler, Bombardier and Alstom, including experience of various positions in engineering/manufacturing, project management, sales/marketing, product management and general management, based in Sweden, Australia, the UK and Switzerland.

Holdings in Ependion AB:
2,000 shares.

Auditor

KPMG AB

Jonas Nihlberg, born in 1973.
Authorized Public Accountant, Key Audit Partner.
Auditor of Ependion AB since 2024.

Information on Board members' affiliation to the company and major shareholders is in the Corporate Governance Report on page 163.

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To the general meeting of the shareholders of Ependion AB (publ), *corp. id 556025-1851*

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ependion AB for the year 2025, except for the corporate governance statement on pages 162-165 and the sustainability report on pages 56-117. The annual accounts and consolidated accounts of the company are included on pages 50-166 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 note cover the corporate governance statement on pages 162-165 and sustainability report on pages 56-117. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do note provide a separate opinion on these matters.

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Valuation of goodwill

See disclosure 11 and accounting principles on page 130 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter
As at December 31, 2025, the Group recognize goodwill of SEK 1,163 million, representing 36% of total assets. IFRS requires that intangible assets with indefinite useful lives shall be tested for impairment annually. Such tests contains both complexity and significant features of assessments from the Group management.

The impairment testing is performed using a method where management makes future assumptions about internal and external factors. Examples of such assessments are future receipts and payments (future cashflows), which also requires assumptions about future market conditions, among other things. An another important assumption is the discount rate that should be used to adjust for the fact that future receipts are subject to risk and are thus worth less than the cash and cash equivalents that are directly available to the Group.

Response in the audit
We have obtained management's impairment tests to assess whether they were performed in accordance with the technique prescribed. We have also assessed the reasonableness of the future receipts and payments and the assumed discount rates by obtaining and evaluating management's written documentation and plans. We have consulted our own valuation specialists in order to ensure experience and expertise in this matter.

It has also been an important part of our work to examine management's sensitivity analysis i.e. the assessment of how changes in assumptions may affect the valuation.

Finally we have checked the information in the annual report and assessed whether the disclosures are accurate in relation to the assumptions applied by management in their impairment tests and whether the disclosures are complete enough to understand the assessments made by management.

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 1-49, 167-168 and 176-183. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does note cover this other information and we do note 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.

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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 note applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is note a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of note detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but note for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ependion AB for the year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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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 note 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 note in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ependion AB for year 2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Ependion AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is note 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.

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The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but note for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 162-165 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

KPMG AB, Box 227, 201 22 , Malmö, was appointed auditor of Ependion AB by the general meeting of the shareholders on the 13 May 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2024.

Malmö 27 March 2026
KPMG AB

Jonas Nihlberg
Authorized Public Accountant
Lead auditor

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Auditor's Limited Assurance Report

To the general meeting of the shareholders of Ependion AB (publ), *corp. id 556025-1851*

Auditor's limited assurance report of Ependion AB (publ):s sustainability statement

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for Ependion AB (publ) (the "company") for the financial year 2025. The sustainability statement is included on pages 56-117 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does note, in all material re-spects, meet the requirements of the Swedish Annual Accounts Act which includes:

- owhether the sustainability statement meets the requirements of ESRS,
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement, and
- compliance with the reporting requirements of the EU:s Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the assurance engagement in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The sustainability information for the prior year has note been subject to any assurance, and consequently no assurance of the comparative information in the sustainability statement for 2025 has been performed.

Information other than the sustainability statement

This document also contains information other than the sustainability statement and is found on pages 1-55, 118-168 and 176-183. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does note cover this other information and we do note express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustaina-bility 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.

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Responsibilities of the Board of Directors and the Managing Director

The Board of Director and the Managing Director are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determines is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion with limited assurance on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is note possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Ependion AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but note for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

In conducting our limited assurance engagement, with respect to the process undertaken to identify the sustainability information to be reported, we have:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by Management; and
  - reviewing the company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our review procedures regarding the Process implemented by the company was consistent with the description of the Process set out in the sustainability statement.

In conducting our limited assurance engagement, with respect to the sustainability statement, we have performed, but were note limited to, the following:

- Through inquiries, obtained a general understanding of the company's reporting and consolidation processes, including the company's internal control environment and information systems, relevant to the preparation of information in the sustainability statement.
- Evaluated whether information identified as material through the process the company has carried out is also included in the sustainability statement.
- Evaluated whether the structure and the presentation of the sustainability statement is in accordance with the requirements of the ESRS.
- Performed inquiries with relevant personnel on selected disclosures in the sustainability statement.
- Performed substantive procedures through sample testing on selected disclosures in the sustainability statement.
- Through inquiries, obtained understanding of the methods used to develop material estimates and how these methods were applied.
- Through inquiries, obtained a general understanding of the process to identify economic activities which are eligible and aligned with the EU Green Taxonomy, and the corresponding disclosures in the sustainability statement.
- Performed substantive procedures through sample testing on selected disclosures in the sustainability statement related to the EU Green Taxonomy.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with ESRS, the Board of Directors the Managing Director of Ependion AB (publ) is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by Ependion AB (publ). Actual outcomes are likely to be different since anticipated events frequently do note occur as expected.

Malmö, Sweden, 27 March 2026

KPMG AB

Jonas Nihlberg
Authorized Public Accountant

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Group Management

From left:

Kristine Lindberg

CEO of Beijer Electronics business entity.

Born in 1974.

Employee since April 2023.

Other directorships: Board member of GARO AB.

Holdings in Ependion AB: 4,875 shares. Further conditional entitlement to 4,125 shares through benefits program.

Jenny Sjödahl

President & CEO of Ependion AB.

CEO of Westermo business entity.

Born in 1973.

Employee since 2016.

Other directorships: Board member of Piab Group AB.

Holdings in Ependion AB: 24,452 shares and 100,000 call options. Further conditional entitlement to 16,500 shares through benefits program.

Joakim Laurén

EVP/CFO of Ependion AB.

Born in 1963.

Employee since 2016.

Holdings in Ependion AB: 50,534 shares. Further conditional entitlement to 8,250 shares through benefits program.

Lena Westerholm

Group Head of Sustainability.

Born in 1973.

Employee since 2023.

Other directorships: Board member of IVL Swedish Miljöinstitutet AB.

Holdings in Ependion AB: 3,750 shares. Further conditional entitlement to 4,125 shares through benefits program.

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Westermo business entity

Top from left:

Jenny Sjödahl, CEO

Andreas Eriksson, VP Strategy & Services

Erik Danielsson, VP Sales

Middle from left:

Henrik Jerregård, VP Products & Marketing

Linda Kärreby, VP HR

Johan Inestam, CFO

Bottom from left:

Patrik Wall, VP Operations

Mikaela Näslund, VP R&D

Lena Westerholm, Group Head of Sustainability

Beijer Electronics business entity

Top from left:

Kristine Lindberg, CEO

Sven Knutsson, SVP Supply Chain

Ali Rezaei, VP Global Sales & Marketing

Middle from left:

Patricia Hagel Rådh, CFO

Tobias Kjerrman, Head of R&D

Johanna Jonsson, VP Human Resources

Bottom:

Michael Henriksson, VP Product Management

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Condensed Consolidated Income Statement

SEK 000	2025	2024	2023	2022	2021
Revenues	2,231,753	2,258,125	2,470,647	2,128,386	1,618,797
Cost of goods sold	-1,038,727	-1,110,418	-1,247,715	-1,118,633	-852,168
Gross profit	**1,193,026**	**1,147,707**	**1,222,932**	**1,009,753**	**766,629**
Selling expenses	-346,426	-341,299	-341,063	-302,406	-249,738
Administrative expenses	-326,294	-326,221	-329,101	-305,156	-248,900
Research and development expenses	-259,899	-219,514	-213,366	-191,129	-202,412
Other operating income and expenses	-9,346	5,194	-4,358	2,851	12,869
EBITA*	**251,061**	**265,867**	**335,043**	**213,913**	**78,448**
Depreciation and amortization of surplus values	-18,988	-14,961	-13,360	-12,786	-10,175
EBIT	**232,073**	**250,907**	**321,684**	**201,127**	**68,272**
Net financial income/expense	-38,238	-44,465	-46,389	-15,026	-18,580
Profit before tax	**193,835**	**206,442**	**275,295**	**186,101**	**49,692**
Tax	-47,094	-49,439	-74,918	-39,656	-13,688
Net profit	**146,741**	**157,003**	**200,377**	**146,445**	**36,005**
attributable to equity holders of the parent	*146,741*	*158,009*	*200,508*	*146,080*	*35,760*
attributable to non-controlling interests	–	*-1,006*	*-131*	*366*	*245*
Corresponding to basic earnings per share, SEK	*4.73*	*5.45*	*6.93*	*5.07*	*1.24*
Corresponding to diluted earnings per share, SEK	*4.70*	*5.38*	*6.86*	*5.03*	*1.24*

**EBIT excluding depreciation and amortization of surplus values*

Condensed Consolidated Balance Sheet

SEK 000	2025	2024	2023	2022	2021
Assets					
Fixed assets					
Intangible assets	1,901,477	1,374,111	1,257,203	1,132,029	1,058,725
Property, plant and equipment	102,038	105,150	85,797	80,395	85,251
Right-of-use assets	112,601	144,502	99,119	82,326	96,208
Financial assets	135,279	107,667	41,695	61,989	65,186
Total fixed assets	**2,251,395**	**1,731,430**	**1,483,815**	**1,356,739**	**1,305,370**
Current assets					
Inventories	371,540	396,301	486,627	435,695	327,645
Accounts receivable	376,800	381,599	407,004	417,393	296,992
Other current receivables	66,549	69,348	52,478	63,102	62,483
Cash and cash equivalents and investments in securities, etc.	159,563	178,053	142,486	159,864	146,585
Total current assets	**974,453**	**1,025,301**	**1,088,596**	**1,076,054**	**833,705**
Total assets	**3,225,848**	**2,756,731**	**2,572,410**	**2,432,793**	**2,139,075**

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SEK 000	2025	2024	2023	2022	2021
Equity and liabilities					
Equity attributable to equity holders of the parent	1,626,732	1,331,895	1,159,082	989,241	729,196
Non-controlling interests	–	–	4,611	4,872	4,289
Total equity	**1,626,732**	**1,331,895**	**1,163,693**	**994,113**	**733,485**
Long-term liabilities					
Liabilities to credit institutions	415,984	430,476	462,631	443,775	383,666
Lease liability	68,803	97,497	59,766	45,784	59,105
Other long-term liabilities/provisions	336,858	195,663	167,354	142,656	189,300
Deferred tax liabilities	173,032	106,902	88,830	72,139	65,204
Total long-term liabilities	**994,677**	**830,538**	**778,581**	**704,354**	**697,275**
Current liabilities					
Liabilities to credit institutions	167,547	126,697	167,668	241,590	298,596
Lease liability	45,595	48,212	39,319	35,877	36,396
Accounts payable-trade	164,155	154,411	194,650	215,053	159,912
Other current liabilities	227,142	264,978	228,499	241,807	213,411
Total current liabilities	**604,439**	**594,298**	**630,136**	**734,327**	**708,315**
Total equity and liabilities	**3,225,848**	**2,756,731**	**2,572,410**	**2,432,793**	**2,139,075**

Group key indicators

SEK 000	2025	2024	2023	2022	2021
Gross margin, %	53.5	50.8	49.5	47.4	47.4
EBITA, %	11.2	11.8	13.6	10.1	4.8
EBIT margin, %	10.4	11.1	13.0	9.4	4.2
Profit margin, %	6.6	7.0	8.1	6.9	2.2
Equity/assets ratio, %	50.4	48.3	45.2	40.9	34.3
Equity per share, SEK [a)]	52.5	45.8	40.0	34.4	25.4
Basic earnings per share, SEK	4.73	5.45	6.93	5.07	1.24
Diluted earnings per share, SEK	4.70	5.38	6.86	5.03	1.24
Return on equity efter tax, %	9.9	12.6	18.6	17.0	5.2
Return on capital employed, %	10.1	12.1	16.6	11.8	4.6
Return on net operating assets, %	13.0	16.2	23.1	15.7	5.8
Financial net debt in relation to EBITDA	1.2	1.2	1.2	1.7	2.9
Average number of employees	846	861	869	827	802

a) Based on equity attributable to equity holders of the parent.

Condensed Consolidated Cash Flow Statement

SEK 000	2025	2024	2023	2022	2021
Cash flow from operating activities before changes in working capital	362,342	379,966	428,751	312,301	192,532
Changes in working capital	12,206	79,540	-94,133	-111,362	-107,927
Cash flow from operating activities	**374,548**	**459,506**	**334,618**	**200,939**	**84,605**
Cash flow from investments	-179,296	-223,502	-173,641	-124,609	-66,421
Cash flow from acquisitions of subsidiaries and investments in other companies	-434,383	-49,565	-58,560	–	-111,532
Cash flow from sale of subsidiaries	–	-2,550	–	–	–
Cash flow from financing activities *	294,740	-130,922	-96,969	-64,745	113,572
Dividend paid	-36,312	-28,941	-14,419	-14,384	–
Cash flow for the period	**19,297**	**24,026**	**-8,971**	**-2,799**	**20,224**
Cash and cash equivalents and investments in securities, etc. at beginning of period	178,053	142,486	159,864	146,585	120,719
Exchange rate fluctuations, cash and cash equivalents	-37,787	11,541	-8,407	16,078	5,642
Cash and cash equivalents and investments in securities, etc. at end of period	**159,563**	**178,053**	**142,486**	**159,864**	**146,585**
Free cash flow	**148,090**	**187,372**	**117,573**	**34,997**	**-25,329**
**of which amortization of lease liability*	*-47,162*	*-48,632*	*-43,404*	*-41,333*	*-43,513*

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Sustainability definitions

BP
Basis of Preparation. How the Sustainability Statement has been prepared and the methods, assumptions and frameworks utilized.

ESRS
The EU's collective sustainability reporting standards that companies must apply within the CSRD (Corporate Sustainability Reporting Directive). The aim is to create consistent, comparable and transparent reporting of environmental, social and governance-related issues (ESG).

GOV
Governance. The company's governance of sustainability issues.

IRO
Impacts, Risks and Opportunities. Identifying and assessing sustainability impacts, risks and opportunities.

SBM
Strategy and Business Model. The company's strategy and business model in relation to sustainability.

Technical definitions

Automation
Automation means products and solutions that replace manual work and are intended to run, optimize and control various types of industrial process.

Edge computing
Means that data is processed close to where it is generated—e.g. in sensors, machinery or local devices—instead of being transmitted to a central data center or cloud. This reduces latency, saves bandwidth and enables faster and more efficient data processing.

Ethernet switch
Interconnects different segments of an Ethernet network.

HMI
Human machine interface. See also operator panel. Collective term for products or systems developed to simplify the work of operators in monitoring and controlling machines or processes.

Industrial data communication
Industrial data communication is utilized where there are high standards for secure data transmission, on infrastructure projects, for example.

Operator panel
Panel, see also HMI. A touchscreen or keyboard panel allowing operators to monitor and control the status of machinery or processes. Such panels are often co-located with equipment where operatives work.

Financial definitions

Ependion presents a number of financial measures in the Annual Report that are not defined according to IFRS® Accounting Standards, but are consistent with how investors and the company's Management measure the company's financial performance. Ependion considers that these metrics offer valuable additional information to investors and the company's Management as they enable evaluation of trends and the company's performance. These alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS® Accounting Standards, but rather as a complement. The complementary alternative performance measures stated in this report may differ in their computation methods from similar measures used by other companies. Reconciliations of alternative performance measures can be found on Ependion's website: https://www.ependion.com/en/investors/alternative-performance-measures

Average
Average values are calculated as the mean value in the relevant reporting period and corresponding item in the comparative period 12 months earlier.

Average number of employees
Average number of employees during the year based on working hours. Excludes contracted staff.

Basic earnings per share
Net income after tax, attributable to the parent company's shareholders, in relation to the weighted number of outstanding shares.

Capital employed
Equity plus interest-bearing liabilities.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of shares by the estimated number of shares from incentive programs. Incentive programs are included in the dilution calculation from the end of each program.

EBIT
Net sales less operating expenses.

EBITDA
EBIT excluding depreciation and amortization on tangible assets (including right-of-use assets) and intangible assets.

EBIT margin
EBIT in relation to net sales.

Equity/assets ratio
Equity in relation to total assets.

Equity per share before dilution
Equity attributable to the parent company's shareholders divided by the number of shares. Financial net debt in relation to EBITDA Interest-bearing liabilities, excluding net provisions for pensions, less cash and cash equivalents and investments in securities, divided by rolling 12-month EBITDA, adjusted for restructuring costs and acquired EBITDA.

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Free cash flow
Cash flow from operating activities, cash flow from investing activities excluding cash flow from acquisitions of subsidiaries and investments in other companies, as well as amortization of lease liability.

Net debt
Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Net operating assets
Equity plus interest-bearing liabilities less financial assets.

Operating cash flow
Cash flow from operating activities.

Order backlog
The total value of customer orders received by the Group that have not yet been delivered.

Order intake
Net sales less the difference between opening and closing order backlog.

Product development expenditure
Expenditure related to product development work, such as personnel costs, external consultancy fees, and other external costs. This also includes expenses that are capitalized as assets in the Balance Sheet.

Product development expenditure %
Product development expenditure in relation to net sales.

Profit margin
Profit after tax in relation to net sales.

Return on capital employed
Profit before tax plus financial expenses for the past 12 months in relation to average capital employed.

Return on equity after tax
Profit after tax for the past 12 months in relation to average equity.

Return on net operating assets
EBIT for the past 12 months in relation to average net operating assets.

Working capital
Current assets less current liabilities.

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Annual General Meeting

The AGM will be held at **3 pm CET on Tuesday 12 May 2026** at Börshus, Skeppsbron 2, Malmö, Sweden.

For more information on participation and notification of attendance at the Meeting, see the Notice Convening the AGM.

The invitation to the AGM, including information on the time and location, will be through an announcement in the Swedish Official Gazette, and on the company's website ependion.com. Notices that the invitation has been sent will be placed in Swedish daily newspapers *Dagens Industri* and *Sydsvenskan* on 10 April 2026.

Financial information 2026

28 April 2026	**Three-month Interim Report**
12 May 2026	**AGM**
15 July 2026	**Six-month Interim Report**
23 October 2026	**Nine-month Interim Report**

All financial information is uploaded to Ependion's website ependion.com, where an e-mail subscription list for press releases and financial information is also available.

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Nürtingen

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Ependion AB

Ependion AB is an expansive global technology group delivering digital solutions for secure control, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. Its customer base includes some of the world's leading corporations. Ependion consists of autonomous business entities, had sales of SEK 2.2 billion in 2025 and approximately 1,000 staff. The company trades on Nasdaq Stockholm Main Market's Mid Cap List with the ticker EPEN.

Mer information

You can subscribe for financial information on Ependion via our email list. It's easy to join at our website **ependion.com**.

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