

Annual report
2024



Ernstström- gruppen aims to build better companies for future generations.

We build independent business areas with industrial logic and the aim of contributing to a society in which people, the environment and the economy are the focus. We want our companies to be leaders in their niche, and our focus is on business development.

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SUSTAINABILITY REPORT

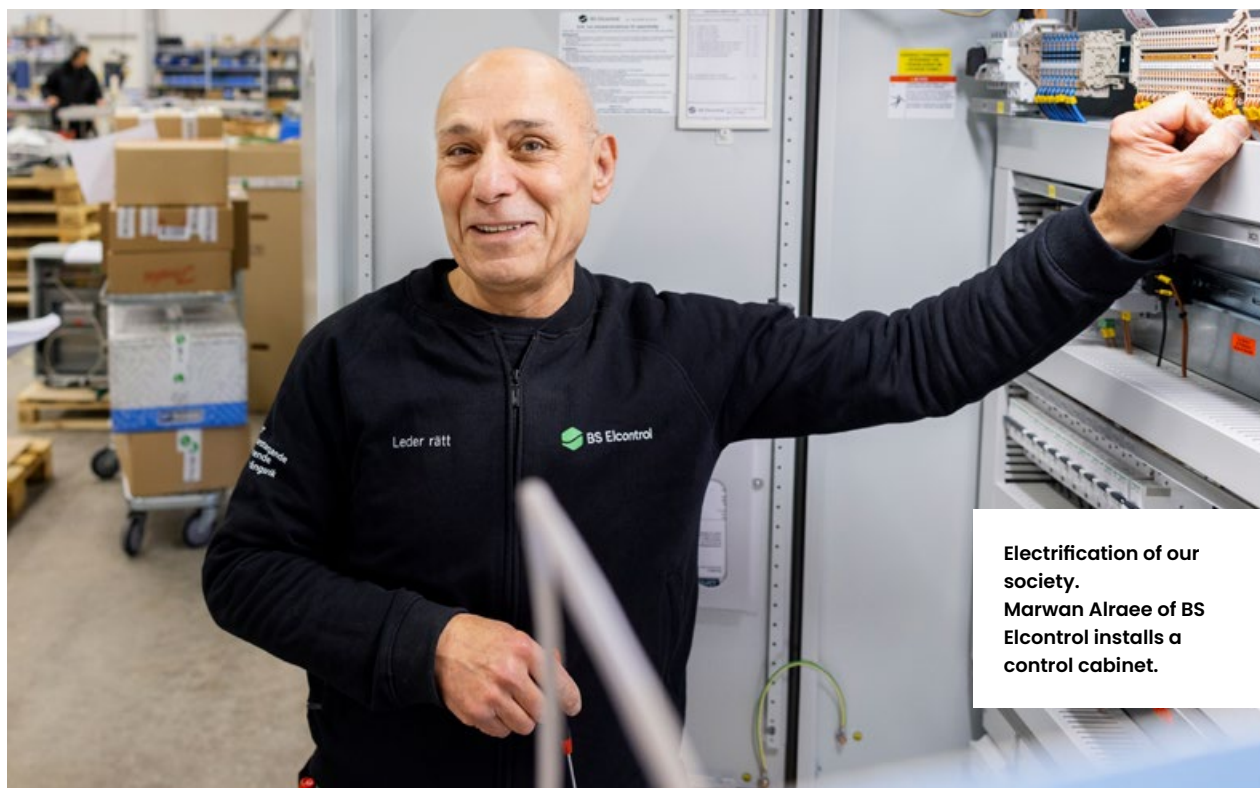
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Electrification of our society.
Marwan Alraee of BS Elcontrol installs a control cabinet.

This is Ernströmgruppen

Ernströmgruppen is a Nordic family-owned industrial group with the business concept of acquiring and developing entrepreneurial niche businesses.

We have four business areas with common drivers to optimise resources and boost opportunities for continued growth and development. The business areas provide a dynamic structure to optimise the companies'

growth opportunities, while our decentralised business model gives each management team ample scope to adapt its strategy and offering to the needs of the company.

In each of our business areas, the companies work in related industries or with the same business logic. Regardless of the industry, they all have the same ambition – to be a leader in their niche.

Multi-year overview, Group

Key ratios	2024	2023	2022	2021	2020*
Net sales, SEK million	4,828	4,611	4,096	3,026	2,365
Growth rate, %	4.7	12.6	35.4	27.9	7.4
EBITA, SEK million	502	462	392	280	188
EBITA margin, %	10.4	10.0	9.6	9.3	8.0
EBITA growth, %	8.7	17.6	40.0	48.9	21.3
Profit for the period, SEK million	229	227	252	200	67
Earnings per share (basic and diluted), SEK	11.43	11.35	12.60	10.00	3.35
Financial net debt/EBITDA, multiple	2.34	2.06	1.78	1.39	1.32
Return on capital employed, %	16.7	18.1	16.9	19.0	17.8
Cash flow generation, %	80.1	88.6	61.6	64.2	107.5
Free cash flow, SEK million	269	277	140	122	172
Balance sheet total, SEK million	4,366	3,730	3,412	2,694	1,397
Equity/asset ratio, %	21.9	21.9	20.4	19.2	29.2
Number of employees	1,434	1,343	1,248	1,088	925

* 2024–2021 are recognised under IFRS. 2020 is recognised according to previous accounting policies, K3.

4.8

Billion SEK sales

1,400+

Employees

4

Business areas

50+

Companies

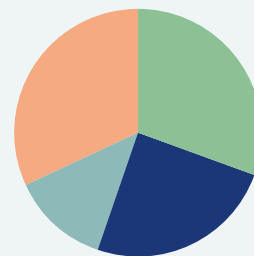
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Countries

10%

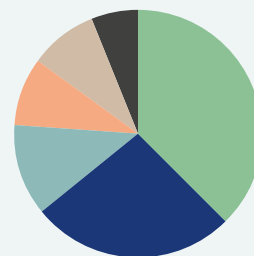
EBITA

Net sales by business area



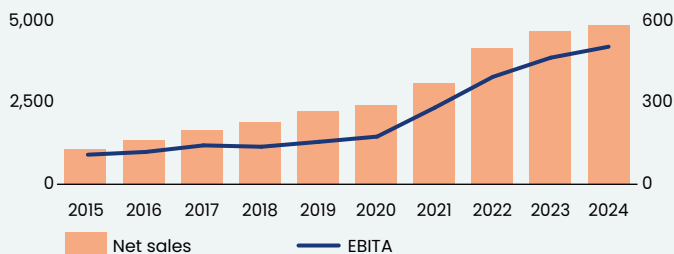
- Flow Technology, 31%
- Water & Energy, 25%
- Safety & Protection, 13%
- Automation & Electrification, 32%

Sales by country



- Sweden, 38%
- Norway, 27%
- Finland, 12%
- Denmark, 9%
- Rest of Europe, 9%
- Rest of the world, 6%

Net sales and EBITA, 10-year review



Comments from the CEO

Growth and resilience in a changing world

2024 was a successful year for Ernströmgruppen, despite challenges in several markets. With EBITA growth of 9 percent, we once again delivered Ernströmgruppen's best result ever.

The market for our companies stabilised during the year at a lower level than before for most of our companies. As a result, we had wide variations in performance between our companies, with some achieving record results while others struggled. In times of high uncertainty and rapid change, Ernströmgruppen's long-term business model, with its focus

on future-proofing and resilience, demonstrates its strength and adaptability. Our diversified customer base provides us with natural risk diversification as we operate in multiple geographical areas, industries and sectors. In general, we saw lower interest in investing in the green transition, affecting our geoenergy, solar power and energy offerings. The impact of the temporary shift in the green energy transition in Europe has led to weaker earnings, particularly for our geoenergy companies. Work to adapt to the new level of demand was ongoing throughout the year and productivity measures have strengthened our long-term competitiveness. When demand for the green energy transition returns in Europe, we will be well-positioned for growth.

During the year, we acquired eight companies that strengthen our position.

The largest acquisitions are:

- **Norsap AS**, a global leader in marine and flight simulator operator chairs with strong links to our other marine companies.
- **Livalco Stål AB**, which supplies and stocks steel materials of unusual qualities, which are crucial for critical societal functions in infrastructure and industry.
- **Powercontrol**, to complement our electrical companies and make us a leader in encapsulated electrical technology in the Norwegian market. This is an exciting position as the electrification of society progresses.
- **Kokko Control Oy**, which supplies components to industry for more energy efficient solutions and will be incorporated into existing operations, strengthening our industrial logic and value growth.

Continuing change in the business environment

2024 was characterised by increased uncertainty in the world around us. It was the warmest year on Earth since records began. The year saw continued polarisation within and between nations, sharp swings in inflation and industrial activity, and geopolitical uncertainties. This had a negative impact on the willingness to invest and demand for some of Ernströmgruppen's offerings. Threats of possible trade tariffs and uncertainty about what will happen in Ukraine and the West Bank are not expected to have any direct impact on Ernströmgruppen's business or margins. Indirectly, they will have an impact through increased inflation and uncertain planning horizons. Overall, we are pleased at how we balanced profitability and long-term value growth during the year. Order inflow for our companies supporting electrification was strong during the year. In addition, our marine safety companies demonstrated strong, stable performance.

The change in business areas was implemented to more clearly combine expertise and provide the best conditions for creating customer value and competitiveness.

Our most important mission: to build better companies

Our goal is to create a stronger Ernstströmgruppen for future generations by building and developing independent, industrially logical business areas.

During the year, we made a change to our group structure, and Ernstströmgruppen now consists of four business areas: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. All business areas have the common denominator that the corporate structure of each is based on shared industrial logic. The change in business areas was implemented to more clearly combine expertise and provide the best conditions for creating customer value and competitiveness. The new structure improves the conditions for both organic and acquired value growth. We see our companies in the business areas increasingly driving and creating opportunities that they could not have done on their own.

Growth through complementary acquisitions

Ernstströmgruppen's overall objective is to create long-term value growth. To create the best opportunities for value creation in our business areas, we focus on complementary acquisitions in existing business areas. Companies that operate in areas we know and understand and where we can feel confident that we are the best owner. During the year, we were entrusted with acquiring eight companies and will develop them into even stronger companies together with the entrepreneurs.

Ernstströmgruppen has a disciplined, systematic process for finding companies that are a good match and evaluating whether they meet our requirements. Quality over quantity in the acquisition process. We have several positive ongoing dialogues with entrepreneurs and look forward to welcoming more high-quality, agile, stable companies that support and help each other.



For decades, Ernstströmgruppen has been characterised by people's abilities, with trust, freedom and responsibility creating the conditions for strong entrepreneurship. Whatever the opportunity or obstacle, there is always a way forwards. When the world is in turmoil, belief in each other creates the peace of mind for creativity and activity. This allows our employees to find solutions to challenges. Through this trust we also learn from our mistakes and always find a better way. Consequently, our decentralised leadership model remains the key to success going forward in our ever-changing world.

Thank you for 2024. Thank you to our owners for your trust and thank you to our employees for your commitment. This would not have been possible without the trust you have placed in us. I look forward to building an even stronger Ernstströmgruppen with you.

Alexander Wennergren Helm, CEO

With long-term thinking and entrepreneurship in our genes

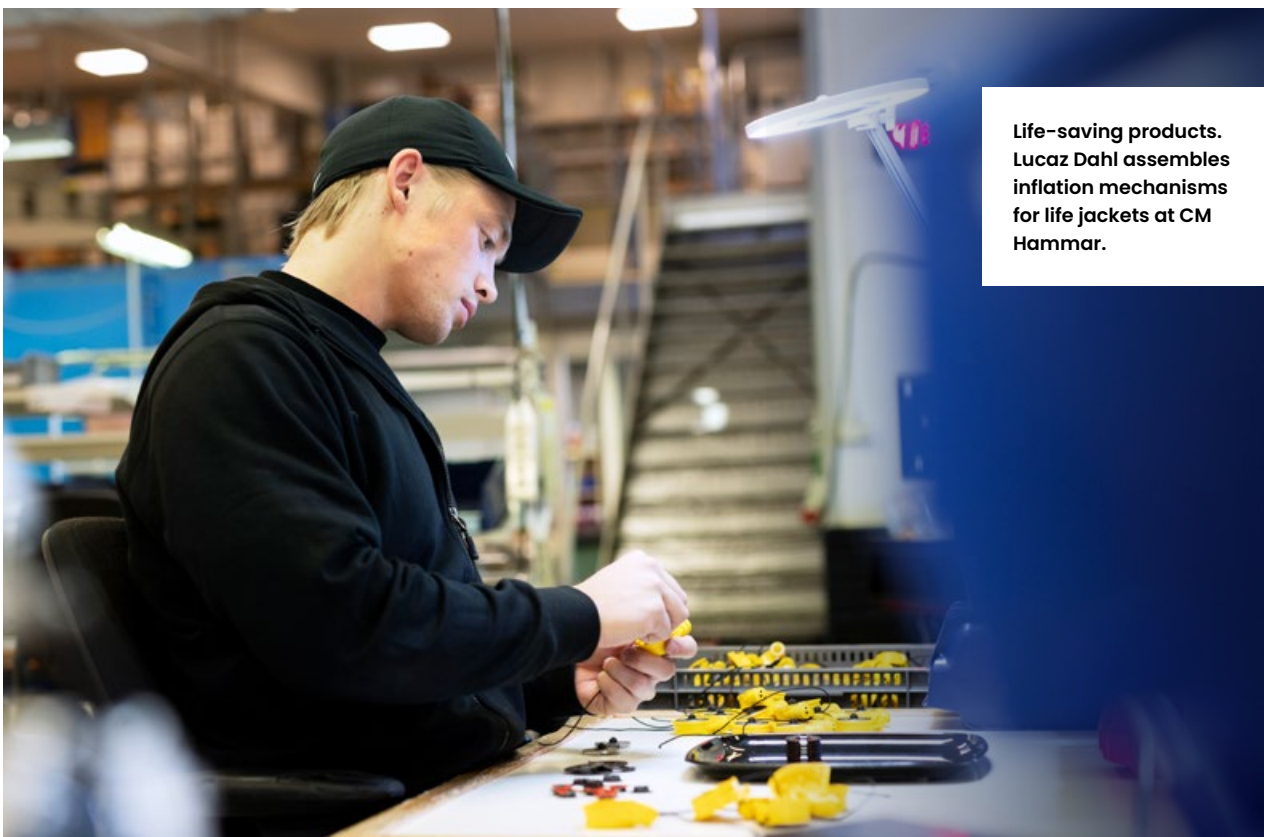
Ernströmgruppen stands firm in its successful history, its long-term approach, its willingness to develop and its courage to change. Our vision of a better tomorrow is rooted in over 100 years of history with clear guidelines and values and where the entrepreneurial spirit is and remains central.

By acting transparently and professionally, taking responsibility for our actions and constantly striving for sustainable growth, we have developed a governance model built on trust. It is an approach that permeates our entire organisation, from the work of the Board to what happens on the shop floor. By taking a long-term approach and focusing on the business, we ensure that our operations are sustainable from multiple perspectives. This is a fundamental prerequisite for long-term success as otherwise the business will not stand the test of time.

Innovation and adaptability

Ernströmgruppen is home to successful, industrial, entrepreneurial niche companies, building on a strong tradition of innovation and adaptability. These qualities are particularly valuable in times of turmoil and uncertainty.

With four generations of family business experience, we have weathered everything from world wars and financial crises to pandemics and other societal challenges. Sometimes we are reminded of our history



Life-saving products.
Lucaz Dahl assembles
inflation mechanisms
for life jackets at CM
Hammar.

Building companies is about helping people grow and believing in your employees and their ability to grow and develop.

through old documents and the like that testify to the work of previous generations to build and develop our business. From letters to banks and customers in the 1930s to patents and technical papers, the company's future has always been shaped by curiosity and a desire to improve.

The fact that the Group has been in the same family for more than a century creates continuity, resilience and a solid foundation for good results. We have a cross-generational perspective on building relevant, competitive businesses for the future, without having an exit agenda. This allows for a business that is not only characterised by a long-term approach and sustainability, but also allows for a strong corporate culture. Research shows that family-owned companies often have a higher valuation, better returns and a better ability to recover faster from economic crises. They also have a clear set of values – of which Ernströmgruppen is a living example.

Engaged owners

The engagement of the owner family is an integral part of our culture. Attending executive conferences and making company visits is as natural as having confidence in our decentralised business model. There is a clear focus on creating the best conditions for the Group's companies without being involved in day-to-day operations, creating the peace of mind to make informed decisions.

No acquisitions are made without a personal dinner with a representative of the Hielte/Hobohm family, a meeting aimed at building lasting relationships and ensuring that the divesting owners share the values of Ernströmgruppen. Our values – openness, responsibility, impact and professionalism – form the basis of a healthy working climate and an entrepreneurial mindset. This is about listening to others, admitting mistakes, striving for sustainability, putting the customer at the centre, being reliable and treating people with respect. In short, taking responsibility as if you owned the company. Building companies is about building people and believing in your employees and their ability to grow and develop.

2024

The year in brief

New business areas

During the year, we updated our group structure to four business areas: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. Shared industrial logic enhances customer benefit and competitiveness. A new structure increases the potential for growth through closer exchange of knowledge between companies that share customers, operations and challenges.

Growth in marine safety

Safety & Protection has enhanced its position in marine safety through the acquisition of Norsap AS, a global manufacturer of high-quality chairs for marine environments, flight simulation and other sectors that require customisable seating solutions. The acquisition promotes expansion and growth through strategic partnerships.

Growing market for industrial products

The Automation & Control business area has expanded its presence in industrial products through the acquisition of Livalco Stål AB, a second-generation family business undergoing rapid growth. With our subsidiary Pegol, Livalco forms an industrial cluster that meets customers' needs for a flexible, skilled partner.

Executive conference

Every year, we bring together the Group's leaders for a conference with a specific theme. This year's conference, with just over 70 participants, focused on leadership and our most important asset, our employees. The meetings provide inspiration, enable the exchange of ideas and create new constellations and business opportunities. Good leadership strengthens our companies and competitiveness; our success is built on the contribution made by our employees. By supporting, sharing with, collaborating with, encouraging and challenging each other, we become stronger every day.

The green transition is slow

Interest in investing in the green transition has levelled off owing to high interest rates, cheaper energy and weak political incentives. This affects our offering in geoenery, solar power and energy solutions. However, we are confident of future growth and have therefore launched new products to strengthen our position in Europe as demand picks up again.

Vision, mission and values



Better indoor climate. Christopher Blom at Eveco lowers material for delivery from the warehouse in Mölndal.

Our vision

A better tomorrow

It is through our actions that we can make a real contribution to a better tomorrow.

Our vision is a guide and a direction finder, our compass for all important decisions. It is through our actions, large and small, that we make a real contribution to a better tomorrow. Whether this is about customer

value and employee development or engagement and, not least, sustainability. We try to constantly challenge ourselves by always thinking and acting on the basis that there is a better way.



Our mission

Building better companies for future generations

All Ernstströmgruppen companies should improve over time with the goal of performing best in their niche, where best has significantly more dimensions than just profitability. This is about everything from customer satisfaction and employee engagement to sustainability and long-term growth and profitability. Overall performance is what counts to stay at the top in the long term.

If we are to remain competitive in the future, we must be at the forefront today. It is therefore our ambition to constantly challenge ourselves, to deliver long-term stable results and to contribute to society from a sustainability perspective with a focus on people, the environment and the economy. We work systematically to promote the development of more sustainable customer offerings in the industries in which we are active, and climate and environmental responsibility are high on

the agenda. We have clear goals for our sustainability work in both environmental and social responsibility and corporate governance.

For companies that want help and support in developing their business, being part of Ernstströmgruppen and one of our business areas should be attractive. Through our business areas, we provide an industrial context in which companies can jointly achieve a better customer offering and greater competitiveness. Ernstströmgruppen should be perceived as the obvious choice, and for this to be possible we need to outperform our competitors and attract high-performing new companies run by strong-willed entrepreneurs. By performing at our peak, we show in practice that Ernstströmgruppen is serious about building and developing strong companies by means of industrial business areas.

Through our business areas, we provide an industrial context in which companies can jointly achieve a better customer offering and greater competitiveness.



Our values

Transparency, responsibility, impact and professionalism

Building strong businesses requires many different qualities. We have a trust-based governance model that is guided by the values we believe in and share. Our values of transparency, responsibility, impact and professionalism guide us in everything we do and form the basis of a healthy working

climate, reinforcing the collective, entrepreneurial mindset of all Ernstströmgruppen employees. Our Code of Conduct, our policies and our common guidelines apply to the whole Group, but each individual company is free to develop them and adapt them to suit its own business.

Everything we do is guided by transparency, responsibility, impact and professionalism.

Strategy – build better companies

To build better companies, we have clear strategies for each company. All companies in Ernströmgruppen must have the ambition to be a leader in their niche and also be a leader in our five focus areas.

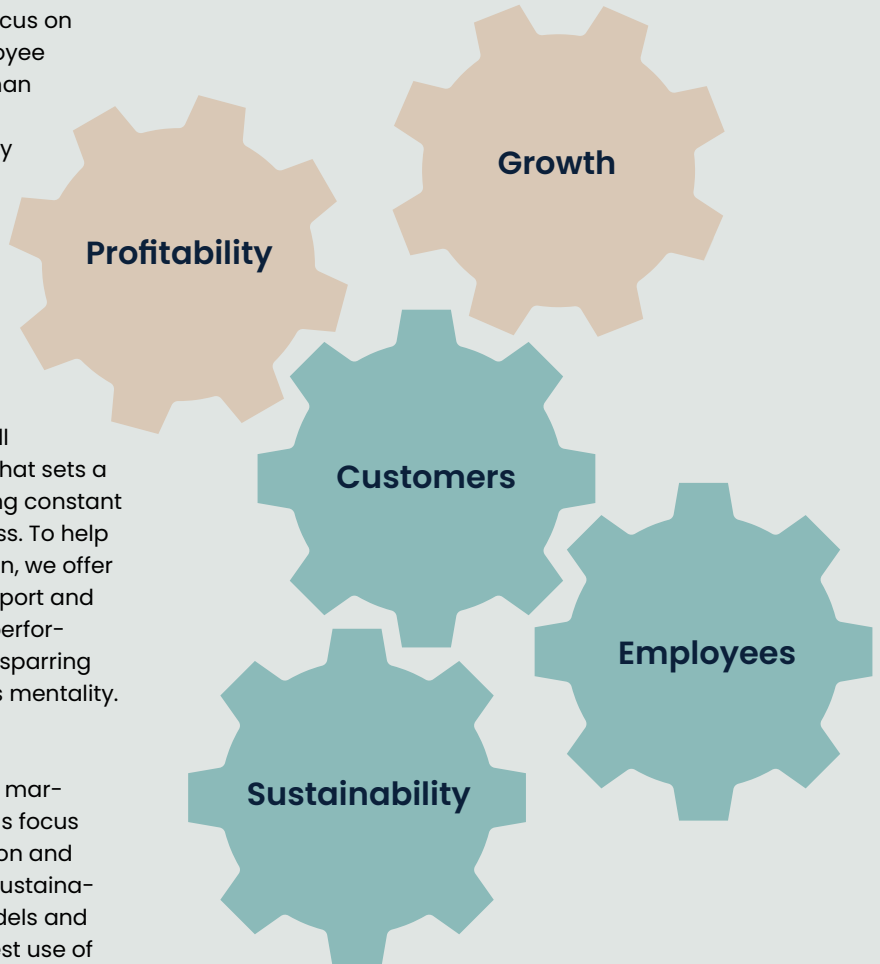
We are convinced that companies that focus on creating customer satisfaction and employee engagement and act more sustainably than their competitors are also the ones that achieve the greatest sustained profitability and highest growth.

Best in class

We have clear processes and tools in place to help all our companies become best in class. This includes a clearly defined mindset and benchmark against a specific peer group and a measurable definition of best in class. All companies have a 3-year business plan that sets a long-term ambition and direction, ensuring constant movement towards becoming best in class. To help achieve the objectives of the business plan, we offer access to best practice and practical support and resources. We want to promote a sound performance culture and therefore use internal sparring and ranking to encourage a best-in-class mentality.

Markets in a tailwind

Ernströmgruppen's companies operate in markets with future growth. Our business areas focus on green energy, electrification, automation and safety – areas that contribute to a more sustainable tomorrow. With scalable business models and decentralised leadership, we make the best use of our collective knowledge and create networks for collaboration, knowledge sharing and streamlining processes.



Acquisition strategy

We acquire companies to develop and build strong business areas. There must be clear industrial logic, and the company must be a good match for the business area. This is essential if companies are to be able to benefit from each other to grow and develop and become a stronger unit together.

Collective entrepreneurship

Long-term ownership is the foundation of Ernst&Young Group. We acquired our first company in 1975, and it remains an important part of Ernst&Young Group today. At the same time, we want to offer other interesting companies the chance to join us. Companies with good profitability, that are well positioned in their market and that make us stronger together. How do we know that a company will fit into one of our industrial business areas? Different factors may be involved. We seek companies that bring something new in the form of expertise, products or customer solutions that help our business areas realise their growth plans.

Companies become part of Ernst&Young Group

The journey towards a shared future can take different forms, but always follows a careful process. From getting to know each other via an indicative bid, a letter of intent and due diligence to a possible partnership. As part of Ernst&Young Group, you benefit from the industrial expertise of fellow subsidiaries, support in business development and areas such as HR, staff, finance and sustainability.

When evaluating new acquisitions, we use a set of guiding investment criteria, which are illustrated below:



Entrepreneurial leaders

- Leaders who can take the organisation to the next level.
- The business culture is compatible with the values of Ernst&Young Group.



Market leader in its niche

- The company has a strong, clear position in its market.
- A unique value proposition with tangible added value for customers.



Proven profitability

- Lasting, sustainable profitability.
- A profitable, long-term customer base.



European base with international market potential

- Headquarters in Northern Europe.
- An internationally viable business concept.



Sustainable business

- Sustainable development goals and the ability and desire to make a positive difference for the next generation.
- A clear future opportunity to create sustainable added value.

Outcomes & targets

In our pursuit of a sustainable future, we have set targets that reflect our vision of a safe, gender-equal and fossil-free business. While these targets may seem challenging to achieve today, they serve as a guiding light for our efforts and inspire us to constantly improve our processes and results. Here we present our progress and challenges on the road to realising these visions.

Our companies must have a business model and offering that are sustainable for the next generation

Gender-equal management team. Christina Hindemark, Purchasing Manager, and CEO Claes Jäderholm at REC Indovent.





Customers

To establish a company that is top of mind with its customers, it is necessary to have a close, strong relationship with both existing customers and the market. Because a satisfied customer is a repeat customer.



Employees

Ernstströmgruppen is only as good as its employees. Committed employees perform best. For our Group to succeed, we need employees who genuinely enjoy their jobs and want to constantly develop.



Sustainability

Ernstströmgruppen supports the Paris Agreement and Agenda 2030. We have set climate targets to ensure that climate action is in line with the Paris Agreement's ambition to halve emissions intensity by 2030.



Profitability

Our profitability requirements are designed to ensure robust, sustainable financial performance and the availability of capital to enable reinvestment for development and expansion.



Growth

Growth enables us and our employees to develop, makes us more relevant to customers and suppliers, and strengthens our market position. Growth is proof that there is demand for what our organisations deliver.

Long-term targets and 2024 outcomes

Customers	Among the best in their niche in terms of customer satisfaction and loyalty.	
Employees	Among the best in their niche on employee commitment.	
	TARGET	2024 OUTCOME
Sustainability		
CO ₂ emissions	-7% annually	(see page 29)
Energy mix, share of fossil energy	0%	24%
Energy consumption	-5% annually	+2%
Gender balance on Boards of Directors	40% – 60%	19% women – 81% men
Gender balance in management teams	40% – 60%	25% women – 75% men
Profitability		
Return on capital employed	>20%	17%.2
Financial net debt/EBITDA	<3x	2.35x
Dividend on profit after tax	30%	>30%
Growth		
EBITA	15%	9%

Business areas

Four business areas for future growth

Ernströmgruppen has a decentralised business model, affording each company management team ample leeway to adapt their organisation and offerings to the unique needs of their customers. To ensure the companies' development and mutual reinforcement, we coordinate similar companies within business areas. Each business area is based on clear industrial logic, allowing companies to benefit from each other's strengths to grow and develop. Our ambition is to build independent, sustainable business areas that can eventually develop into their own industrial groups.

In 2024, we made a change to our group structure, and Ernströmgruppen now consists of four business areas: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. The common denominator of all business areas is that their respective corporate structures share industrial logic. The change was implemented to combine expertise and thus create customer value, leading to increased competitiveness. The new structure improves the prospects for both organic and acquired growth by further promoting opportunities for knowledge sharing between companies with the same customers, similar operations and common challenges and opportunities.

Our business areas are at different stages of the process of becoming independent industrial groups. The Flow Technology business area is the most advanced, with its own management team and Board. They work in a structured way on everything from realising cost benefits to coordinating key functions such as purchasing and digitisation. These activities jointly capitalise on economies of scale, thereby achieving a better customer offering and stronger competitiveness.

Our ambition is to build independent, sustainable business areas.



Flow Technology

31%



Water & Energy

23%



Safety & Protection

13%



Automation & Electrification

33%

of Ernströmgruppen's total sales

ReTherm Kruge is part of Water & Energy. Patrik Andersson handles mounting systems for safe wall and ceiling suspension.





Flow Technology

31% of Ernströmgruppen's total sales

Products and system solutions that contribute to efficient energy use and optimised system performance by controlling, measuring and regulating flows.

By combining technical expertise with a wide range of products for heating, cooling, ventilation and flows, we can meet specific customer needs in industrial and commercial applications. The range includes valves, pumps, heat exchangers, fan convectors, air curtains and other key components. Working closely with our customers leads to integrated solutions that improve system efficiency and optimise the operation and maintenance of their systems. This is done by providing knowledge, products and services to create more energy efficient, environmentally friendly system solutions. Examples of flow technology concepts that help reduce operating and maintenance costs include metering of individual water consumption and indoor climate control, where weather conditions are taken into account to optimise performance.

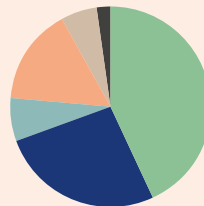
Events during the year

- Acquisition of Kokko Control, the focus of which is to help its customers with energy-efficient solutions using advanced components for industrial and power plant applications.
- Strong growth in the Danish market owing to increased demand for flow technology solutions in the pharmaceutical industry.
- Weaker growth in Finland and Norway, for which reason cost-cutting activities were implemented during the year.



Eveco was acquired at the end of 2023 and is a second-generation company based in Göteborg. Eveco supplies smart products and systems for cooling, heating and air conditioning for commercial premises. Eveco is a good match for Flow Technology as its products emit heat and cold from water-based systems from sources such as heat pumps, district heating and electric boilers, products that several of Ernströmgruppen's companies distribute.

Sales by country



- Sweden, 44%
- Denmark, 27%
- Finland, 7%
- Norway, 16%
- Rest of Europe, 6%
- Rest of the world, 2%

1.5^{bn}

Sales 2024 (SEK)

9.1%

EBITA margin 2024 (SEK)

4

Countries

Water & Energy



23% of Ernstströmgruppen's total sales

Products and solutions for water and energy, such as pressurised water, water treatment, clean drinking water and geothermal energy.

Water is a basic requirement for all life on Earth. The need for water treatment and efficient water consumption is intensifying, and consequently demand for our niche solutions is growing. We offer solutions for various pipe systems, from water distribution and monitoring to reduce water losses to distribution of pressurised water and purification of water systems. In this way, we play an important role in modernising outdated water infrastructure.

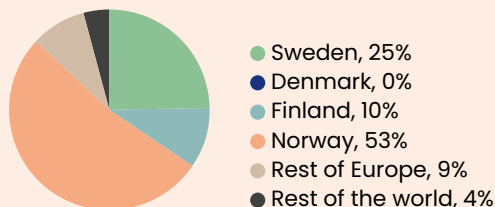
Transitioning to sustainable energy sources is an important key to mitigating climate change. If used responsibly and in a closed system, geothermal energy is a clean, renewable energy source. We contribute sustainable solutions by producing collectors and other products for geothermal installations.

Events during the year

- In 2024, Ernstströmgruppen was affected by a decline in demand for fossil-free solutions in Europe, which mainly affected the geoenery market. We have carried out activities to balance current demand and taken structural steps to boost our competitiveness.
- There was more favourable growth in pipe operations, where we gained market share and increased earnings.

ReTherm Kruge has been part of Ernstströmgruppen since 2008. ReTherm saw great improvement in earnings over the year, largely owing to increased sales of environmentally friendly polypropylene pipe systems. Polypropylene is characterised not only by a long service life but also by being highly environmentally friendly and recyclable, with a CO₂ footprint that is 65% that of traditional pipes specified.

Sales by country



1.2^{bn}

Sales 2024 (SEK)

10.3%

EBITA margin 2024 (SEK)

7

Countries



Safety & Protection

13% of Ernströmgruppen's total sales

Development and production of standalone and integrated components of safety products with global distribution.

Marine safety is essential to protect life, property and the environment at sea. Maintaining high safety standards reduces the risk of accidents and injuries, protecting both people and the marine environment. With extensive exports both within and beyond the borders of Europe, we have established a strong global presence. The industry is driven by increased regulation and the development and standardisation of safer, more sustainable practices. This requires us to constantly adapt and lead the way with innovative solutions. As a partner to OEMs, distributors and shipowners, we see our commitment to sustainability and innovation as an essential contribution to a future in which marine resources are utilised responsibly and safely, for both current and future generations.

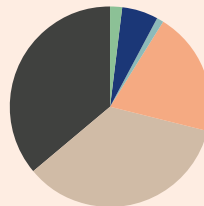
Events during the year

- Acquisition of the Norwegian company Norsap AS, the market leader and a global player in the manufacture of high-quality chairs for the maritime industry. The global market for operator chairs is growing due to an overall increase in fleet size and a greater need for safety and ergonomics. In addition, the increased use of digital interfaces and automated systems requires more customised operator chairs.
- Ernströmgruppen's most profitable business area with strong organic growth.



Polyform has been part of Ernströmgruppen since 2017. Polyform produces fenders and buoys and was the first in the world to produce inflatable net buoys and fenders made entirely of plastic. In 2024, a brand new production unit was opened in Ålesund, Norway. The Chair of the Board of Ernströmgruppen, Michael Olsson, had the honour of cutting the ribbon. The increased production options made it possible to move the production of some components from an external party in Europe. Fortunately, this contributed to a stronger margin during the year.

Sales by country



- Sweden, 2%
- Denmark, 6%
- Finland, 1%
- Norway, 20%
- Rest of Europe, 35%
- Rest of the world, 36%

0.6^{bn}

Sales 2024 (SEK)

17.3%

EBITA margin 2024 (SEK)

4

Countries

Automation & Electrification



33% of Ernstströmgruppen's total sales

Automation solutions to enable energy efficiency and the design and manufacture of products for greater electrification of our society.

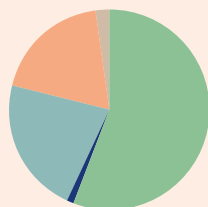
The companies in the business area are working on solutions that enable the electrification of communities, the transition to fossil-free energy and increased energy efficiency in buildings. Their focus is on power supply, energy-efficient homes and battery technology. The business area focuses on automation to promote energy efficiency with tailored solutions for controlling and optimising energy use. In this way, we reduce our customers' energy consumption, which not only lowers their energy costs but also contributes to significantly lower carbon emissions. Through a focus on innovation and customised solutions, we are contributing to a sustainable future in which energy efficiency and reduced emissions support our customers' goals for energy savings and operational efficiency.

BS Elcontrol has been part of Ernstströmgruppen since 2019 and is one of seven companies in the field of encapsulated electrical technology. BS Elcontrol, which has operations in both Sweden and Lithuania, increased its sales and profitability during the year. Growth in our electrical companies is strategically important given the pace of electrification. As fossil-fuelled cars are phased out, the expansion of solar and wind power intensifies, and with national targets for more energy-efficient buildings, the market is expected to grow even more in the future.

Events during the year

- A stronger position in industrial products through the acquisition of Livalco Stål, which supplies cut and shaped parts to customer specifications.
- Growth in materials testing and quality control. The market for test equipment is fragmented and there are good opportunities for growth in the future.
- Ouman designs and manufactures all the electronics for Harvia, which has helped Harvia become the world leader in sauna units. Sales to Harvia grew well during the year thanks to a sauna trend in the US.

Sales by country



- Sweden, 56%
- Denmark, 1%
- Finland, 22%
- Norway, 19%
- Rest of Europe, 2%
- Rest of the world, 0%

1.5^{bn}

Sales 2024 (SEK)

9.9%

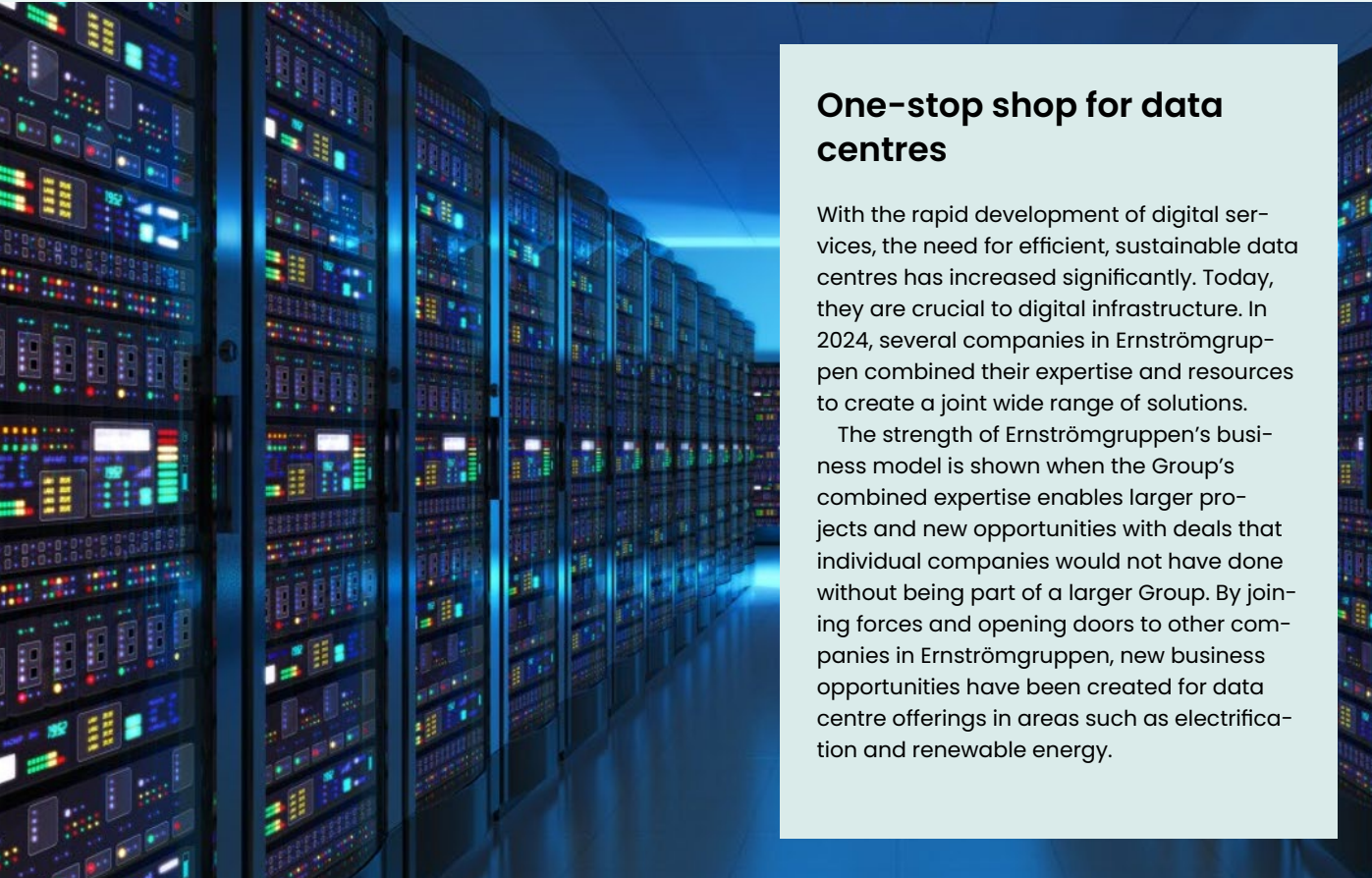
EBITA margin 2024 (SEK)

5

Countries

Case

2024 was a year in which we combined our expertise to offer sustainable solutions for data centres, invested in skills development for our employees and, through our foundations, promoted integration and supported entrepreneurship.



One-stop shop for data centres

With the rapid development of digital services, the need for efficient, sustainable data centres has increased significantly. Today, they are crucial to digital infrastructure. In 2024, several companies in Ernströmgruppen combined their expertise and resources to create a joint wide range of solutions.

The strength of Ernströmgruppen's business model is shown when the Group's combined expertise enables larger projects and new opportunities with deals that individual companies would not have done without being part of a larger Group. By joining forces and opening doors to other companies in Ernströmgruppen, new business opportunities have been created for data centre offerings in areas such as electrification and renewable energy.

Ernströmgruppen rewards commitment to entrepreneurship and sustainability with student scholarships

Ernströmgruppen's foundations

At Ernströmgruppen, we are proud of our foundations, which support university studies and research, and aid organisations with a focus on improvement and humanitarian work. For the academic community, we promote research and innovation, create collaborations between students, universities and Ernströmgruppen, and reward commitment to entrepreneurship and sustainability with scholarships. The aim is to encourage students to develop solutions for a more sustainable future. In 2024, we supported students at the School of Business, Economics and Law at the University of Gothenburg, Chalmers University of Technology and the Faculty of Technology at the University of Turku, among others. Projects range from sustainable fertilisers and circular solutions in the steel and chemical industries to innovative approaches to e-waste recycling.

EGR Academy continues to develop and during the year we launched the Sales Academy, at which 90 people received training during the year

Ernströmgruppen Sales Academy

Our employees are our most important resource and training is a key element in their growth and development. At Ernströmgruppen, we see skills development as a key to creating successful companies. Through our internal academy, the EGR Academy, which is available to all our subsidiaries, we offer training programmes that enable employees to grow, network and develop their skills.

We are continuously developing the range of training and in 2024 the Sales Academy was launched. The courses are primarily aimed at sales employees but also at other roles with continuous customer contact. In 2024, almost 90 employees learned more about active customer relations, the sales process, business acumen, digital communication and social selling in over 2,000 hours of training.

WOW – Integration through work and networks

WOW is a non-profit organisation that works to bring together women who are new to Sweden with established Swedes, promote integration and facilitate the path to the labour market. The initiative is based on networking events, mentoring and collaboration with the business community. WOW started up in Borås in 2024. Its launch was realised with support from Ernströmgruppen's foundations and the involvement of our companies in Borås, especially Borås Elektrokyl. In addition to financial contributions, female employees attended lunches organised for networking and gave practical guidance to women to help them find their first job in Sweden.



Sustainability report



General disclosures

About this report

Scope and preparation of the sustainability report

The sustainability report is an integral part of Ernströmgruppen's annual report. The report has been prepared in accordance with the Swedish Annual Accounts Act, but is inspired by the new statutory requirement for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). The report is therefore structured in line with (but not in accordance with) European Sustainability Reporting Standards (ESRS). CSRD is an EU framework for standardised sustainability reporting which promotes sustainability goals and investment in sustainable projects. We aim to fully align our reporting with ESRS for the 2025 reporting year.

Our sustainability work is based on the principles of internationally recognised and accepted conventions and agreements on the environment, human rights, working conditions and corruption, such as the UN Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Ernströmgruppen's Code of Conduct sets out the main principles for corporate responsibility and the conduct of all employees, as well as the ethically, socially and environmentally correct conduct of all our subsidiaries. Ernströmgruppen believes that integrating a sustainability perspective in its business model, strategy and day-to-day operations is crucial for continued growth, development and profitability.

Scope and time period

The report covers all areas of activity and is based on data from the calendar year 2024. We are focusing on improving the calculation of emissions, especially in scope 3, to enable more accurate and comprehensive sustainability reporting.

Strategy and business model

Strategy and sustainability focus

Ernströmgruppen has a sustainable focus in its strategy, with the ambition to create value for all stakeholders through responsible growth, sustainable improvements and investments. Our operations are based on every part having a positive impact on both people and the environment. Our sustainability work is based on the principles of the CSRD and the UN Agenda 2030 to support sustainable development globally.

Business model

Our business model is based on acquiring small and medium-sized niche companies in the Nordic region or Northern Europe. By offering strategic support, best practice tools and support on everything from pricing to HR issues and sustainability, we provide strategic support to develop long-term, sustainable business models for our companies. Coordinating similar companies in business areas creates scope for optimising operations and creating efficiencies, innovation and skills development through the subsidiaries to achieve sustainable growth and profitability.

We work closely with each company through our business areas to ensure that each company's business strategy is aligned with Ernströmgruppen's vision. Ernströmgruppen has a decentralised business model, affording each company management team ample leeway to adapt their organisation and offerings to the unique needs of their different customers. Local responsibility promotes sustainable entrepreneurship. Our model creates opportunities for synergies and helps mitigate risks via uniform corporate governance and sustainability frameworks.

Ernströmgruppen's value chain risks and opportunities are related to our subsidiaries, where sustainability risks are mainly linked to components, suppliers and transport. The fact that Ernströmgruppen consists of around 50 companies naturally mitigates the risks, as

no single company or product can have a material effect. The overall goals are to reduce emissions in line with the Paris Agreement. How this is achieved differs across our companies, as each decision is taken close to the business.

Stakeholders and stakeholder dialogue

Ernstströmgruppen consists of many companies and therefore many stakeholders. We have tried to assess how our operations affect our main stakeholders and how their expectations in turn affect our sustainability strategy. The dialogues we have had, and the information about their expectations that we have obtained through these dialogues, have been taken on board as we have worked to identify and prioritise the most material sustainability issues. The dialogue with stake-

holders is carried out by members of Group management responsible for sustainability issues. Reporting is to the Board.

Materiality assessment

Process and results of the materiality assessment

We performed a double materiality assessment during the year. The assessment is based on ESRS guidelines. In it, we identified the impact of our operations on the environment and society. Material sustainability issues were defined to form the basis of our reporting. The UN Sustainable Development Goals serve as a guide to the areas in which we can have the greatest positive impact.



Renovate and maintain.
REC Indovent's warehouse manager Jens Poulsen shows a top insert used for chimney renovation.

Governance

Governance and policies

Ernströmgruppen's governance is based on principles of responsibility and transparency. It is the responsibility of each company, in line with our business model of decentralised leadership, to strive to achieve the Group's goals. Concrete actions and plans are decided on the Board of each local subsidiary. We work to

international standards, and our environmental policies ensure consistent environmental responsibility across the Group. Governance also includes an annual operational risk assessment, in which the Board assesses both the impact of the external environment on our operations and vice versa, reflecting our double materiality perspective.

Overview of policies of particular importance for Ernströmgruppen's sustainability work:

Policy	Example of scope	Comments
Sustainability policy	<ul style="list-style-type: none"> • Values-based culture • Impact on people and the environment • Responsible business conduct • Resource efficiency • Sustainable supply chain • Product safety 	Sustainability is a fundamental and guiding principle for Ernströmgruppen's operations and should contribute to sustainable development taking into account financial, environmental and social aspects.
Code of Conduct (employees)	Ethical standards, requirements and commitments for all employees in relation to: <ul style="list-style-type: none"> • Working conditions • Human rights • Business ethics • Environment and sustainability • Information security and privacy • Whistleblower service 	Ernströmgruppen's main governance document, which forms the basis of our corporate culture, how people are treated and how we do business and operate in an ethical and responsible manner.
Code of Conduct (suppliers)	Ethical standards, requirements and commitments for suppliers	Our supplier standard is based on our Code of Conduct.
HR policy	<ul style="list-style-type: none"> • Leadership and employeeship • Diversity and inclusion • Training • Cooperation with trade union organisations 	The Group's HR policy describes how employees and managers at Ernströmgruppen should address and take responsibility for various issues.
Risk management and internal control policy	<ul style="list-style-type: none"> • Risk management process • Internal control process 	Risk management forms the basis of our work to minimise identified risks via a framework of internal controls.

Incentive structure

To keep sustainability issues a priority, we have an incentive plan in which the achievement of environmental and social responsibility targets is linked to bonus outcomes for senior executives. The plan includes both qualitative and quantitative targets in all three dimensions of sustainability to ensure continuous development of sustainability work.

Collaboration with stakeholders

We integrate customer requirements in contracts and have a supplier compliance code. This includes regular dialogues to ensure that all business partners comply with our sustainability standards and maintain high operating standards.

Actions and resources

Ernströmgruppen's environmental management strategy combines central policies and guidelines with decentralised implementation. Our actions and governance models are based on ISO 14001, ensuring a high level of commitment to environmental responsibility. Our corporate culture values individual responsibility and local entrepreneurship, and we continue to invest in our employees to support their engagement and development.

Overview of Ernströmgruppen's impacts, risks and opportunities under ESRS and the main areas and aspects that we will need to report on next year:

Double materiality assessment

Sub-topic	Impact description	Place in the value chain	Type of impact		Financial	
			Positive	Negative	Risk	Opportunity
Ernst&Young Group of Companies's climate impact and resource use						
Climate and environment						
E1	Emissions and mitigation of climate change	Actual negative impact on people and the climate from upstream activities, own operations and downstream activities, mainly owing to the production of inputs and products, inbound and outbound transport, business travel, waste management and energy consumption of offices, warehouses and factories in operation (electricity, heating, cooling).	Entire value chain		●	●
	Energy use in the value chain	Actual negative impact on the environment owing to energy use from non-renewable sources in own operations and in the value chain (extraction and production of materials/products, electricity, heating and cooling (warehouses, offices, factories) and waste management).	Entire value chain		●	●
	Energy reduction through products and services Ernst&Young Group of Companies provides for customers	Actual positive impact on the environment and energy consumption for consumers and end users by selling solutions that help companies increase their energy efficiency. Ernst&Young Group of Companies has a number of companies in the Group that offer various energy efficiency enhancement solutions.	Downstream	●		●
Ernst&Young Group of Companies as a workplace						
Social factors						
S1	Working environment and well-being of own workforce	Potential negative impact on people in own operations and their well-being in the workplace.	Own operations		●	●
	Diversity and inclusion at Ernst&Young Group of Companies	Actual negative impact on people and gender equality owing to low proportion of women on Ernst&Young Group of Companies's Boards. Ernst&Young Group of Companies generally has poor representation and diversity in the company, also linked to factors other than gender.	Own operations		●	●
	Health and safety at work for own workforce	Potential negative impact on people in own operations and their working environment linked to potential workplace-related accidents or injuries. Ernst&Young Group of Companies has employees in manufacturing who are highly exposed to risks related to their workplace.	Own operations		●	●
Ernst&Young Group of Companies's suppliers						
S2	Rights of workers in the value chain	Potential negative impact owing to the fact that Ernst&Young Group of Companies's subsidiaries have suppliers on a global scale and, for example, large purchase volumes from, for example, Asia with limited knowledge about working conditions there.	Upstream		●	●
Governance						
G1	Governance and relations with suppliers	Potential negative impact on the management of suppliers and their impact and insight into their activities. All companies in Ernst&Young Group of Companies are highly dependent on their suppliers and the relationship that exists with them. The company has global operations and impact through the purchases it makes.	Own operations		●	●
Business conduct and corporate governance						
G1	Corruption and bribery	Potential negative impact on people owing to potential cases of corruption or bribery in own operations and/or the supply chain. Ernst&Young Group of Companies has processes and policies in place to protect against this.	Entire value chain		●	●
	Protection of whistleblowers	Potential positive impact on people through the availability of a whistleblowing service for employees, suppliers, business partners and other stakeholders. Ernst&Young Group of Companies encourages everyone to use it and ensures protection for whistleblowers. The service is anonymous and all cases are handled promptly and confidentially.	Entire value chain	●		●
	Corporate culture	Actual positive impact on people through a good corporate culture characterised by decentralised ownership of the companies. Ernst&Young Group of Companies is a fourth generation family business built on a strong culture and passion for building better companies. In recent years, the Group has worked to create a stronger sense of community.	Own operations	●		●

EI Climate change

Climate impact and carbon emissions

This part of the sustainability report refers to Ernströmgruppen’s work on environmental issues in its own operations and in the value chain.

Impacts, risks and opportunities

The expected financial climate-related impacts for Ernströmgruppen mainly relate to the transition risks that affect all companies in the operations in which Ernströmgruppen’s companies are active. These include increased carbon taxes, stricter regulations and risks associated with the transition to a green economy. The development of CSRD and the impact of the increased reporting requirements are difficult to estimate, but the general development of climate declarations for products, which are increasingly required, is also expected to have an impact. This development may have a positive impact for companies that can demonstrate lower emissions for their products compared to competitors and a negative impact on future sales in case of poorer performance compared to similar products on the market. The new EU Corporate Sustainability Due Diligence Directive (CSDDD) may have a negative impact on Ernströmgruppen’s financial position and earnings in the longer term in the form of increased costs for managing

climate impact in the supply chain. Given that Ernströmgruppen is a decentralised Group with around 50 companies operating in different geographical areas and markets, physical climate-related risks are not deemed to be material from a Group perspective.

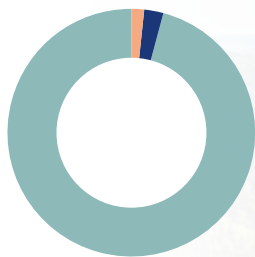
Ernströmgruppen’s main environmental risks and opportunities may be summarised as follows:

- Ernströmgruppen’s impact on the climate mainly relates to activities upstream in the value chain by the extraction of the resources required to manufacture the products and components that we sell and resources that we use for our own production having a negative impact on the climate. Inbound and outbound transport of goods and products also has a negative impact on the environment.
- In own operations, the largest sources of emissions are energy consumption by companies with their own production and fuel consumption by company-owned vehicles.
- Ernströmgruppen’s opportunities to reduce emissions for the end consumer, for example by means of energy efficiency enhancement, renewable energy and climate-friendly products, are deemed to have a positive impact on the environment.

Governance and strategy

Ernströmgruppen’s climate work is governed by our group-wide code of conduct and our sustainability policy, which states that we must take responsibility

Breakdown of emissions



- Scope 1: 1.9% of total emissions
- Scope 2: 2.4% of total emissions
- Scope 3: 95.7% of total emissions



for the impact we have on the environment and work to achieve climate-smart solutions to reduce both our own carbon footprint and that of our customers. Ernstströmgruppen has adopted carbon reduction targets in line with the Paris Agreement. The targets are to reduce Scope 1 and 2 emissions to zero by 2030 and Scope 3 emissions intensity by 50% by 2030, based on net sales. This includes investments in renewable electricity, electrification of vehicle fleets and continued in-house training in the form of our own Climate Business Programme.

As Ernstströmgruppen is an acquiring company with a decentralised business model with companies that largely sell products that other companies have produced, this presents challenges in identifying, measuring and calculating the greenhouse gas emissions that

arise in the value chain. Many of our companies rely entirely on values from our suppliers, and their sub-contractors, to calculate Scope 3. As far as possible, we try to find processes for a reasonable, albeit simplified, calculation of emissions. We work with our suppliers to develop processes to estimate these emissions and to use available methods, such as sector averages or other standard values.

Incentives

An important part of sustainability management is our long-term incentive plan for senior executives. There is a clear link between sustainability goal achievement and bonus outcomes. The plan includes both qualitative and quantitative goals in the areas of environment, social responsibility and corporate governance.

Metrics and targets

Key ratios	2024	2023
Total energy consumption, MWh	15,791	12,726
Of which energy from renewable sources, %	77%	50%
Energy consumption/sales (MWh in relation to sales of reported companies)	3.1	3.0
TCO ₂ eq emissions		
Scope 1	1,084	1,182
Scope 2, market-based	6,986	3,167*
Scope 2, location-based	1,385	
Scope 3, of which:	55,332	43,093
– purchases of goods and services (category 1)	47,222	37,820
– transport (categories 4 and 9)	6,344	4,098
– travel + fuel and energy-related activities (categories 3, 6 and 7)	1,766	1,175

*No distinction was made between market-based and local-based in 2023.

The increase in measurable emissions is because we have become better at measuring our emissions and Ernstströmgruppen is growing with new acquisitions. We work constantly to develop and improve the quality of our reporting. It is therefore not possible to make a fair comparison with the previous year.

S1 Own workforce

Social impact in our own workforce

This part of the sustainability report relates to Ernströmgruppen's work on social issues relating to its own operations.

Impacts, risks and opportunities

Ernströmgruppen's workforce consists mainly of production and warehouse workers, as well as sales and administrative staff. The physical and mental well-being of employees is a priority, as is continuous skills development in a changing environment. Risks include work-related stress, workplace safety, and gender equality and inclusion challenges. All companies in Ernströmgruppen are required to conduct a survey of all employees at least once a year. Ernströmgruppen uses the pulse measurement tool Winningtemp to study employees' experience of their work situation and well-being. At present, around 40 percent of the total number of employees in Ernströmgruppen receive these surveys, which are sent out regularly during the year. The results for the last quarter of 2024 show that 66 percent responded that they are not negatively affected by stress in their work. 34 percent responded that stress has a negative impact on their work to varying degrees. The result in this question area is an index of 5.9, in line with the industry. 95 percent of respondents indicate that they experience the workplace to be inclusive, while 5 percent of respondents

indicate that they experience discrimination/harassment in some form. The result in this question area is an index of 8.7, compared with an index of 8.5 for the industry.

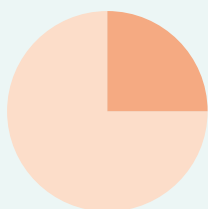
Ernströmgruppen's main social risks and opportunities may be summarised as follows:

- Ernströmgruppen's impact on its employees, including working conditions, health and safety, and diversity and inclusion.
- Risks linked to labour shortages and stricter requirements for social responsibility.
- Opportunities to build a strong corporate culture and increase employee engagement.

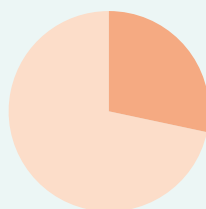
Governance and strategy

Ernströmgruppen's work on social sustainability and the well-being of our employees is governed by our Code of Conduct. Ernströmgruppen's success and continuous development are based on the commitment of our employees, driven by their desire to develop. Ernströmgruppen strives to have a corporate culture in which all employees thrive and develop. As an employer, we have a great responsibility to create a safe, positive working environment. Ernströmgruppen makes strategic investments in employee development, which includes fostering a culture of personal entrepreneurship and individual responsibility. We implement best practice for continuous learning and sustainable improvement and strive to be an industry leader via a fair and inclusive working environment.

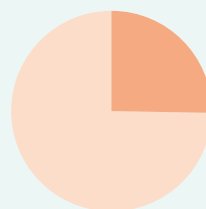
Gender distribution



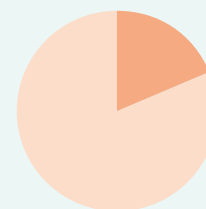
● Total women in Ernströmgruppen, 25%



● Women on the Board of Ernströmgruppen, 29%



● Women in executive positions, 25%



● Women on the Boards of subsidiaries, 19%

Metrics and targets

Key ratios	2024	2023
Number of employees (headcount), of whom	1,434	1,343
– men	1074	995
– women	360	348
Number of persons in executive positions (headcount), of whom	146	98
– men	109	75
– women	37	23
Number of persons on Boards of subsidiaries, of whom	192	193
– men	156	166
– women	36	27
Number of employees by age	1,434	1,343
– < 30 years	194	176
– 30–50 years	684	638
– > 50 years	556	529
Total number of incidents submitted via the Ernst&Young Global Limited whistleblowing channel	7	5
Total amount of fines, penalties and compensation for harm resulting from the incidents and complaints listed above	0	0
Accidents and incidents reported	40	45
– without sick leave	32	35
– accidents leading to sick leave, number of days	431	*

*For the comparative year, there is only data that 10 accidents resulted in some form of short-term sick leave. We lack data on the exact number of days of sick leave that this caused.

S2 Workers in the value chain

Social impact in the value chain

This part of the sustainability report relates to Ernströmgruppen's work on social issues relating to our value chain.

Impacts, risks and opportunities

Most of our earnings are generated by distribution and sales. Through its subsidiaries, Ernströmgruppen has thousands of suppliers, both domestic and international, across much of Europe and Asia. Our negative sustainability impact is therefore mainly indirect, via business relationships with our suppliers, and concentrated upstream in the value chain.

Ernströmgruppen's main social risks and opportunities may be summarised as follows:

- Impact on working conditions at suppliers and subcontractors, especially in high-risk countries.
- Risks related to human rights violations and working conditions in the supply chain.
- Opportunities to create a sustainable supply chain and strengthen partnerships with responsible suppliers.

Governance and strategy

Ernströmgruppen expects all suppliers to comply with legislation, show care for the environment and respect labour rights and human rights. Large parts of our supply chain include high-risk countries, where challenges relating to working conditions, human rights and gender equality are key. We see an opportunity to have a positive impact on local communities by setting sustainability and ethical requirements, and promoting a sustainable, responsible supply chain. A decentralised governance model means that each company ensures that its suppliers act in accordance with applicable laws and in an ethical manner with due care for the environment. This makes it more challenging to identify

and manage sustainability risks at Group level. The new EU Corporate Sustainability Due Diligence Directive (CSDDD) may entail stricter requirements for managing climate impact in the supply chain.

Actions

To enhance the sustainability work in the supply chain, Ernströmgruppen developed a Supplier Code of Conduct in 2024. The purpose of Ernströmgruppen's Supplier Code of Conduct is to define minimum requirements for all suppliers in the following areas: legal compliance, human rights, health and safety, resource management, environmental protection and business ethics. The Code of Conduct will be implemented in 2025 to ensure better monitoring of our suppliers. The responsibility for evaluating suppliers lies with the respective purchasing companies and, in accordance with our own Code of Conduct, sustainability must be a major selection criterion in procurement and direct purchases.

In general, we work to integrate sustainability and specific customer requirements in our contracts and specifications to meet expectations and maintain high operating standards.

Our Norwegian companies work in accordance with the Transparency Act, with which large Norwegian companies are required to comply. By tightening transparency and accountability requirements, the Transparency Act is intended to help prevent human rights violations and substandard working conditions at companies and their business partners and in the supply and value chain. Work is in progress to ensure that our other companies learn from the working methods developed in Norway to ensure that they are better able to assess their risks and report on their work to manage their human rights impacts across their value chain and are ready when similar laws are implemented in other countries in which Ernströmgruppen operates.

G1 Corporate governance and business ethics

Business conduct

This part of the sustainability report relates to Ernst&Young Global Group's work on governance and business ethics.

Impacts, risks and opportunities

Ernst&Young Global Group bases its operations on ethical business practices. Our Code of Conduct is central to ensuring that all employees and companies in Ernst&Young Global Group act in a correct and responsible manner. Ernst&Young Global Group promotes sustainable leadership and entrepreneurship. Business ethics is high on our agenda and is an issue that is continuously addressed. We have zero tolerance for corruption and do not accept any form of bribe or unfair restrictive practice.

A whistleblowing service helps maintain strong corporate governance. Everyone who performs work for Ernst&Young Global Group, or otherwise represents the Group, is obliged to comply with our Code of Conduct, in addition to acting in accordance with applicable rules and laws. All employees are trained in Ernst&Young Global Group's Code of Conduct via our digital training system.

Ernst&Young Global Group's main risks and opportunities related to corporate governance may be summarised as follows:

- Corporate culture, compliance with the Code of Conduct and integration of sustainability in decision-making processes.
- Risks related to inadequate corporate governance, including corruption and regulatory breaches.
- Opportunities to create long-term value by means of strong business ethics and sustainability-focused governance.

Governance and strategy

Ernst&Young Global Group has an anti-corruption policy, with training on the subject as part of the induction programme. An anti-corruption risk assessment is conducted regularly to ensure transparent business operations. We also have policies to ensure we comply with competition law and for sanctions and export

controls. Purchases from or sales to other countries must be made in accordance with our sanctions policy, which states that sufficient evidence must be obtained to ensure that we comply with international sanctions rules. Our codes of conduct are important cornerstones of our governance. Our Supplier Code of Conduct also includes basic principles on freedom of association. To maintain a high level of trust among customers, suppliers and other stakeholders, it is important to promote and strive for transparency and good business ethics.

All companies in Ernst&Young Global Group have access to an anonymous whistleblower service, which is also open to external parties such as suppliers. The recipient of the whistleblower cases is an external lawyer who allocates responsibilities for investigation and follow-up based on what and possibly whom cases concern. The whistleblower service is an important tool in maintaining good corporate governance and contributing to an effective process in which Group management can quickly become aware of risks and deficiencies in the organisation so that they can investigate and address them.



Corporate governance report

Board of Directors

The main task of the Board of Directors is to manage the Group's operations on behalf of the owners so that the owners' interest in long-term returns is satisfied in a sustainable, sound manner. The Board of Directors has overall responsibility for the organisation and management of Ernströmgruppen. The work of the Board of Directors is governed in part by the Swedish Companies Act, the Articles of Association and the rules of procedure adopted by the Board for its work.

Responsibilities and work of the Board of Directors

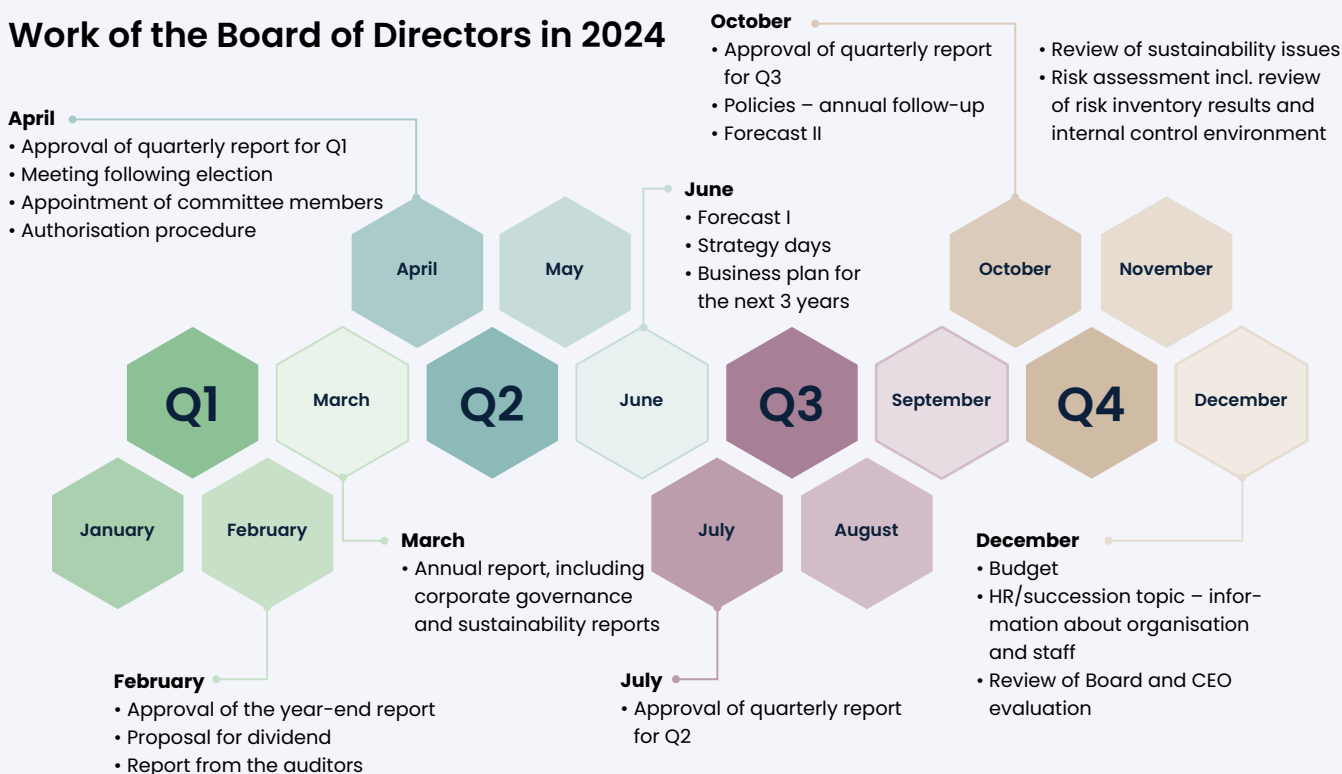
The Board of Directors has adopted written rules of procedure which govern the work of the Board and its division of labour, including its committees (Audit Committee and Remuneration Committee), the resolution procedure on the Board, the Board's meeting schedule and the duties of the Chair. The Board of Directors has also issued instructions for the CEO and instructions for financial reporting to the Board. Furthermore, the Board

has adopted a number of policies for the Group's operations. The Board of Directors oversees the work of the CEO by monitoring their activities throughout the year and is responsible for ensuring that the organisation, management and administrative guidelines are appropriately designed. The Board of Directors is also responsible for ensuring that Ernströmgruppen has effective systems for monitoring and control of its operations and compliance with laws and regulations. The Board is also responsible for establishing, developing and monitoring Ernströmgruppen's goals and strategy, decisions on acquisitions and divestments of businesses, major investments and appointments and remuneration of Group management.

Work of the Board of Directors in 2024

The Board of Directors addressed the fixed items set out in the Board's rules of procedure and annual plan, such as monitoring operations and the business situation, financial reporting, decisions on current acquisitions,

Work of the Board of Directors in 2024



adoption of policy documents and review of internal control and corporate governance. The Board also discussed the Group's long-term objectives and strategy, sustainability issues, succession planning and overall organisational issues and financing.

Audit Committee

The Committee works according to an annually established agenda and is tasked with monitoring and quality assuring the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee must review the accounting policies underlying the company's accounts and keep itself informed about the audit. The committee must also review and monitor the auditor's independence and impartiality and, in particular, whether the auditor provides services other than the audit. The Audit Committee's work mainly follows Ernströmgruppen's reporting calendar. The Audit Committee liaises with the company's auditors to discuss the focus and scope of the audit work. In 2024, the Committee consisted of Eva Nilsagård (Chair) and Henrik Forsberg Shoultz, the latter being replaced in December by Maximilian Hobohm and Henrik Larsson Lyon.

Remuneration Committee

The Remuneration Committee has the task of preparing the Board's proposal to the AGM on guidelines for remuneration of the CEO and other senior executives. In addition, the committee must monitor and evaluate potential and ongoing plans and plans completed during the year for variable remuneration of company management, and monitor and evaluate potential and ongoing share-based incentive plans and share-based incentive plans completed during the year. In 2024, the Remuneration Committee consisted of Fabian Hielte (Chair), Kristina Willgård and Michael Olsson. The CEO reports to the committee, but does not participate in matters concerning himself.

CEO and operating organisation

During the financial year, the Group's operations were organised in the four business areas Flow Technology, Water & Energy, Automation & Electrification and Safety & Protection.

Each operating subsidiary has a Board of Directors on which the subsidiary's CEO and executives from the business area are represented, and for larger companies also representatives of Ernströmgruppen AB. The CEO of each subsidiary reports to its business area manager. The business area manager reports to the CEO of Ernströmgruppen AB.

Internal control

The responsibility of the Board of Directors and the CEO for internal control is governed by the Companies Act and the Annual Accounts Act. The Board of Directors has overall responsibility for ensuring that the Group has an effective system of management and internal control. This responsibility includes annually evaluating the

financial reporting received by the Board and setting requirements for its content and format to ensure the quality of the reporting. These requirements mean that the financial reporting must be appropriate, applying the applicable accounting rules and other requirements for listed companies. The CFO has reported to the Board on the Group's work on internal control.

Control environment

Ernströmgruppen builds and organises its operations on the basis of decentralised responsibility for profitability and earnings. The basis for internal control in a decentralised organisation is a well-established process aimed at defining goals and strategies for each business. Defined decision-making paths, powers and responsibilities are communicated through internal instructions and policies established by the Board. On a more general level, all operations in Ernströmgruppen are conducted in accordance with the Group's Code of Conduct.

Risk assessment

Ernströmgruppen has established routines to manage risks that the Board of Directors and company management have deemed to be material for the internal control of the Company's financial reporting. The Group's exposure to a number of different market and customer segments and the fact that operations are conducted in more than 50 operating companies means that, in the opinion of the Board of Directors, there is significant risk diversification. The main risks associated with the carrying amount of intangible assets relate to acquisitions, inventories, trade receivables and income.

Control activities

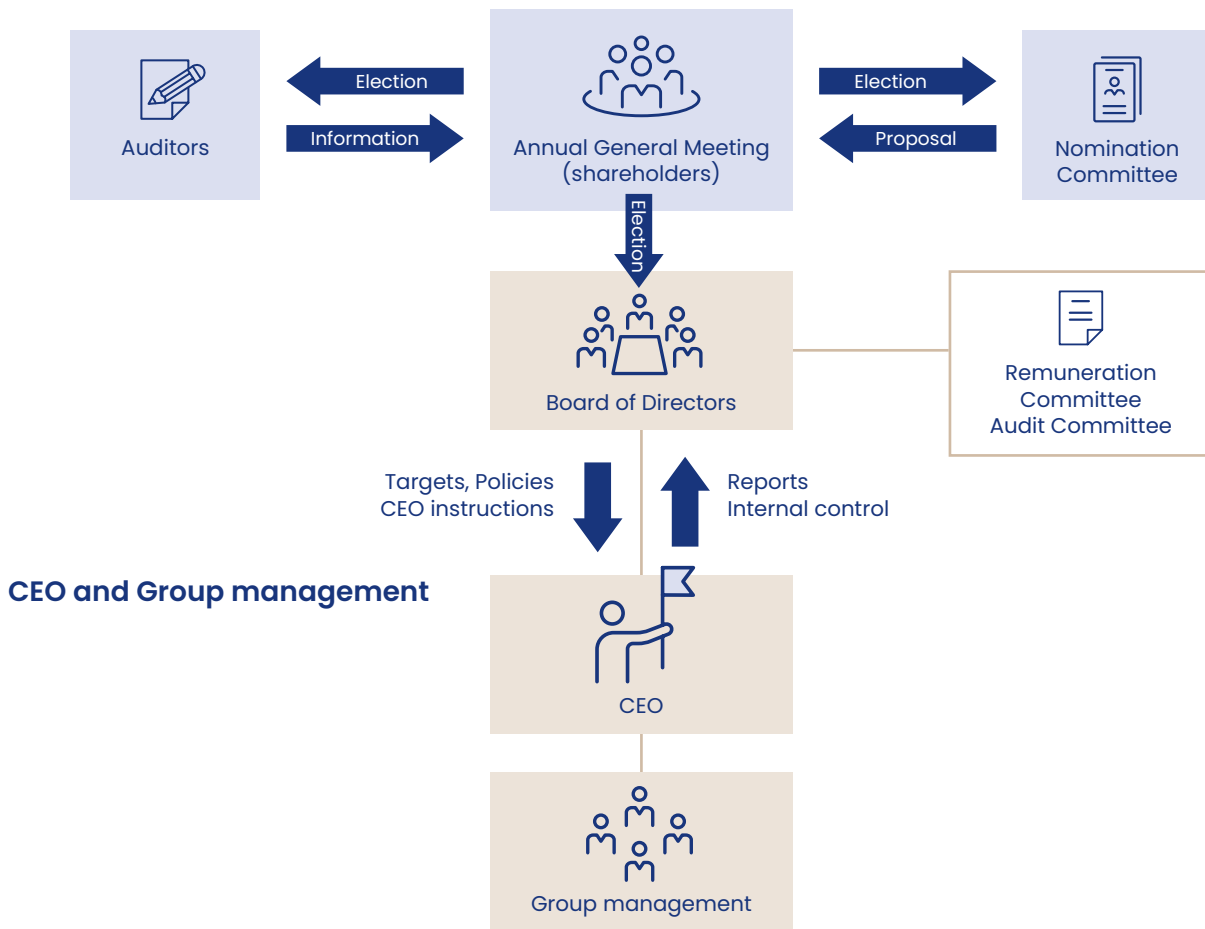
Examples of control activities are transaction-related controls such as rules on authorisations and investments and clear payment procedures, but also analytical controls carried out by the Group's controllers and central finance department. An important overall control activity is the monthly performance monitoring carried out via the internal reporting system, which is analysed and commented on in the internal Board work.

During the year, self-assessment of all the Group's companies with regard to internal control issues was carried out, covering everything from credit checks on customers, valuation and inventory of inventories to payment procedures, documentation and analysis of financial statements and compliance with internal policies and procedures.

Monitoring, information and communication

The Board of Directors received monthly comments from the CEO on the business situation and the development of operations. The Board discussed the quarterly financial statements and was updated on the work on internal control and its outcome. The Board also reviewed EY's assessment of the Group's internal control processes.

Owners and Board of Directors



Board of Directors

Michael Olsson, Chair* Member since 2013, Chair since 2021. Chair of Allurity AB. Member of AstenJohnson Inc.

Fabian Hielte Member since 2000. Chair of Kusinhus AB and Neudi & C:o AB.

Henrik Larsson Lyon* Member of Ernströmgruppen since 2024. Former CEO of Hexatronic Group, member of Nordica Group AB, Chair of Njord Survey AB.

Maximilian Hobohm Member of Ernströmgruppen since 2024. Member of Platzer Fastigheter AB.

Oscar Bördin Member of Ernströmgruppen since 2024. Member of Kognic AB.

Eva Nilsagård* Member of Ernströmgruppen since 2022. Member of Addlife AB, Bufab AB, AB Svensk Exportkredit, Hansa Biopharma AB, Xbrane Biopharma AB, Nanexa AB, Nimbus AB and Silex Microsystems AB.

Kristina Willgård* Member of Ernströmgruppen since 2022. Member of Mölnlycke, Addnode Group, Permobil AB, AQ Group, InArea Group and Chair of C-Rad AB.

Management team

Alexander Wennergren Helm CEO

Per Nilsson CFO

Eskil Nilsson Business development

Christian White M&A

Malin Jidéus IR, Sustainability and Finance

Business area managers:

Fredrik Skarp, Flow Technology

Kjell Bernt Kalland, Water & Energy

Håkan Skutberg, Safety & Protection

Magnus Thousgaard Terrvik, Automation & Electrification

*independent in relation to the Company and Group management and in relation to the Company's major shareholders.

Financial statements

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Directors' report

Directors' report

The Board of Directors and the CEO of Ernströmgruppen AB, corporate identity number 556081-4245, hereby submit the annual report, consolidated financial statements and sustainability report for the financial year 2024. The statutory annual report consists of the directors' report with the proposed appropriation of profits, the financial statements, notes and the auditor's report. The statutory sustainability report according to the Swedish Annual Accounts Act is included in the annual report on the following pages: Social relations and human resources issues; see pages 32–34. Environment; see pages 26–32. Human rights and anti-corruption; see pages 33–35. Objectives and strategies and Active ownership; see pages 8–9. The management of significant risks in the area of sustainability is part of the Group's general risks, described in the directors' report on pages 38–43.

Information about operations

Ernströmgruppen is a family-owned corporate group with the business concept of owning and developing entrepreneurial niche businesses. By focusing on sustainability, people and customers, the Group creates growth and companies that are competitive and profitable in the long term. The Group has a decentralised business model in which companies are to develop in an environment where the management at each company is given ample scope to adapt their organisations and offerings to the unique needs of their various customers. Ernströmgruppen's goal as an owner is to develop companies. With our companies, we strengthen our competitiveness to create long-term sustainable profitability and growth.

Development of sales and earnings

Ernströmgruppen delivered EBITA growth and strong cash flow in 2024. For the full year, the Group reports a sales level above the previous year, which is explained by acquisitions. Net sales were SEK 4,828 million (4,611). Growth for the year was 5 percent, of which organic growth, adjusted for acquisitions, was -1 percent.

Earnings improved during the year. EBITA amounted to SEK 502 million (462) with a margin of 10.4 percent (10.0). EBITA increased by 9 percent compared to the previous year.

EBITA, adjusted for acquisitions as if they had been owned from the beginning of the year and adjusted for one-time items, amounted to SEK 541 million (498), repre-

senting an increase of 8.6%. Return on employed capital for the year was 17.2% (18.3%), and pro forma return on employed capital was 18.5% (19.5%).

Cash flow from operating activities was SEK 476 million (479).

Financial position

The equity/assets ratio was 21.9 percent (21.9). The Group's liabilities to credit institutions totalled SEK 1,715 million (1,266). Cash and cash equivalents at the end of December totalled SEK 308 million (136) excluding available short-term credits of SEK 25 million. The high level of liquidity at the year-end is explained by the fact that the acquisition of Koka Oy was to be completed on the first banking day of 2025. Total net debt amounted to SEK 2,105 million (1,798) and net debt through pro forma EBITDA amounted to 2.82 (2.71) at the end of the period. The financial net debt amounted to SEK 1,407 million (1,130), and the financial net debt through pro forma and adjusted EBITDA, adjusted for the leasing effect according to IFRS 16, amounted to 2.35 (2.06).

Financing

Cash and credit facilities available for acquisitions amount to approximately SEK 1,500 million. The Group complies with the covenants underlying the agreement by a good margin. Refinancing of the Group's credit agreements was completed in the last quarter. SEK 2,500 million was renegotiated with existing banks, Nordea and SEB. The credit facility runs for 3 years with an option for a further 2 years.

Cash flow from operating activities after changes in working capital for the full year of 2024 amounted to SEK 476 million (479). Cash flow from investing activities for the period amounted to SEK -441 million (-391) and consisted mainly of acquisitions and settlement of contingent considerations. Free cash flow was SEK 269 million (277) for the full year. As in previous years, the Group reports high cash flow generation of 80 (88) percent for the full year 2024.

Acquisitions

Ernströmgruppen completed eight business combinations of varying sizes during the year, welcoming 78 new employees to the Group. The following business combinations were completed during the year. For a more detailed description of the acquisitions, see Note 31.

Livalco Stål Aktiebolag was acquired in January. The

Directors' report



company stocks and supplies high-quality steel products. In 2023, the company had sales of approximately SEK 100 million.

Power Control AS, a Norwegian producer of encapsulated electrical technology, was acquired in May. In 2023, the company had sales of approximately SEK 46 million.

Kokko Control was acquired in May. The company is an expert supplier of key components for industrial and power plant products. The company has annual sales of SEK 52 million.

Norsap AS was acquired in July and is the market leader and a global player in the manufacture of high-quality chairs for the maritime industry. In 2023, the company had sales of approximately SEK 125 million.

Sør-Stål AS was acquired in July and is a specialist in sheet metal processing with annual sales of approximately SEK 40 million.

Elektriske Skap-Systemer AS, Labrotek Oy and Paper Test Equipment AB are minor add-on acquisitions completed during the year.

Operating segments

Ernströmgruppen consists of about 50 companies with subsidiaries in 10 countries in the Nordic and Baltic regions, Poland, the Netherlands, Spain and the UK. The companies are organised in four different operating segments: Flow Technology, Water & Energy, Automation & Electrification and Safety & Protection. In each segment, the companies work in related industries and/or with the same business logic. The industries range from geoenery and air and climate control to electrical and fluid engineering and marine safety. Regardless of the industry, they all have the same ambition – to be a leader in their niche.

Flow Technology

There was a general weakening of demand in 2024, which stabilised at a lower level over the year. The Danish operations continue to make a very strong contribution to the business area. Eveco, which was acquired at the end of the previous year, also made a strong contribution to the improved margin. A weaker market in ventilation and industrial products and generally poorer performance for operations in the Finnish and Norwegian markets contributed to performance in line with the previous year.

Flow Technology, SEK million	2024	2023
Net sales	1,477	1,487
EBITA	134	129
EBITA margin	9.1%	8.7%

Water & Energy

The decrease for the full year was mainly a consequence of low demand in geoenery. Operations in water treatment and infrastructure also lost ground compared with the previous year, as the market for these types of investment was weak. Instead, we gained market share and improved earnings in pipe-related operations. EBITA for the year for the segment is negatively affected by a non-recurring cost for retroactive customs duties of SEK -10 million. During the year, corrections were made to customs declarations for previous periods. Adjusted EBITA was SEK 137 million, corresponding to an 11.1 percent margin.

Water & Energy, SEK million	2024	2023
Net sales	1,229	1,285
EBITA	127	156
EBITA margin	10.3%	12.1%



Directors' report

Safety & Protection

The increase in sales was on account of strong organic growth combined with acquisitions completed. Strong market demand, the favourable effect of investments in a new production unit in Ålesund, Norway, and the excellent performance of the acquiree Norsap resulted in strong growth. EBITA grew in 2024, mainly on account of strong performance in our existing marine safety companies.

Safety & Protection, SEK million	2024	2023
Net sales	594	462
EBITA	103	77
EBITA margin	17.3%	16.7%

Automation & Electrification

The business area saw continued strong recovery in automation operations, which performed less well in the second half of 2023 and at the start of 2024. A more efficient cost structure had a positive impact and contributed to higher EBITA. Electrification operations generally performed slightly better than in the previous year. Improved earnings were achieved by means of structured work in companies that did not perform as expected in the previous year. Other electrification companies that supplied more to new construction, and the housing market in particular, had tougher comparative figures and lost sales and earnings.

Automation & Electrification, SEK million	2024	2023
Net sales	1,537	1,390
EBITA	152	125
EBITA margin	9.9%	9.0%

Risks and uncertainties and risk management

The Group and the parent company are exposed to various risks via their activities. The main risks are operational and market-related, but there are also financial risks and, to some extent, regulatory risks. In general, we see changes in market behaviour and rules as opportunities rather than risks. Opportunities for our companies to present new solutions and products. This is where our decentralised business model with short decision-making paths works best.

The geopolitical unrest, particularly in Ukraine and the Israeli-Palestinian conflict, has not had a significant impact on the Group. Preparedness is in place if the situ-

ation changes and risks such as increased raw material and energy prices, component shortages and availability problems materialise.

For 2025, we have seen an increased risk of an increase in trade tariffs. These potential increases in tariffs may lead to higher costs and could negatively affect our purchase prices. Increases in trade tariffs may also reduce demand for products. We continue to monitor developments closely and are adjusting the pricing of our products to minimise any negative impact.

Operational, market and customer risks

Risk exposure to customers in the form of bad debt losses exists, but is not deemed high for the Group as the customer portfolio is diversified in terms of the number of companies. The Group's exposure to individual customers is therefore low.

There is an inherent risk that products will not work as intended. Even with insurance cover, if product defects lead to loss of life or other serious consequences, this may cause significant reputational damage and legal liability, especially in markets such as the US, ultimately affecting the Group's financial stability and stakeholder confidence.

Digitisation and new artificial intelligence solutions, including increased access to information, could lead to increased competition and price pressure.

Rapid changes in the economy and general demand, or force majeure events, may disrupt global supply chains when the supply of components and products diverges significantly from demand.

Ernströmgruppen's companies are dependent on their customers' purchases and investments and are affected by cyclical changes in many different markets and by global market conditions, including geopolitical uncertainties. A weakening in the markets in which Ernströmgruppen operates may have negative effects on its financial position and earnings.

Globalisation and/or regionalisation, and rapid technological developments, are driving structural changes at the customer level. These developments may increase demand for the companies' products, but may also lead to the loss of customers through mergers or closures.

There is a risk in the Group related to the potential loss of key suppliers, especially those with agency agreements, switching to another distributor or to own sales. Losing a supplier may have a more negative impact than losing customers, as it may result in a total loss of income linked to that supplier.

Several markets are characterised by technological



advances and changes in customer preferences. There is a risk that companies will not develop and market new products quickly enough, which may negatively affect demand.

Ernstströmgruppen's business model, with a number of small and medium-sized companies operating in various industries, reduces the aggregate Group risk of cyclical sensitivity and exposure to individual customers or technologies. As a result of decentralised governance, the operating responsibility for operational risks, which includes, for example, credit risk assessment of customers and payment procedures, lies with the respective companies. The decentralised governance model also means an agile organisation in which decisions are made quickly and close to operations, ensuring good adaptability.

The decentralised business model also makes each company and its managers responsible for ensuring compliance with laws and regulations according to what applies to them in their markets based on their interactions with customers, suppliers and public authorities. Some of our companies are active in markets with more stringent safety requirements for operations or other forms of certification of competence. If any of our companies were to fail in terms of safety or compliance, there would be a risk of negative publicity and fines as well as sanctions and problems for future business. To minimise the risk of negative consequences of inadequate management, Ernstströmgruppen devotes time and resources to understanding these risks. To make risk management as straightforward as possible for Ernstströmgruppen's companies, the parent company has developed policies, principles, training and manuals for managing and minimising risks related to, for example, receiving bribes, sanctions, corruption and unauthorised collaboration with competitors.

Liquidity risk, financing risk and interest rate risk

Ernstströmgruppen's acquisitions are financed in part by loans from credit institutions, for which reason interest expenses are a significant expense item for the Group. An increase in market interest rates and credit margins affects the Group's earnings. Ernstströmgruppen mainly has variable interest rates, for which reason changes in interest rates in the market affect profit (read more about the effect of increased interest rates in note 3 on page 57). Ernstströmgruppen's ability to pay interest and raise new loans depends on its future ability to generate cash and cash equivalents. To ensure access to financial

resources, liquidity is monitored continually at both Group and subsidiary levels.

Ernstströmgruppen has drawn up a financial policy that applies to all companies in the Group. The financial policy helps the companies in the Group identify and manage financial risks such as currency and liquidity risks. All consolidated cash and cash equivalents are pooled in shared global cash pools, allowing a temporary deficit in one company to be financed by a surplus in another. This permits the Group to ensure that all companies have access to liquidity on reasonable terms and to minimise the Group's overall use of credit.

Currency risk

The Group has currency risks because it has purchases and sales in different currencies. The main risk arises when assets and liabilities are recognised in foreign currencies and exchange rate movements reduce the value of the asset or increase the cost of the liability. The Group is principally affected by changes in the exchange rate between SEK and EUR, DKK and NOK. Exposure is reduced by balancing foreign currency assets and liabilities. By pooling all cash and cash equivalents in the Group's global cash pools, the impact is reduced as we can perform natural swaps between companies that have different inflows and outflows but complement each other, for example if one company has large revenues in a foreign currency and another has large purchases in the same currency. Currency translation had a negative impact on sales of approximately 1 percent in 2024.

Acquisition-related risks

Acquisitions are an essential part of the Group's business model and growth. A business risk for Ernstströmgruppen is associated with the acquisition of large companies. If Ernstströmgruppen does not succeed in continuing to acquire profitable companies in the same way as in previous years, its financial performance may deteriorate. It is important that the acquisition process, and in particular the pre-acquisition assessment of companies, is thorough and includes commercial, legal, financial and sustainability aspects. Despite extensive due diligence processes, there is still a risk that critical issues may remain undetected. If the quality of the acquisition process deteriorates, the reputation and financial performance of Ernstströmgruppen may be jeopardised. If companies with material problems are acquired as a result of a flawed evaluation process or owing to unfore-



Directors' report

seen events, for example regarding financial earning capacity or important sustainability aspects, there is a risk that the financial performance of the Group will deteriorate. Changes in market conditions and poor performance of acquired companies lead to the necessary impairment of goodwill or other intangible assets, which would negatively affect the Group's financial position.

Our investment policy includes guidelines to mitigate the risks described above and how we treat acquisitions with a well-established acquisition process, run by people with broad, extensive experience, in which companies are evaluated based on a variety of parameters, both quantitative and qualitative. Ernströmgruppen normally uses an acquisition structure with a base consideration and a contingent consideration, and in many cases the seller remains a minority shareholder. The contingent additional consideration and co-ownership give Ernströmgruppen shared risk with the sellers through acquisition agreements and shareholder agreements.

Risks related to IT and information security

IT incidents at Ernströmgruppen's parent company or at any of the larger companies may lead to the loss of critical data or to one or more of the IT systems used becoming inoperable in some way. Failure of any of the subsidiaries' IT systems may lead to downtime with financial and customer-related consequences. Companies may also be exposed to business disruption caused by cybercrime or other intrusion into their information systems, which may lead to business interruption and high costs.

The Group is also vulnerable to cyberattacks, which mainly increase the risk of fraudulent payments, which may harm Ernströmgruppen and our relationships with banks and other stakeholders. There is a risk in the Group related to business interruption caused by events beyond the companies' control, such as floods and other natural disasters. These events may lead to significant operating interruption, affecting production and overall business continuity.

Although Ernströmgruppen has taken measures to mitigate this risk by means of appropriate business interruption insurance, the increasing frequency of such disasters may have a negative impact from a Group perspective.

Ernströmgruppen's decentralised business model with independent subsidiaries means that only a few companies share IT platforms and infrastructure. This means that the risk of significant financial impact on the Group in the event of an IT incident is relatively limited. Robust cybersecurity measures and a group-wide training

programme including IT security training and a specific self-assessment by all Group companies focusing on information and IT security.

Risks related to social sustainability and employees

One risk in the Group is that key individuals, especially the founders of the subsidiaries, may leave unexpectedly. In subsidiaries without succession plans, the absence of key individuals may lead to poor business strategy decisions and operating performance, which may negatively affect the subsidiaries and the Group's ability to achieve its strategic and financial objectives. If Ernströmgruppen fails to recruit suitable replacements, this may have a negative impact on the company's financial position and earnings. Working towards greater diversity and inclusion is a strategically important area for our companies. Lack of diversity risks reducing innovation and creativity, limiting perspectives in decision-making and making the workplace less attractive, which may lead to difficulties recruiting new talent.

Ernströmgruppen's business model, with a number of small and medium-sized companies operating in various industries, reduces the aggregate Group risk of events at individual companies. A structured annual process is in place for succession planning. Regular employee surveys are required in all companies to measure the situation and enable action to be taken if necessary.

Risks related to environmental sustainability

There is a risk of a lack of insight into and control of supply chains, which increases ESG (environmental, social and governance) risks. Suppliers' non-compliance with regulations and Ernströmgruppen's standards may lead to legal sanctions, customer losses and reputational damage. In addition, stricter rules, such as environmental product declarations, may make products less attractive or unusable, causing operating disruption and financial difficulties if they are not addressed effectively.

Climate change in the form of global warming may entail financial risks, such as sharp increases in energy costs. Extreme weather events and natural disasters are other examples of risks that may affect our companies and their value chains. Changes in environmental legislation, taxes and demand may affect companies' sales of products and solutions, as well as the transport of goods.

All companies must conduct materiality assessments to identify their own material sustainability priorities, which must also be presented to and discussed with their respective Boards. Continuous risk analyses are also carried out at business area and Group level from various

Directors' report



sustainability perspectives to identify any possible Group-wide initiatives, and companies with higher risk and what support they may need.

Risks related to financial reporting and accounting

The Group is exposed to a number of risks that may affect accounting and financial reporting. Examples of risks in this area include reporting incorrect figures in financial statements, incorrect assumptions and estimates, deficiencies in internal controls and changes in accounting standards.

Good internal control is crucial to reducing the risk of misstatements in financial reporting. Ernstströmgruppen has drawn up an internal control framework that applies to all companies in the Group. The framework is reviewed annually in each company, after which any necessary improvements are analysed.

The Group has a financial policy adopted by the Board of Directors of the parent company. The financial policy helps us manage our financial risks in a structured way. The policy, which applies to all companies in the Group, clarifies, among other things, the division of responsibilities in the Group, currency and liquidity risk management, the reporting and monitoring process and the accounting policies to be applied.

Outlook

The Group's objective is to continue to develop and grow. We want to build business areas with industrial logic that can operate independently. This will be achieved by the long-term, sustainable development of existing companies and by new acquisitions that can complement and contribute to existing business areas. Companies must grow with a sound risk profile and with debt/equity ratio and capital structure that are balanced and in line with targets.

Significant events after the end of the reporting period

Since the end of the reporting period, Ernstströmgruppen has completed two acquisitions, Koka Oy and Spica Technology Aps. Koka was acquired in January 2025 and Spica Technology was acquired in March 2025.

Ownership

Ernstströmgruppen AB is 69% owned by Neudi & C:o AB, corporate identity no. 556226-0603, a fourth-generation family-owned company.

Neudi & C:o and Ernstströmgruppen stem from the same business, dating back to 1918, and the Ernstströmgruppen industrial group is now a core long-term holding of Neudi & C:o.

Dividend and Annual General Meeting

The Board of Directors proposes a dividend of SEK 4.00 (4.00) per share for 2024, corresponding to a total dividend of SEK 80 (80) million.

The Annual General Meeting of Ernstströmgruppen AB will be held in Göteborg at 15:30 on 29 April 2025.



Proposed appropriation of profits

The following profits are at the disposal of the AGM:

Proposed appropriation of profits	31 Dec. 2024
Accumulated profit or loss	352
Profit for the year	117
Total	469

The Board of Directors proposes that the profits be appropriated as follows:

Proposed appropriation of profits	31 Dec. 2024
Dividend to shareholders of SEK 4 per share	80
To be carried forward	389
Total	469

The Board's opinion

The Board of Directors is of the opinion that the proposed value transfer does not prevent the company, and the companies included in the Group, from fulfilling their obligations in the long and short terms, or from making necessary investments. The proposed value transfer is therefore justifiable with regard to what is stated in Chapter 17, Section 3, paragraph 2–3 of the Swedish Companies Act (the prudence rule).

Consolidated income statement



Amounts in SEK million	Note	2024	2023
Net sales	6, 7, 29	4,828	4,611
Other operating income	10	37	9
Total operating income		4,865	4,620
Operating expenses	29		
Goods for resale	17	-2,639	-2,566
Other external expenses	8	-344	-328
Personnel costs	9	-1,175	-1,099
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	14, 15, 16	-312	-232
Total operating expenses		-4,470	-4,225
Operating profit		395	395
Financial income	11	17	11
Financial expenses	11	-128	-106
Total financial items		-111	-95
Profit before tax		284	300
Income tax	12	-55	-73
Profit for the year		229	227
Earnings per share in SEK (basic and diluted)		11.43	11.33
Average number of shares		20,000,000	20,000,000
Statement of comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences		2	-18
Items that may not be reclassified to profit or loss			
Remeasurement of the net pension liability	24	4	-5
Income tax attributable to the above item		-1	-1
Other comprehensive income for the year		5	-24
Total comprehensive income for the year		234	202



Consolidated balance sheet

Amounts in SEK million	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	15	1,434	1,193
Other intangible assets	15	515	407
Total intangible assets		1,949	1,600
Property, plant and equipment			
Property, plant and equipment	14	211	200
Total property, plant, and equipment		211	200
Right of use assets	16	343	340
Financial assets			
Other non-current receivables		14	8
Defined-benefit pension plan	24	2	1
Total financial assets		16	9
Deferred tax assets	23	53	32
Total non-current assets		2,570	2,254
Current assets			
Inventories			
Goods for resale	17	667	647
Total inventories		667	647
Current receivables			
Trade receivables	19	726	703
Other receivables		52	37
Prepaid expenses and accrued income		42	26
Cash and cash equivalents	20	308	136
Total current receivables		1,128	902
Total current assets		1,795	1,549
TOTAL ASSETS		4,366	3,730

Consolidated balance sheet



Amounts in SEK million	Note	31 Dec. 2024	31 Dec. 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	21	20	20
Reserves		31	29
Accumulated profit or loss (including profit for the year)		905	769
Total equity		956	818
Non-current liabilities			
Other non-current liabilities	25	335	259
Provisions for pensions and similar obligations		-	-
Deferred tax liability	23	98	87
Other provisions		6	6
Liabilities to credit institutions	22	1,277	1,266
Lease liability	16	211	223
Total non-current liabilities		1,927	1,841
Current liabilities			
Liabilities to credit institutions	22	438	-
Lease liabilities	16	114	103
Accounts payable – trade		331	321
Liabilities to related parties		1	1
Current tax liability	12	51	51
Other current liabilities	26	220	233
Accrued expenses and deferred income	27	327	361
Total current liabilities		1,482	1,070
Total liabilities		3,410	2,912
TOTAL EQUITY AND LIABILITIES		4,366	3,730



Consolidated statement of changes in equity

Amounts in SEK million	Note	Share capital	Reserves	Accumulated profit or loss	Total
1 Jan. 2023		20	40	635	695
Profit for the year		-	-	227	227
Other comprehensive income		-	-11	-7	-18
Total comprehensive income		20	29	855	904
Transactions with shareholders					
Remeasurement of put option related to non-controlling interest		-	-	-6	-6
Dividend		-	-	-80	-80
Total transactions with shareholders			-	-86	-86
31 Dec. 2023		20	29	769	818
1 Jan. 2024		20	29	769	818
Profit for the year		-	-	229	229
Other comprehensive income		-	2	3	5
Total comprehensive income		20	31	232	234
Transactions with shareholders					
Remeasurement of put option related to non-controlling interest		-	-	-1	-1
Dividend		-	-	-96	-96
Total transactions with shareholders		-	-	-96	-96
31 Dec. 2024		20	31	905	956

Consolidated statement of cash flows



Amounts in SEK million	Note	2024	2023
Operating activities			
Profit after financial items		284	300
Adjustment for non-cash items	32	311	240
Income tax paid		-99	-99
Cash flow from operating activities before change in working capital		496	441
Cash flow from change in working capital			
Change in inventories	17	39	60
Change in operating receivables		25	-10
Change in operating liabilities	26	-84	-12
Total change in working capital		-20	38
Cash flow from operating activities		476	479
Investing activities			
Investments in intangible assets	15	-31	-26
Investments in property, plant and equipment	14	-38	-68
Sale of property, plant and equipment		1	-
Investments in subsidiaries	31	-373	-298
Cash flow from investing activities		-441	-391
Financing activities			
Borrowings	22	440	15
Repayment of lease liabilities	16	-138	-108
Acquisition of minority interests		-53	-5
Dividend paid		-109	-91
Cash flow from financing activities		140	-188
Cash flow for the year			
Cash flow for the year		175	-100
Cash and cash equivalents at start of year		136	236
Exchange difference in cash and cash equivalents		-3	-
Cash and cash equivalents at year-end	20	308	136



Parent income statement

Amounts in SEK million	Note	2024	2023
Net sales	6.7, 29	41	35
Total operating income		41	35
Operating expenses	29		
Other external expenses	8	-27	-27
Personnel costs	9	-45	-44
Depreciation of property, plant and equipment	14	-	-
Total operating expenses		-73	-71
Operating loss		-31	-36
Income from participations in Group companies		99	117
Other interest income and similar income items	11	32	27
Interest expense and similar expense items	11	-130	-94
Total profit from financial items		1	50
Profit before tax		-30	14
Appropriations		153	174
Tax on profit for the year	12	-5	-20
Profit for the year		117	168

In the parent company, no items are recognised as other comprehensive income, for which reason total comprehensive income corresponds to the profit for the year.

Parent balance sheet



Amounts in SEK million	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	13	1,938	1,566
Deferred tax assets	23	12	12
Total non-current assets		1,949	1,566
Current assets			
Current receivables			
Receivables from Group companies		709	669
Other current receivables		1	11
Prepaid expenses and accrued income		7	6
Cash and cash equivalents	20	209	45
Total current assets		926	731
TOTAL ASSETS		2,876	2,297



Parent balance sheet

Amounts in SEK million	Note	31 Dec. 2024	31 Dec. 2023
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	21	20	20
Statutory reserve		4	4
Total restricted equity		24	24
Non-restricted equity			
Profit brought forward		352	281
Profit for the year		117	168
Total non-restricted equity		469	449
Total equity		493	472
EQUITY AND LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	22	1,392	1,261
Other non-current liabilities	25	50	13
Total non-current liabilities		1,442	1,275
Current liabilities			
Liabilities to credit institutions	22	312	-
Trade payables		3	6
Liabilities to Group companies		578	485
Current tax liabilities		10	12
Other current liabilities	26	18	20
Accrued expenses and deferred income	27	20	27
Total current liabilities		941	550
TOTAL EQUITY AND LIABILITIES		2,876	2,297

Parent's statement of changes in equity



Amounts in SEK million	Note	Restricted equity		Non-restricted equity	
		Share capital	Statutory reserve	Accumulated profit or loss	Total
1 Jan. 2023		20	4	361	385
Profit for the year and comprehensive income		-	-	168	168
Total comprehensive income		-	-	168	168
Transactions with shareholders					
Dividend		-	-	-80	-80
Total transactions with shareholders		-	-	-80	-80
31 Dec. 2023		20	4	449	472
1 Jan. 2024					
		20	4	449	472
Profit for the year and comprehensive income		-	-	117	117
Total comprehensive income		-	-	117	117
Transactions with shareholders					
Dividend		-	-	-96	-96
Total transactions with shareholders		-	-	-96	-96
31 Dec. 2024		20	4	469	493



Parent statement of cash flows

Amounts in SEK thousand	Note	2024	2023
Cash flow from operating activities			
Profit after financial items		-30	14
Adjustment for non-cash items			
Adjustment for non-cash items, etc.	32	60	10
Income tax paid		-21	-24
Cash flow from operating activities before change in working capital		9	0
Cash flow from change in working capital			
Change in current operating receivables		105	72
Change in current operating liabilities		-2	-61
Total change in working capital		103	12
Cash flow from operating activities		112	12
Investing activities			
Investments in subsidiaries	13, 26, 31	-406	-232
Cash flow from investing activities		-406	-232
Financing activities			
Borrowings	22	440	15
Increase/decrease in Group account/cash pool		115	199
Dividend paid		-96	-80
Cash flow from financing activities		459	134
Cash flow for the year		165	-87
Cash and cash equivalents at start of year		45	131
Exchange rate differences in cash and cash equivalents		-1	1
Cash and cash equivalents at year-end	20	209	45

Notes for Group and parent company



Note 1 – General information

These consolidated financial statements cover the parent company, Ernströmgruppen AB, corporate identity number 556081-4245, and its subsidiaries.

Ernströmgruppen AB is a parent company registered in Sweden with its registered office in Göteborg at Östra Hamngatan 19, 411 10 Göteborg, Sweden.

The Board of Directors approved these consolidated financial statements for publication on 24 March 2025.

Unless indicated otherwise, all amounts are stated in millions of Swedish krona (SEK million). Figures in brackets refer to the comparison period.

Note 2 – Summary of significant accounting policies

The note contains a list of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies have been applied consistently for all years presented. The consolidated financial statements cover Ernströmgruppen and its subsidiaries.

Basis of preparation

The consolidated financial statements for Ernströmgruppen have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

The consolidated financial statements have been prepared using the cost method except for:

- certain financial assets and liabilities (including derivative instruments) measured at fair value

Preparing reports in compliance with IFRS requires the use of some important estimates for accounting purposes. In addition, management must make certain assessments when applying the Group's accounting policies. The areas involving a high degree of assessment, which are complex or areas in which assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

New and amended standards not yet applied by the Group

A number of new standards and interpretations enter into force for financial years beginning on or after 1 January 2025 and have not been applied in the preparation of these financial statements. No published standards that have not yet entered into force have affected the Group.

IFRS 18 Presentation and Disclosure in Financial Statements is applicable for financial years beginning on 1 January 2027 and has not yet been adopted by the EU. IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements with the aim of achieving greater comparability of performance reporting between similar entities and providing users with more relevant information and transparency. IFRS 18 introduces, among other things, new requirements for the structure of the income statement and the disclosure of certain performance measures. Although IFRS 18 will not affect the recognition or measurement of items in the financial statements, its effects on presentation and disclosure are expected to be significant, in particular those related to the income statement and to management-defined performance measures. Management is currently evaluating the exact consequences of applying the new standard to the consolidated financial statements.

Consolidated financial statements

Subsidiaries

Subsidiaries are all entities over which the Group has control.

Translation of foreign currency

Functional and reporting currencies

Items in the financial statements of the various entities in the Group are measured in the currency used in the economic environment in which each company mainly operates (functional currency). The consolidated financial statements are prepared in Swedish krona (SEK), which is the functional currency of the parent company and the reporting currency of the Group.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the transaction date or on the date on which the items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement at the closing day rate.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are recognised in the income statement as financial income or expense. All other foreign exchange gains and losses are recognised in other operating income/expenses in the income statement.



Notes for Group and parent company

Group companies

The profit and financial position of all Group companies (none of which has a hyperinflationary currency as its functional currency) that have a functional currency other than the reporting currency are translated into the reporting currency of the Group as follows:

- assets and liabilities for each of the balance sheets are translated at the closing day rate,
- income and expenses for each of the income statements are translated at the average exchange rate (if this average rate is a reasonable approximation of the cumulative effect of the rates applicable on the transaction date; otherwise income and expenses are translated at the rate on the transaction date), and
- all resulting exchange differences are recognised in other comprehensive income.

In the consolidated financial statements, exchange differences attributable to the translation of a net investment in a foreign operation, along with exchange differences attributable to borrowings or other financial instruments classified as hedging instruments for such investments, are recognised in other comprehensive income. Accumulated gains and losses in equity are recognised in the income statement when the foreign operation is wholly or partially disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at the closing day rate.

Parent accounting policies

The main accounting policies applied in the preparation of this annual report are set out below. These policies have been applied consistently for all years presented, unless stated otherwise.

The annual report for the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Where the parent company applies accounting policies other than the Group's accounting policies, as described in note 2 to the consolidated financial statements, these are set out below.

The annual report has been prepared based on the cost method.

Preparing reports in compliance with RFR 2 requires the use of some important estimates for accounting purposes. It also requires management to make certain

assessments in the application of the parent company's accounting policies. The areas involving a high degree of assessment, which are complex or areas in which assumptions and estimates are significant to the annual report are disclosed in note 5 to the consolidated financial statements.

Through its activities, the parent company is exposed to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and its aim is to minimise potential adverse effects on the Group's financial performance. For more information about financial risks, please see note 3 to the consolidated financial statements.

The parent company applies different accounting policies from the Group in the following cases:

Financial instruments

IFRS 9 is not applied in the parent company. The parent company applies the points stated in RFR 2 (IFRS 9 Financial Instruments, p. 3–10) instead.

Financial instruments are initially measured at cost. In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised at the lower of cost and market value. Derivative instruments with negative fair value are recognised at this value.

The impairment testing and loss allowance principles of IFRS 9 are applied when calculating the net realisable value of receivables recognised as current assets. For a receivable recognised at amortised cost at Group level, this means that the loss allowance recognised in the Group in accordance with IFRS 9 should also be recognised in the parent company.

For 2023, the parent company reported net intercompany balances per counterparty. For 2024, intercompany balances are reported gross, which is why last year's receivables and liabilities have been reclassified. For 2023, intercompany receivables were reported at SEK 460 million and intercompany liabilities at SEK 276 million.

Leased assets

The parent company has chosen not to apply IFRS 16 Leases, and has chosen instead to apply RFR 2 IFRS 16 Leases, p. 2–12. This choice means that no right-of-use asset or lease liability is recognised in the balance sheet; the lease payments are recognised as an expense on a straight-line basis over the lease term.

Notes for Group and parent company



Note 3 – Financial risk management

Financial risk factors

Through its activities, the Group is exposed to a variety of financial risks such as various market risks, credit risk, liquidity risk and refinancing risk. The Group seeks to minimise potential adverse effects on the Group's financial performance. The objective of the Group's financial activities is to:

- ensure that the Group can meet its payment obligations,
- manage financial risks,
- ensure access to the necessary financing, and
- optimise the Group's net financial position.

The Group's risk management is managed by a central finance department that identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors has prepared both written instructions for general risk management and guidelines for specific areas such as currency risk, interest

rate risk, credit risk, liquidity risk and refinancing risk, and the use of derivative and non-derivative financial instruments and the investment of surplus liquidity.

Market risk

Currency risk

The Group is exposed to currency risks arising from various currency exposures, mainly in Danish kroner (DKK), in euros (EUR) and in Norwegian kroner (NOK). In the Group, currency risk arises primarily from the translation of foreign subsidiaries' income statements and balance sheets into the Group's reporting currency, which is SEK, known as translation exposure, and from purchases and sales in a currency that does not correspond to the functional currency of the company (transaction exposure). To financially hedge future flows in foreign currency, the Group enters into forward exchange contracts to a limited extent.

Exposure

	2024			2023		
	EUR	DKK	NOK	EUR	DKK	NOK
Trade receivables (translated into SEK million)	186	63	244	148	64	255

Sensitivity analysis – transaction exposure

The Group's sensitivity to changes in the value of foreign currency is relatively limited. The Group's currency inflows and outflows are basically at the same level.

Interest rate risk

Liabilities to credit institutions consist of loans in SEK, NOK and EUR that are subject to variable interest rates and expose the Group to cash flow interest rate risk. The Group does not hedge its interest rate risk relating to future cash flows.

Sensitivity analysis

If the interest rates on borrowing as at 31 December 2024 had been 1% higher with all other variables constant, the estimated profit after tax for the financial year would have been SEK 15 million (31 December 2023: SEK 13 million) lower mainly as an effect of higher interest expenses for variable rate borrowing. The Group has no fixed rate borrowings.

Credit risk

Credit risk arises from balances with banks and credit institutions and customer credit exposures, including outstanding receivables. Only banks and credit institutions with a minimum credit rating of 'A' awarded by independent evaluators are accepted.

Credit risk is managed at Group level, with the exception of credit risk relating to outstanding trade receivables, which is analysed by each Group company. Each Group company is responsible for monitoring and analysing the credit risk of each new customer. In the absence of an independent credit assessment, a risk assessment of the customer's creditworthiness is carried out, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit lines is monitored regularly.

No credit limits were exceeded during the reporting period and management does not expect any losses as a consequence of non-payment by counterparties. The Group's estimate of expected credit losses on trade receivables is insignificant and therefore no adjustment has been made in the financial statements.



Notes for Group and parent company

Liquidity risk

By means of prudent liquidity management, the Group ensures that sufficient cash is available to meet the needs of its operating activities. At the same time, the Group ensures that it has adequate scope in its agreed credit facilities to pay liabilities when they fall due. Management follows rolling forecasts for the Group's liquidity reserve (including unutilised credit facilities) and cash and cash equivalents based on expected cash flows. The analyses are normally carried out by the operating companies, taking into account the guidelines and restrictions established by Group management. The restrictions vary from region to region, taking into account the liquidity of different markets. The Group also monitors balance sheet-based liquidity measures against internal and external requirements and ensures access to external financing.

Refinancing risk

Refinancing risk is defined as the risk of difficulties in refinancing the Group, of it not being possible to obtain financing, or of it only being possible to obtain it at increased cost. The risk is limited by the Group continually evaluating different financing solutions.

The table below shows an analysis of the Group's financial liabilities organised by the time remaining, on the balance sheet date, until the contractual maturity date. The amounts shown in the table are the contractual undiscounted cash flows. Future cash flows in foreign currency have been calculated using the exchange rate prevailing as at the balance sheet date.

Contingent consideration

For each reporting period following the acquisition of a subsidiary, contingent consideration is assessed. Measurement is based on the year's outcome, budget, future forecasts, market data and other known information. In most cases, contingent considerations are based on a future EBITA result multiplied by the multiple agreed under the share transfer agreement, adjusted for changes in working capital. Contingent considerations are limited by the existence of a cap on the maximum outcome. The contingent considerations are measured at SEK 154 million as at 31 December 2024 (SEK 88 million) and may amount to a maximum of SEK 191 million (SEK 113 million). If the conditions are not met, the outcome may be between SEK 0–191 million (SEK 0–113 million). The value of contingent considerations was adjusted by SEK 10 million (SEK 0 million) in 2024. The effect is recognised in Other operating income.

Notes for Group and parent company



Financial liabilities, 31 Dec. 2024	Between 0 and 1 years	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Liabilities to credit institutions	517	554	816	-	1,887
Lease liabilities	121	91	121	37	370
Trade payables	331	-	-	-	331
Contingent considerations	19	135	-	-	154
Put options	29	7	249	3	288
Accrued expenses	5	-	-	-	5
Total	1,022	787	1,186	40	3,035

Financial liabilities, 31 Dec. 2023	Between 0 and 1 years	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Liabilities to credit institutions	71	1,335	-	-	1,406
Lease liabilities	113	90	120	49	372
Trade payables	322	-	-	-	322
Contingent considerations	23	64	-	-	87
Put options	65	53	213	-	331
Accrued expenses	13	-	-	-	13
Total	607	1,542	333	49	2,531

Calculation and disclosure of fair value

The table below shows financial instruments measured at fair value based on how they were classified in the fair value hierarchy. The different levels are defined as follows:

- (a) Level 1 financial instruments. Quoted prices (unadjusted) for identical assets or liabilities in active markets.
- (b) Level 2 financial instruments. Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes).
- (c) Level 3 financial instruments.

Where one or more key inputs are not based on observable market information.



Notes for Group and parent company

The following table shows the Group's financial liabilities measured at fair value as at 31 December 2024

Financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	-	-	154	154
Total financial liabilities	-	-	154	154

The following table shows the Group's financial liabilities measured at fair value as at 31 December 2023

Financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	-	-	87	87
Total financial liabilities	-	-	87	87

Specific measurement techniques used to measure financial instruments include:

- Contingent consideration – expected cash flows are estimated based on the terms of the purchase agreement and the company's knowledge about the business and how the current economic environment is likely to affect it.

There were no transfers between levels during the year.

Level 3 financial instruments

	Contingent consideration	Total
Opening balance, 1 Jan. 2023	74	74
Remeasurement	2	2
Acquisitions	74	74
Settlement	-63	-63
Closing balance, 31 Dec. 2023	87	87

Total gains and losses during the period recognised in the statement of comprehensive income, for liabilities held at the end of the reporting period.

	Contingent consideration	Total
Opening balance, 1 Jan. 2024	87	87
Remeasurement	-11	-11
Acquisitions	97	97
Settlement	-19	-19
Closing balance, 31 Dec. 2024	154	154

Total gains and losses during the period recognised in the statement of comprehensive income, for liabilities held at the end of the reporting period.

Level 3 fair value measurement inputs and the measurement process

Contingent consideration: The fair value of the contingent consideration agreement is based on management's assessment of what is likely to be paid given the terms of the share transfer agreement.

Notes for Group and parent company



Note 4 – Management of capital

The Group's capital structure objectives are to safeguard the Group's ability to continue as a going concern so that it can continue to generate returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to keep the cost of capital down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

Debt/equity ratio

The Group assesses its capital on the basis of its debt/equity ratio. This key ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (comprising the items Non-current liabilities to credit institutions and Current liabilities to credit institutions) less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheet plus net debt.

Net Debt	2024	2023
Total borrowing	1,715	1,266
Less: cash and cash equivalents	308	136
Net debt	1,407	1,130
Total capital	2,363	1,948
Debt/equity ratio	60%	58%

The Group's strategy is to have a balanced capital structure in which the debt/equity ratio is continuously monitored. The Group's debt/equity ratio at each balance sheet date is shown in the table. The increase in the debt/equity ratio in 2024 was the result of increased borrowing.

Net debt

The group also monitors the development of total net debt. Net debt is calculated as the sum of financial net debt, lease liabilities, and contingent considerations, including liabilities for put options. The group monitors the key ratio of net debt in relation to EBITDA, pro forma as if the companies acquired during the year had been owned from the beginning of the year.

Nettoskuld	2024	2023
Financial net debt	1,407	1,130
Lease liabilities	325	326
Contingent considerations*	373	343
Total net debt	2,105	1,798

*Includes both put options and contingent considerations.

Note 5 – Critical accounting estimates and assessments

The Group makes estimates and assumptions about the future. The accounting estimates that result from them, by definition, seldom correspond to the actual results. The estimates and assumptions for which there is significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year are summarised below.

Estimates and assumptions:

Impairment testing of goodwill

The Group tests annually whether goodwill is impaired in accordance with the accounting policy described in note 14. The recoverable amount of the cash-generating units has been determined by calculating the value in use. The

lowest cash-generating unit in the Group is an operating segment. Certain estimates were required for the calculation. The calculation is based on cash flow projections based on budgets set by management for the next five years. Cash flows after the five-year period are extrapolated using the growth rate. The growth rate used is consistent with industry forecasts. For each cash-generating unit to which a significant amount of goodwill has been allocated, the key assumptions used in calculating value in use are set out below.

- Discount rate before tax 11.0% (13.1%)
- Long-term growth rate 2% (2%)



Notes for Group and parent company

Note 5 – Critical accounting estimates and assessments cont.

Measurement of acquisition-related liabilities

In connection with the annual accounts, the Group makes an assessment of the measurement of liabilities for put options and contingent considerations. The liabilities are based on the future projected earnings of acquired companies. Updated and revised projections of future earnings result in a change in the liability. The liability for the put options is measured at the present value of future cash outflows.

Assessments:

Lease term assessments

In determining a lease term, management considers all available information that provides a financial incentive to exercise a renewal option, or not to exercise an option to terminate a lease. Options to renew a lease are included in the lease term only if it is reasonable to assume that the lease will be renewed (or not terminated). For premises leases, our assessment is that they are renewed for 36 months if no other information is available. The assessment is reviewed if there is a significant event or change in circumstances that affects this assessment and the change is within the lessee's control.

Note 6 – Revenue

Revenue recognition

Ernströmgruppen's operations include manufacturing and trading, mainly in the following industrial sectors: building components, building services installations/ water supply and sewerage, energy and process industries and marine safety. Revenue is recognised based on a principles-based five-step model that is applied to all contracts with customers. The transaction price for each customer contract is allocated to identified performance obligations in relation to the stand-alone selling prices of the individual elements. Revenue is recognised when (at a point in time) or as (over time) the performance obligations are met. The timing of revenue recognition is determined based on when control is transferred to the customer. When the services delivered by Ernströmgruppen exceed the payment, a contractual asset is recognised, i.e. accrued income. If the payments exceed the services delivered, a contractual liability called deferred income is recognised.

The transaction price in a customer contract may include fixed amounts, variable amounts or both. For vari-

able remuneration, accumulated experience is used to calculate and provide the variable remuneration, and revenue is recognised only to the extent that it is highly probable that a significant repayment will not be made.

Ernströmgruppen's main revenue comes from the following revenue streams:

Sales of goods

Revenue from the sale of goods is recognised at a point in time when control has been transferred to the customer.

Sales of services

Ernströmgruppen's revenue from services essentially relates to service and support. This is generally recognised over time as the service is delivered.

Interest income

Interest income is recognised as revenue with the application of the effective interest method.

Income from contracts with customers

	Group		Parent company	
	2024	2023	2024	2023
Sales of goods	4,372	4,267	-	-
Sales of services	456	344	-	-
Charges to subsidiaries	-	-	41	35
Total income	4,828	4,611	41	35

Revenue broken down into goods and services is not monitored by operating segment. What is interesting for monitoring by operating segment is sales broken down by geographical market.

Notes for Group and parent company



Note 7 – Segment reporting

The Group's segment reporting is based on the internal reporting to the chief executive decision maker. The chief executive decision maker is the function responsible for allocating resources and assessing the earnings of the operating segment. In Ernströmgruppen, this means the CEO of Ernströmgruppen AB. Segment reporting is based on the four operating segments: Flow Technology, Water & Energy, Automation & Electrification and Safety & Protection. Operating segments are monitored for net sales. Inter-segment income is insignificant and is eliminated in the Group. The earnings metric used to monitor each operating segment is EBITA. Under IFRS, the part of operations that does not constitute a separate operating segment is referred to as Other segments. In the Group, only the Parent Company, Ernströmgruppen AB, constitutes Other segments. Ernströmgruppen AB provides intra-group services to its subsidiaries.

Segment information is provided in accordance with IFRS 8 only for the Group.

Flow Technology

Products and system solutions that contribute to efficient energy use and optimised system performance by controlling, measuring and regulating flows.

Water & Energy

Products and solutions for water and energy, such as pressurised water, water treatment, clean drinking water and geothermal energy.

Safety & Protection

Global distribution of products and development for stand-alone and integrated components of safety products.

Automation & Electrification

Automation solutions to enable energy efficiency and the design and manufacture of products for greater electrification of our society.

Geographical distribution of net sales

	Flow Technology		Water & Energy		Safety & Protection		Automation & Electrification		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Sweden	649	657	302	302	13	11	862	826	-9	-13	1,816	1,782
Denmark	393	354	6	2	37	37	12	14			448	408
Finland	97	123	119	173	4	1	337	273			557	571
Norway	229	271	648	627	120	75	287	223			1,284	1,197
Baltic region	21	19	10	5	12	12	10	23			53	59
United Kingdom	1	2	19	28	55	43	0	0			75	73
Rest of Europe	62	41	77	88	146	120	28	28			313	277
North America	2	8	0	1	89	53	0	0			91	63
Rest of the world	23	12	48	59	118	110	1	2			190	183
Total net sales	1,477	1,487	1,229	1,285	594	462	1,537	1,390	-9	-13	4,828	4,611



Notes for Group and parent company

Note 7 – Segment reporting, cont.

Net sales	2024	2023
Flow Technology	1,477	1,487
Water & Energy	1,229	1,285
Safety & Protection	594	462
Automation & Electrification	1,537	1,390
Central units	41	35
Total net sales	4,878	4,659
Group items and eliminations	-50	-48
Total net sales	4,828	4,611

EBITA	2024	2023
Flow Technology	134	129
Water & Energy	127	156
Safety & Protection	103	77
Automation & Electrification	152	125
Total EBITA, operating segments	516	487
Central units	-14	-25
Total EBITA, Group	502	462
Amortisation of intangible assets	-107	-67
Financial items	-111	-95
Group profit before tax	284	300

Right-of-use assets, property, plant and equipment and intangible assets by market	2024	2023
Sweden (Group registered office)	1,254	1,204
Norway	688	404
Finland	291	244
Denmark	178	188
Estonia	27	29
Other countries	65	70
Total	2,503	2,140

Notes for Group and parent company



Note 8 – Remuneration of auditors

Remuneration of auditors	Group		Parent company	
	2024	2023	2024	2023
EY				
Audit engagement	5	5	-	-
Fees for audit-related services	-	-	-	-
Tax advice	-	-	-	-
Other services	-	-	-	-
Total expenses	5	5	-	-

Remuneration of auditors	Group		Parent company	
	2024	2023	2024	2023
Others				
Audit engagement	1	1	-	-
Other services	-	-	-	-
Total expenses	1	1	-	-

Note 9 – Employee benefits, etc.

Employee benefits

Short-term employee benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid absence, that are expected to be settled within 12 months after the end of the financial year are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The expense is recognised in the statement of comprehensive income as the services are performed by the employees. The liability is recognised as an obligation relating to benefits to employees in the consolidated balance sheet.

Pension obligations

The group has both defined-contribution and defined-benefit pension plans.

Defined-benefit pension plans exist to a limited extent for older contracts and are managed in a separate pension fund. The Group has no further payment commitments when the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due for payment. Prepaid contributions are recognised as an asset where cash repayment or a reduction in future payments may benefit the Group.

The liability or asset recognised in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period less the fair value of plan assets. The defined-benefit pension obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined-benefit obligation is determined by discounting the estimated future cash flows using the interest rate for high-quality corporate/housing bonds issued in the currency in which the benefits will be paid.

The net interest rate is calculated by applying the discount rate to defined-benefit plans and to the fair value of plan assets. This expense is included in personnel costs in the income statement.

Remeasurement gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. They are included in profit brought forward in the statement of changes in equity and in the balance sheet.

Expenses for service in previous periods are recognised directly in profit or loss.



Notes for Group and parent company

Note 9 – Employee benefits, etc., cont.

	Group		Parent company	
	2024	2023	2024	2023
Employee benefits				
Salaries and other benefits	916	827	26	27
Social security contributions	162	133	10	9
Pension expenses	93	91	5	5
Total	1,171	1,051	41	41

Of the total pension expenses in the Group, SEK 12 million (SEK 12 million) relates to pension expenses for the Board of Directors and the CEO. For the parent company, pension expenses for the Board of Directors and the CEO amount to SEK 1 million (SEK 1 million).

	Group		Parent company	
	2024	2023	2024	2023
	Salaries and other benefits	Salaries and other benefits	Salaries and other benefits	Salaries and other benefits
Salaries, other benefits and social security expenses				
Board members and CEOs*	83	744	8	7
Other employees	833	722	18	20
Social security expenses, including pensions	255	224	15	14
Total	1,171	1,051	41	41

Of total salaries and other benefits in the Group, SEK 6 million (SEK 9 million) relates to variable remuneration for the Board of Directors and the CEO. For the parent company, variable remuneration for the Board of Directors and the CEO amounts to SEK 2 million (SEK 2 million).

	Group				Parent company			
	2024		2023		2024		2023	
<i>Thousands</i>	Average number of employees	Of whom men	Average number of employees	Of whom men	Average number of employees	Of whom men	Average number of employees	Of whom men
Average number of employees	1,434	1,074	1,343	995	14	10	12	8
Total	1,434	1,074	1,343	995	14	10	12	8

	2024		2023		2024		2023	
	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men
Gender distribution in the Group (including subsidiaries) for Board members and other senior executives								
Board members	192	156	193	166	8	6	8	5
CEO and other senior executives	146	109	98	75	10	4	2	2
Total	338	265	291	241	18	10	10	7

Severance pay

The notice period between the company and the CEO is 12 months for the company and 6 months for the CEO.

Notes for Group and parent company



Note 10 – Other operating income

Other operating income	2024	2023
Government grants	1	2
Rental income	1	1
Exchange differences	1	2
Remeasurement of contingent consideration	10	-
Other income	24	4
Total other operating income	37	9

Note 11 – Financial income and expenses

Financial income	Group		Parent company	
	2024	2023	2024	2023
Interest income	11	5	30	25
Exchange differences	6	6	2	2
Total financial income	17	11	32	27

Financial expenses	Group		Parent company	
	2024	2023	2024	2023
Interest expenses	-107	-86	-122	-90
Exchange differences	-8	-13	-7	-4
Interest expense on lease liabilities	-11	-6	-	-
Other financial expenses	-2	-1	-1	-
Total financial expenses	-128	-106	-130	-94
Total financial items – net	-111	-95	98	-67



Notes for Group and parent company

Note 12 – Income tax

Current and deferred income tax

The tax expense for the period comprises current tax calculated on the taxable profit for the period at current tax rates adjusted for changes in deferred tax assets and liabilities relating to temporary differences and unutilised deficits.

Current tax expense is calculated based on the tax rules adopted as at the balance sheet date or adopted in practice in the countries in which the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns for situations in which applicable tax rules are subject to interpretation and assesses whether it is likely that a tax authority will accept uncertain tax treatment.

The Group measures its recognised taxes based on either the most likely amount or the expected value, depending on which method best predicts the outcome of the uncertainty.

Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, a deferred tax liability is not recognised if it arises from the initial recognition of goodwill.

Deferred tax is also not recognised if it arises as a consequence of a transaction that represents initial recognition of an asset or liability that is not a business combination and that, at the time of the transaction, has no impact on either net profit or taxable profit. Deferred income tax is calculated using the tax rates (and laws)

that have been adopted or advised as at the balance sheet date and are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent to which it is probable that future tax surpluses will be available, against which the temporary differences can be used.

Deferred taxes attributable to temporary differences relating to holdings in subsidiaries are not recognised as the parent company can control the timing of the reversal of the temporary differences and it is not deemed likely that such a reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are recognised net when there is a legal right to offset current tax assets and liabilities and when the deferred tax assets and liabilities are attributable to taxes levied by a single tax authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances by means of net payments.

Current and deferred tax is recognised in profit or loss, apart from when tax is attributable to items recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income and equity.

Notes for Group and parent company



Note 12 – Income tax, cont.

	Group		Parent company	
	2024	2023	2024	2023
Current tax				
Current tax on profit for the year	-95	-97	-17	-20
Deferred tax	40	24	12	-
Adjustments relating to previous years	-1	-	-	-
Total current tax	-55	-73	-5	-20

The income tax on the Group's profit before tax differs from the theoretical amount that would have resulted from applying the Swedish tax rate to the profits of the consolidated companies as follows:

Reconciliation between theoretical tax expense and recognised tax

Tax at Swedish tax rate of 20.6%

	Group		Parent company	
	2024	2023	2024	2023
Income tax				
Profit before tax	284	300	122	188
Income tax calculated according to the tax rate in Sweden, 20.6% (2022: 20.6%)	-58	-62	-25	-39
Tax effect of:				
Non-taxable income	-	3	34	26
Non-deductible expenses	-16	-13	-26	-7
Effect of foreign tax rates	1	-1	-	-
Tax attributable to previous year's net profit	-1	-	-	-
Non-taxable contingent considerations recognised as income	2	-	-	-
Previously unused tax deficits	4	-	-	-
Deferred tax on interest deductions	12	-	12	-
Other	1	-	-	-
Income tax	-55	-73	-5	-20
Total recognised tax	-55	-73	-5	-20

The weighted average tax rate for the Group was 20% (2023: 24%)

Non-taxable income in the parent company refers to dividend income from subsidiaries.

Deferred tax assets are recognised for tax loss carry-forwards or other deductions to the extent that it is probable that they can be utilised through future taxable profits.



Notes for Group and parent company

Note 13 – Investments in subsidiaries

The Group had the following subsidiaries on 31 December 2024

Name	Country of registration and operation	Book value in the parent company, 31 Dec. 2024	Book value in the parent company, 31 Dec. 2023	Proportion of equity
AB Pegol	Sweden	14	14	100%
Armatec & Co AB	Sweden	30	30	100%
Armatec A/S	Denmark			100%
Armatec AB	Sweden			100%
Eveco Handel AB	Sweden			80%
Chemiclean AB	Sweden			100%
Oy Armatec Finland AB	Finland			100%
Kokko Control Oy	Finland			100%
Ingenjörfirman Elektro Relä AB	Sweden			100%
Mec-Con AB	Sweden			100%
SGP Armatec AS	Norway			100%
Valtor Offshore AS	Denmark			100%
Armaturljonsson AS	Norway	45	45	100%
Enira Vest AS	Norway			100%
Novatek AS	Norway			100%
Termorens AS	Norway			100%
Bondtech AB	Sweden	23	89	75%
Gear Perfect AB	Sweden			100%
Borås Elektrokyl-Energiteknik AB	Sweden	18	18	70%
Aircontrol i Borås AB	Sweden			100%
BS Elcontrol AB	Sweden	39	39	100%
UAB BS Elcontrol	Lithuania			100%
C M Hammar AB	Sweden	78	78	100%
Clean Utility Technology AB	Sweden	92	92	80%
Cromocol Scandinavia AB	Sweden	42	32	85%
Labrotek Oy	Finland			80%
Paper Test Equipment AB	Sweden			100%
Daniamant AS	Denmark	149	149	100%
Daniamant Ltd	United Kingdom			100%
EGR Theodore AB	Sweden	308	278	96.7%
MuoviTech AB	Sweden			100%
MuoviTech AS	Norway			100%
MuoviTech BV	The Netherlands			100%
MuoviTech Ltd. UK	United Kingdom			100%
MuoviTech OY	Finland			100%
MuoviTech Sp. ZO.o.	Poland			100%
Muovitech Sweden AB	Sweden			100%
Muovitech Iberica	Spain			70%
Ernström Technology AB	Sweden	-	-	100%
Hammarel AB	Sweden	81	81	90%
Ingeniørfirma Paul Jørgensen AS	Norway	48	41	100%
Järnporten Brogatan 2 AB	Sweden	24	-	100%
Kruge AS	Norway	36	36	100%
Livallco Stål Aktiebolag	Sweden	47		70%

Notes for Group and parent company



Note 13 – Investments in subsidiaries, cont.

The Group had the following subsidiaries on 31 December 2024 cont.

Name	Country of registration and operation	Book value in the parent company, 31 Dec. 2024	Book value in the parent company, 31 Dec. 2023	Proportion of equity
Smith & Stensson Aktiebolag	Sweden			100%
MCS Elektrotavler Holding AS	Norway	135	72	70%
MCS Elektrotavler AS	Norway			100%
MCS Elektrotavler Sør AS	Norway			100%
MCS Elektrotavler Øst AS	Norway			100%
Powercontrol AB	Norway			100%
Elektriske Skap-Systemer AS	Norway			100%
Norsap AS	Norway	213	-	98%
Ouman OY	Finland	138	128	98.9%
Enterpoint Engineering OY	Finland			100%
Enterpoint Holding OY	Finland			100%
Ouman AB	Sweden			100%
Automaatio-Center AC Oy	Finland			100%
Talotekniikka Järvinen Oy	Finland			100%
Ouman Est	Estonia			100%
REC Indovent AB	Sweden	22	22	100%
Rec Baltic Vent UAB	Lithuania			100%
ReTherm Kruge AB	Sweden	28	28	100%
Rimeda AB	Sweden	89	89	88%
Polyform AS	Norway	53	53	100%
Scanmarin Norway AS	Norway			100%
Sør-Stål AS	Norway	44	-	96%
Trans El Matic i jönköping AB	Sweden	30	30	100%
Tubman AB	Sweden	69	79	75%
Varmeteknikk AS	Norway	42	42	100%
Ernström Electro AB	Sweden	-	-	100%
Total		1,938	1,566	

* Proportion of equity corresponds to share of voting power for all holdings.

	Parent company	
	2024	2023
Opening cost	1,650	1,494
Acquisitions	447	229
Divestments in the Group	-	-71
Adjustment of contingent considerations	-10	-2
Closing accumulated cost	2,087	1,650
Opening impairment	-84	-74
Impairment for the year	-66	-10
Closing accumulated impairment	-150	-84
Closing carrying amount	1,938	1,566



Notes for Group and parent company

Note 14 – Property, plant and equipment

Property, plant and equipment

Depreciation is calculated on a straight-line basis to allocate the cost less the estimated residual value over the estimated useful life. The useful lives are as follows:

- Plant and machinery (5–10 years)
- Equipment, tools, fixtures and fittings (5–10 years)

Assets' residual value and useful life are reviewed at the end of each reporting period and are adjusted as required.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Financial year 2023	Land and buildings	Equipment, tools, fixtures and fittings	Total
Opening carrying amount	37	143	180
Acquisitions during the year	3	65	68
Via acquisition of subsidiaries	-	2	2
Sales and disposals	-	-11	-11
Reclassification	3	-8	-5
Exchange differences	1	-	1
Amortisation for the year	-2	-33	-35
Closing carrying amount	42	158	200

As at 31 Dec. 2023	Land and buildings	Equipment, tools, fixtures and fittings	Total
Cost	67	475	542
Accumulated amortisation	-25	-317	-342
Carrying amount	42	158	200

Financial year 2024	Land and buildings	Equipment, tools, fixtures and fittings	Total
Opening carrying amount	42	158	200
Acquisitions during the year	6	32	38
Via acquisition of subsidiaries	19	7	27
Sales and disposals	-2	-3	-5
Reclassification	-	-	-
Exchange differences	-3	-3	-6
Amortisation for the year	-3	-39	-42
Closing carrying amount	58	153	211

As at 31 Dec. 2024	Land and buildings	Equipment, tools, fixtures and fittings	Total
Cost	86	509	595
Accumulated amortisation	-28	-356	-384
Carrying amount	58	153	211

Notes for Group and parent company



Note 15 – Intangible assets

Intangible assets

Goodwill

Goodwill arising on business combinations is included in intangible assets. Goodwill is not amortised. It is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is recognised at cost less accumulated impairment.

To test impairment needs, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each entity or group of entities to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management purposes.

Brands

Brands acquired as part of a business combination are recognised at fair value at the time of acquisition and amortised on a straight-line basis over their estimated useful lives. The estimated useful life is five years, which corresponds to the estimated time for which they will generate cash flow.

Customer relationships

Customer relationships and material agencies acquired as part of a business combination are recognised at fair value at the time of acquisition and amortised on a straight-line basis over their estimated useful lives. The estimated useful life is five years, which corresponds to the estimated time for which they will generate cash flow.

Other intangible assets

Other intangible assets consist of capitalised expenditure for development work, IT and licences. Amortisation is calculated on a straight-line basis over the estimated useful life, which is 3–10 years.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinable useful life or intangible assets that are not ready for use are not amortised. Instead they are tested for impairment annually or if there is any indication of decrease in value. Assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is by the amount by which the asset's carrying amount exceeds its recoverable amount. The

recoverable amount is the higher of the asset's fair value, less any selling expenses, and its value in use. For the assessment of any need for impairment, assets are grouped at the lowest levels on which there are essentially independent cash flows (cash-generating units). Ernstströmgruppen's lowest level is segment. Assets (other than goodwill) for which impairment was previously recognised are tested for whether any reversal should be made as at every balance sheet date. See Note 3 for a breakdown of goodwill by segment.

Goodwill by segment	2024	2023
Flow Technology	298	279
Automation & Electrification	516	431
Safety & Protection	331	195
Water & Energy	288	288
Total	1,434	1,193

Impairment testing of goodwill

The recoverable amount of goodwill has been determined based on estimates of future value in use. Management have determined that the discount rate and long-term growth are the key assumptions in the impairment test. Value in use calculations are based on estimated future pre-tax cash flows based on budgets approved by management covering a five-year period. The calculation is based on management experience and historical data. The long-term sustainable growth rate has been assessed on the basis of industry forecasts. The applied discount rate before tax amounts to 11.0% (13.1%). The weighted average growth rate used to extrapolate cash flows beyond the forecast period is 2% (2%).

Sensitivity analysis for goodwill:

The recoverable amount exceeds the carrying amounts of goodwill by a margin. This also applies to the assumption if:

- the pre-tax discount rate had been two percentage points higher,
- the estimated growth rate for extrapolating cash flows beyond the five-year period had been two percentage points lower.



Notes for Group and parent company

Note 15 – Intangible assets cont.

Financial year 2023	Goodwill	Customer relationships, agencies, etc.	Brands	Other intangible assets	Total
Opening carrying amount	1,001	79	120	72	1,272
Acquisitions during the year	-	-	-	26	26
Via acquisition of subsidiaries	196	125	68	1	390
Reclassification	-10	-	-	5	-5
Exchange differences	6	-	-	-2	4
Amortisation for the year	-	-32	-35	-20	-88
Closing carrying amount	1,193	172	153	82	1,600

As at 31 Dec. 2023	Goodwill	Customer relationships, agencies, etc.	Brands	Other intangible assets	Total
Cost	1,193	224	215	134	1,766
Accumulated amortisation	-	-52	-62	-54	-169
Carrying amount	1,193	172	153	82	1,600

Financial year 2024	Goodwill	Customer relationships, agencies, etc.	Brands	Other intangible assets	Total
Opening carrying amount	1,193	172	153	82	1,600
Acquisitions during the year	-	-	-	62	62
Via acquisition of subsidiaries	237	115	61	-	413
Reclassification	-	-	-	-	-
Exchange differences	4	-	-	-	-
Amortisation for the year	-	-59	-48	-23	-130
Closing carrying amount	1,434	228	166	121	1,949

As at 31 Dec. 2024	Goodwill	Customer relationships, agencies, etc.	Brands	Other intangible assets	Total
Cost	1,434	339	276	196	2,245
Accumulated amortisation	-	-111	-110	-75	-296
Carrying amount	1,434	228	166	121	1,949

Notes for Group and parent company



Note 16 – Leases

Leases

The Group essentially leases premises, vehicles and forklifts/machines.

Contracts may contain both lease and non-lease components. The Group allocates the remuneration in the contract to lease and non-lease components based on their relative stand-alone prices. However, for lease payments for properties of which the Group is the tenant, it has chosen not to separate lease and non-lease components and instead recognises them as a single lease component.

The terms are negotiated separately for each contract and contain a large number of different contractual conditions. The leases contain no specific conditions or restrictions except that the lessor retains the rights to pledged leased assets. The leased assets cannot be used as security for loans.

Assets and liabilities arising from leases are initially recognised at present value.

The lease liabilities include the present value of the following lease payments:

- fixed payments (including substantially fixed payments), less any benefits associated with the signing of the lease to be received
- variable lease payments that depend on an index or a price, initially measured using the index or price at the commencement date
- amounts expected to be paid by the lessee under residual value guarantees
- the exercise price of a call option if the Group is reasonably certain of exercising such an option
- penalties payable on termination of the lease (if the lease term reflects the fact that the Group will exercise an option to terminate the lease).

If the Group is reasonably certain to exercise an option to renew a lease, lease payments for this renewal period are included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined easily, as is normally the case for the Group's leases, the lessee's marginal borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the necessary funds to purchase an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and security.

The Group is exposed to potential future increases in variable lease payments based on an index or interest

rate which are not recognised in the lease liability until they take effect. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted against the right of use liability.

Lease payments are allocated between repayment and interest. The interest is recognised in the income statement over the lease term in a manner that reflects a fixed interest rate for the lease liability recognised in each period.

Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability and
- payments made at or before the time at which the leased asset is made available to the lessee.

The right-of-use asset is amortised on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a call option, the right of use is amortised over the useful life of the underlying asset.

Lease payments attributable to short-term leases and leases for which the underlying asset has a low value are recognised as an expense on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less. Leases for which the underlying asset has a low value essentially relate to office equipment.

Options to renew and terminate leases

Options to renew or terminate leases are included in the asset and liability when it is reasonably certain that they will be exercised.

Recognition in subsequent periods

A lease liability is remeasured if there are any changes to the lease or if there are changes in the cash flow based on the original contractual terms. Changes in cash flows based on original contractual terms occur when: the Group changes its initial assessment of whether renewal and/or termination options will be exercised; there are changes in previous assessments of whether a call option will be exercised; lease payments change on account of changes in indices or interest rates. A remeasurement of a lease liability results in a corresponding adjustment to the right-of-use asset.



Notes for Group and parent company

Note 16 – Leases, cont.

The following amounts related to leases are recognised in the balance sheet:

Assets with right of use	31 Dec. 2024	31 Dec. 2023
Premises	265	288
Vehicles	59	39
Machinery and equipment	19	13
Total	343	340

Lease liabilities	31 Dec. 2024	31 Dec. 2023
Non-current	211	223
Current	114	103
Total	326	326

Additional rights of use in 2024 amounted to SEK 101 million (2023: SEK 110 million)

The following amounts related to leases are recognised in the income statement:

Depreciation by type of asset	2024	2023
Premises	-96	-79
Vehicles	-34	-22
Machinery and equipment	-9	-9
Total	-139	-110

Other	2024	2023
Interest expenses (included in financial expenses)	-11	-6
Total	-11	-6

The total cash flow for leases amounts to SEK -138 million (2023: SEK -108 million).
For information on the maturity of the lease liability, see note 3.

Notes for Group and parent company



Note 17 – Inventories and goods for resale

Inventories

Inventories are recognised at the lower of cost and net realisable value. The cost of goods for resale is determined after deduction of discounts. Net realisable value is the estimated selling price in operating activities, less applicable variable selling expenses. From 2024, personnel costs for production are not recognised in the item Goods for resale. Impairment of inventories at net realisable value amounts to SEK -5 million (-9). The impairment has been recognised as goods for resale. The

value of the Group's inventories as at the balance sheet date was SEK 667 million (647).

Goods for resale

There has been reclassification between goods for resale and personnel costs for the comparative year 2023. SEK 130 million has been moved from goods for resale to personnel costs. The reclassification has had no impact on earnings and is on account of incorrect classification of production cost in 2023.

Note 18 – Financial instruments by category

Financial instruments

The Group's financial assets and liabilities consist of the following items: other non-current receivables, trade receivables, other receivables (current), accrued income, cash and bank balances, liabilities to credit institutions, other liabilities (non-current), trade payables, other liabilities (current), accrued expenses, contingent considerations and derivatives relating to forward foreign exchange contracts.

Initial recognition

Financial instruments are initially recognised at fair value plus, for an asset or financial liability that is not recognised at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and liabilities recognised at fair value through profit or loss are expensed in the income statement.

Financial assets measured at amortised cost

Assets that are held for the purpose of collecting contractual cash flows, where these cash flows represent only principal and interest, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses recognised. The Group's financial assets measured at amortised cost consist of the items other current and non-current receivables, trade receivables, accrued income and cash and bank balances.

Financial assets measured at fair value through profit or loss

Derivatives are recognised in the balance sheet on the trade date and are measured at fair value, both initially and in subsequent remeasurements. All changes in the fair value of derivative instruments that do not meet the requirements for hedge accounting are recognised directly in the income statement.

Financial liabilities measured at amortised cost

After initial recognition, the Group's financial liabilities are measured at amortised cost using the effective interest method, with any difference between the amount received (net of transaction costs) and the repayment amount being recognised in the income statement over the period of the loan. Fees paid for borrowing facilities are recognised as borrowing transaction costs to the extent that it is likely that some or all of the credit facility will be utilised. In such cases, the fee is recognised when the credit facility is utilised. Where there is no evidence that it is likely that some or all of the credit facility will be utilised, the fee is recognised as an advance payment for financial services and is distributed over the life of the relevant loan commitment.

Financial liabilities measured at amortised cost consist of liabilities to credit institutions, other current and non-current liabilities (to the extent that they do not relate to contingent considerations), trade payables and accrued expenses.



Notes for Group and parent company

Note 18 – Financial instruments by category cont.

Financial liabilities measured at fair value through profit or loss

Financial assets measured at fair value are included in the item Contingent considerations.

Put options issued to minority shareholders

Put options issued to minority owners are related to contracts that give a minority owner the right to sell their holding in the company to Ernströmgruppen at a future date when the option can be exercised. The amount payable if the option falls due is initially recognised at present value as a financial liability. Consequently, Ernströmgruppen does not recognise any minority interest in equity. Instead, the liability is continually remeasured using the Group's best estimate of the expected outcome and the change is recognised directly in equity.

Impairment of financial assets

Assets recognised at amortised cost. The Group assesses the future expected credit losses associated with assets

recognised at amortised cost. For trade receivables, the Group applies the simplified approach to credit reserves, i.e. the reserve will be equal to the expected loss over the full life of the trade receivable. To measure the expected credit losses, trade receivables have been grouped based on distributed credit risk features and days past due.

Hedge accounting

For financial instruments that qualify for hedge accounting under the hedging of net investment in foreign operations method, the effective portion of the change in value is recognised in other comprehensive income. A portion of the Group's foreign currency liabilities is therefore defined as hedges to manage the translation exposure of the Group's net investments in foreign operations. Cumulative changes in value from hedging of net investments in foreign operations are reversed from equity to profit or loss when the foreign operation is disposed of in whole or in part.

31 Dec. 2023	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
Financial assets in the balance sheet			
Other non-current receivables	-	9	9
Trade receivables	-	703	703
Cash and cash equivalents	-	136	136
Total	-	839	839

31 Dec. 2023	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Financial liabilities in the balance sheet			
Liabilities to credit institutions (non-current and current)	-	1,266	1,266
Contingent considerations	87	-	87
Put options*	-	256	256
Other non-current liabilities	-	4	4
Lease liability	-	326	326
Trade payables	-	321	321
Accrued expenses	-	13	13
Total	87	2,017	2,273

Notes for Group and parent company



Note 18 – Financial instruments by category cont.

31 Dec. 2024	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
Financial assets in the balance sheet			
Other non-current receivables		16	16
Trade receivables		726	726
Cash and cash equivalents		308	308
Total		1,050	1,050

31 Dec. 2024	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Financial liabilities in the balance sheet			
Liabilities to credit institutions (non-current and current)		1,715	1,715
Contingent considerations	154	-	154
Put options*		219	219
Other non-current liabilities		10	10
Lease liability		326	326
Trade payables		331	331
Accrued expenses		5	5
Total	154	2,606	2,760

* Put options issued to minority owners are related to contracts that give a minority owner the right to sell their holding in the company to Ernst&Young Global Limited and Ernst&Young Global Limited the right to acquire the holding at a future date when the option can be exercised. The amount payable if the option falls due is initially recognised at discounted present value as a financial liability. Consequently, Ernst&Young Global Limited does not recognise any minority interest in equity. Instead, the liability is continually remeasured using the Group's best estimate of the expected outcome and the change is recognised directly in equity.

Hedge accounting of net investment in foreign operations	2024	2023
Amount recognised (non-current liability to credit institutions)	139	134
Amount recognised in EUR	12	12
Hedge ratio	1:1	1:1
Change in the carrying amount of the loan	-4	-
Change in value of the hedged item	4	-



Notes for Group and parent company

Note 19 – Trade receivables

Trade receivables	31 Dec. 2024	31 Dec. 2023
Trade receivables	732	710
Provisions for doubtful debts	-6	-7
Trade receivables – net	726	703

	31 Dec. 2024	31 Dec. 2023
Trade receivables not past due	591	545
Trade receivables past due 0–3 months	136	159
Trade receivables past due more than 3 months	-1	-1
Total	726	703

The fair value of the trade receivables corresponds to its carrying amount, as the discounting effect is not material.

A credit loss reserve of SEK 6 million has been recognised in accordance with the Group's financial policy. In 2024, actual bad debt losses amounted to SEK 0 million (0).

Note 20 – Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include the following:

Cash and cash equivalents	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Bank balances	308	136	209	45
Total	308	136	209	45

Note 21 – Share capital and other contributed capital

	Number of shares	Share capital (SEK)
As at 1 Jan. 2023	20,000,000	20,000,000
Class A shares	2,000,000	2,000,000
Class B shares	18,000,000	18,000,000
As at 31 Dec. 2023	20,000,000	20,000,000
Class A shares	2,000,000	2,000,000
Class B shares	18,000,000	18,000,000
As at 31 Dec. 2024	20,000,000	18,000,000

As at 31 December 2023, the share capital consisted of 20,000,000 Class A and Class B shares with a quota value of SEK 1. The number of votes per share for Class A shares is 10 and for Class B shares 1. The number of shares must be minimum 10,000,000 and maximum 40,000,000. The share capital may be minimum SEK 10,000,000 and maximum SEK 40,000,000. All shares issued by the parent company are fully paid up.

Notes for Group and parent company



Note 22 – Borrowing

Borrowing

Borrowing is initially recognised at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount to be repaid is recognised in the income statement distributed over the period of the borrowing, using the effective interest method. Fees paid for borrowing facilities are recognised as borrowing transaction costs to the extent that it is likely that some or all of the credit facility will be utilised. In such cases, the fee is recognised when the credit facility is utilised. Where there is no evidence that it is likely that some or all of the credit facility will be utilised, the fee is recognised as an advance payment for finan-

cial services and is distributed over the life of the relevant loan commitment.

Borrowing is derecognised from the balance sheet when the obligations have been settled or cancelled or have otherwise been terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Long-term loans				
Liabilities to credit institutions (bank loans)	1,277	1,266	1,266	1,261
Total loans	1,277	1,266	1,266	1,261

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Short-term loans				
Liabilities to credit institutions (bank loans)	438	-	438	-
Total short-term loans	438	-	438	-

The parent company complied with all bond conditions in the financial years 2024 and 2023. All non-current liabilities fall due within five years.

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Short-term unsecured loans				
Liabilities to related parties	1	1	578	276
Total short-term unsecured loans	1	1	578	276

Non-current liabilities to credit institutions amount to SEK 1,277 million (SEK 1,266 million) maturing by December 2027. Current liabilities to credit institutions amount to SEK 438 million (SEK 0 million) maturing by December 2025. The loans carry an average interest rate of 6.89% per annum (6.15%).

The Group's borrowings are in SEK, NOK and EUR. The Group complied with all loan terms in 2024 and 2023. The loan conditions are based on net financial debt in relation to EBITDA for all liabilities to credit institutions. The Group

must meet these conditions every quarter.

For the majority of the Group's borrowings, the carrying amount of the borrowings corresponds to their fair value as the interest rate on these borrowings is variable.

Bank overdraft facility

The Group has an authorised overdraft facility in SEK of SEK 25 million which is renegotiated annually. SEK 0 of the authorised overdraft facility had been used as at 31 December 2024 (SEK 0 as at 31 December 2023).



Notes for Group and parent company

Note 23 – Deferred tax

Deferred tax assets and liabilities are allocated as follows:

31 Dec. 2024 Deferred tax assets	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Loss carry-forwards*	25	7	-	-	32
Leases**	74	-	-	-	74
Deferred tax, interest deductions	-	12	-	-	12
Other items	5	-	1	1	7
Total	104	19	1	1	125

Deferred tax on interest deductions is recognised in the parent company

31 Dec. 2024 Deferred tax liabilities	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Untaxed reserves	9	-	-	-	9
Deferred tax on acquired intangible assets	74	-21	36	-	88
Leases**	72	-	-	-	72
Other items	4	-	-	-2	2
Total	159	-21	36	-2	171

*Loss carry-forwards are expected to be utilisable within the next 5 years. There is no further maturity date for capitalised loss carry-forwards.

**Deferred tax assets and liabilities are recognised gross in the notes. In the balance sheet, the item is recognised as a net deferred tax asset of SEK 2 million (SEK 2 million)

31 Dec. 2023 Deferred tax assets	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Loss carry-forwards	13	12	-	-	25
Leases**	74	-	-	-	74
Other items	4	-	-	1	5
Total	91	12	-	1	104

31 Dec. 2023 Deferred tax liabilities	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Untaxed reserves	10	-1	-	-	9
Deferred tax on acquired intangible assets	46	-13	41	-	74
Other	6	-	-	-2	4
Leases**	72	-	-	-	72
Total	134	-14	41	-2	159

Notes for Group and parent company



Note 24 – Provisions for pensions and similar obligations

The Group has older defined-benefit pension plans in Sweden. These plans are transferred to a pension fund. All defined-benefit plans are based on final salary, which provides employees covered by the pension plan with benefits in the form of a guaranteed level of pension

payments for life. The level of the benefits depends on the employees' period of service and salary on retirement. The amounts recognised in the statement of financial position and changes in the defined-benefit pension plan during the year are as follows.

	Present value of pension plan
As at 1 Jan. 2023	-2
Expenses for service in present year	2
Expenses for service in previous years	-
Interest expense/(income)	-
Total recognised in income statement	2
Remeasurements:	
(Gain)/loss as a consequence of changes in financial assumptions	10
(Gain)/loss as a consequence of changes in demographic assumptions	-5
Total recognised in other comprehensive income	5
Contributions from:	
Employees covered by the plan	6
Payments from the plan	-10
As at 31 Dec. 2023	1
Expenses for service in present year	1
Expenses for service in previous years	-
Interest expense/(income)	-
Total recognised in income statement	1
Remeasurements:	
(Gain)/loss as a consequence of changes in financial assumptions	5
(Gain)/loss as a consequence of changes in demographic assumptions	-
Total recognised in other comprehensive income	5
Contributions from:	
Employees covered by the plan	6
Payments from the plan	-10
As at 31 Dec. 2024	2



Notes for Group and parent company

Note 24 – Provisions for pensions and similar obligations cont.

The main actuarial assumptions are as follows:

	31 Dec. 2024	31 Dec. 2023
Discount rate	3.30%	3.10%
Inflation	1.80%	1.60%
Return on plan assets	3.30%	3.10%

Life expectancy assumptions are based on official statistics and experience from mortality studies in Sweden, and are made in consultation with actuarial experts.

The weighted average maturity of the pension obligation is 10 years. The maturity analysis of expected undiscounted payments for defined-benefit pension plans is shown below:

As at 31 Dec. 2024	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Defined-benefit pension plans in Sweden	7	6	16	50	79
Total	7	6	16	50	79

	Fair value of plan assets	Fair value of the pension obligation
As at 1 Jan. 2023	58	-61
Interest income/expense	2	-2
Remeasurements	12	5
Remuneration and compensation paid	-10	7
As at 31 Dec. 2023	62	-61
As at 1 Jan. 2024	62	-61
Interest income/expense	2	-2
Remeasurements	5	-3
Remuneration and compensation paid	-10	7
As at 31 Dec. 2024	60	-59

Net provisions for pensions and similar obligations	31 Dec. 2024	31 Dec. 2023
Pension obligations	-59	-61
Pension assets	60	62
Pension plan, net	2	1

Notes for Group and parent company



Note 25 – Other non-current liabilities

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Other non-current liabilities				
Contingent consideration	135	64	46	13
Put options	190	190	-	-
Other items	10	5	4	-
Total	335	259	50	13

Note 26 – Other current liabilities

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Other current liabilities				
Contingent consideration	19	23	3	18
Put options	29	65	-	-
Other items	172	145	15	2
Total	220	233	18	20

Note 27 – Accrued expenses and deferred income

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Accrued expenses and deferred income				
Accrued interest expenses	5	13	5	13
Accrued salaries, holiday pay and pensions	147	140	6	8
Deferred income	12	12	2	1
Accrued social security contributions	38	37	2	2
Other items	125	159	5	3
Total	327	361	20	27



Notes for Group and parent company

Note 28 – Pledged assets and contingent liabilities

Pledged assets	31 Dec. 2024	31 Dec. 2023
Property mortgages	19	17
Floating charges	12	18
Other	3	1
Total	34	36
Contingent liabilities	31 Dec. 2024	31 Dec. 2023
Guarantees	8	5
Total	8	5

The parent company has no pledged assets or contingent liabilities.

Note 29 – Related party transactions

	Parent company	
	2024	2023
Share of total sales for the year	100%	100%
Purchases	21%	39%

Transactions with related parties totalled SEK 15 million (11) in the period. The majority concern rental charges to Platzer AB and the management fee paid to the owner company Neudi & Co of SEK 4 million (4) per year. In the Group, there are leases with property companies owned by minority and former owners. Leases are on market terms. Total rental costs to minority and former owners for 2024 amount to SEK 17 million. Ernströmgruppen AB is 69% owned by Neudi & Co AB, corporate identity no. 556226-0603, a fourth-generation family-owned company.

Notes for Group and parent company



Note 30 – Changes in liabilities attributable to financing activities

Group					
	1 Jan. 2023	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2023
Lease liability	310	-	-108	124	326
Liabilities to credit institutions	1,247	15	-	4	1,266
Total	1,557	15	108	128	1,592

Group					
	1 Jan. 2024	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2024
Lease liability	326	-	-138	138	326
Liabilities to credit institutions	1,266	440	-	9	1,715
Total	1,592	440	-138	147	2,041

Parent company					
	1 Jan. 2023	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2023
Liabilities to credit institutions	1,240	15	-	6	1,261
Total	1,240	15	-	6	1,261

Parent company					
	1 Jan. 2024	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2024
Liabilities to credit institutions	1,261	440	-	3	1,704
Total	1,261	440	-	3	1,704



Notes for Group and parent company

Note 31 – Business combinations

Business combinations

The acquisition method is used to recognise the Group's business combinations, whether the acquisition consists of equity interests or other assets. The consideration for the acquisition of a subsidiary consists of the fair values of:

- assets transferred
- liabilities to former owners that the Group assumes
- assets or liabilities that are the result of a contract for a contingent consideration
- previous equity interest in the acquiree

Expenses relating to acquisitions are expensed as they are incurred.

Contingent considerations are classified either as equity or as financial liabilities. Amounts classified as financial liabilities are remeasured each period at fair value. Any remeasurement gains and losses are recognised in profit or loss.

If the business combination is achieved in stages, the previous equity interests in the acquiree are remeasured to fair value at the acquisition date. Any profit or loss as a result of the remeasurement is recognised in profit or loss.

In most acquisitions, the Group has symmetrical call/put options related to the minority shareholders' shares. These options mean that both the majority shareholder (i.e. the Group) and the minority shareholder have a right, but not an obligation, to acquire the minority shareholding or dispose of it to the majority shareholder at a predefined time. The Group has chosen to recognise these put options as a financial liability at the present value of the future settlement. Consequently, the Group does not recognise any minority interest in equity attributable to these holdings either in the acquisition analysis or in the subsequent consolidated financial statements. See further information under financial instruments.

Net assets acquired

Acquisition analyses	2024	2023
Intangible assets	176	194
Property, plant and equipment	27	2
Financial assets	1	1
Inventories	53	58
Other current assets	68	55
Cash and cash equivalents	27	37
Deferred tax liability	-39	-40
Other non-current liabilities	-3	-2
Current tax liability		-12
Other current liabilities	-64	-68
Net identifiable assets and liabilities	248	224
Group goodwill	237	194
Payment transferred	-376	-277
Contingent consideration	-76	-75
Put options	-32	-71
Total payment	-485	-386
Impact on Group liquidity		
Cash and cash equivalents acquired	27	37
Payment transferred	-376	-277
Total impact on liquidity	-349	-240

Notes for Group and parent company



Note 31 – Business combinations cont.

Acquisition accounting

The acquisition analysis is preliminary and is kept open for 12 months from the closing date. During the period, retrospective adjustments may be made to the provisional amounts recognised at the date of acquisition to reflect new information about the facts and circumstances existing at the date of acquisition that, if known, would have affected the calculation. Goodwill represents the excess of the cost to the Group of shares in acquired subsidiaries over their fair value.

Description of acquisitions in 2024

Q1 An acquisition was completed in the **first quarter** in the Automation & Electrification operating segment when 70% of the shares in Livalco Stål AB were acquired. Livalco is a second-generation family business that stocks and supplies high-quality steel products for industry and infrastructure. The initial consideration amounted to SEK 47 million. There is also a put option linked to the acquisition. The put option is based on a future average EBITA multiplied by a multiple. The initial valuation of the put option was SEK 23 million. The surplus value from the acquisition, SEK 57 million, has mainly been allocated to a material agency agreement and brand. Goodwill amounted to SEK 34 million; we see synergy gains with the fellow subsidiary Pegol AB.

Q2 Two acquisitions were completed in the **second quarter** in the Automation & Electrification operating segment. 100 percent of the shares in Powercontrol AS were acquired through subsidiaries, resulting in a 70 percent shareholding. Powercontrol AS is a Norwegian builder of distribution boards, cabinets and switchgear. The company is a good complement to other electrical companies in the operating segment. The initial consideration amounted to NOK 58 million. No contingent consideration is attached to the acquisition. Surplus value of NOK 57 million has been partly allocated to the strong Power Control brand. NOK 43 million has been allocated to goodwill; we see synergy gains with other companies in our Electrification cluster. In March, 100 percent of the shares in Paper Test Equipment AB were acquired. The acquisition was carried out via subsidiaries, resulting in a shareholding of 85 percent. The initial consideration amounted to SEK 4 million. The contingent consideration is based on future EBITA. The contingent consideration is valued at SEK 2 million. The surplus value of SEK 4 million was allocated to goodwill.

Q3 Two acquisitions were completed in the **third quarter** in the Safety & Protection operating segment. 98 percent of the shares in Norsap AS were acquired by Ernströmgruppen AB. The company is a global market leader in high-quality operator chairs for the marine industry. The company also supplies pilot seats for flight simulators. Norsap is an excellent complement to the other marine safety companies in the Safety & Protection operating segment. The initial consideration amounted to SEK 165 million. The contingent consideration is based on future EBITA valued at SEK 46 million, which corresponds to the maximum outcome. The acquisition also includes a put option, which was initially valued at SEK 4 million. The surplus value from the acquisition totalled SEK 169 million. A large part of the surplus value has been allocated to contracts with customers. It has also been allocated to the strong brand, Norsap. Goodwill from the acquisition amounts to SEK 106 million. 96 percent of the shares in Sør-Stål AS were acquired in July. The company is active in sheet metal pressing. The initial consideration amounted to SEK 44 million. The acquisition includes a put option, which was initially valued at SEK 2 million. The surplus value totalling SEK 33 million has been allocated to brand and goodwill; we see synergy gains with Norsap AS. A minor add-on acquisition to Automation & Electrification was completed in the third quarter when 100 percent of the shares in Elektriske Skap-Systemer AS were acquired. The consideration amounted to NOK 12 million.

Q4 Two acquisitions were completed in the **fourth quarter**. In the Flow Technology business area, the Finnish company Kokko Control Oy was acquired in October. The acquisition was made locked box with completion in May. The company is an add-on acquisition to Armatec Oy and operations will be integrated in Armatec Oy. Kokko Control supplies components for industrial and power plant applications. Surplus value of EUR 3 million from the acquisition has primarily been allocated to a major agency contract and to brand. It has also been allocated to goodwill; we can see synergy gains with Armatec Oy. The initial consideration amounted to EUR 2 million. The contingent consideration is based on future EBITA results and the maximum outcome is EUR 1 million. It was estimated that the full amount of the contingent consideration has been reserved. In Automation & Electrification, an add-on acquisition was made when 80 percent of the shares in Labrotek Oy were acquired. The initial consideration amounted to SEK 3 million. No contingent consideration is attached to the acquisition. The surplus value amounted



Notes for Group and parent company

Note 31 – Business combinations cont.

to SEK 4 million and was allocated to contracts with customers. In Safety & Protection, an add-on acquisition was made when 100 percent of the shares in Gear Perfect AB were acquired. The initial consideration amounted to SEK 3 million. The acquisition is subject to a contingent consideration that is dependent on future sales. The valuation at the time of acquisition was SEK 8 million.

Ernströmgruppen also acquired 100 percent of the shares in Järnporten Brogatan 2 AB during the year. The consideration amounted to SEK 19 million.

Impact on the Group

Companies acquired in 2024 contributed SEK 221 million (220) in net sales and SEK 33 million (35) in EBITA. If all entities acquired had been owned for the entire financial year, the contribution would have been SEK 347 million in sales and SEK 60 million in EBITA. Acquisition-related costs for the year amounted to SEK 6.1 million (3.5), of which SEK 2.7 million (1.0) relates to uncompleted acquisitions.

Contribution of acquired entities to Group's sales in the last 12 months	Business area	Closing date	Net sales 2024 (SEK million)	Contribution to Group sales in 2024 (SEK million)	Number of employees
Livalco Stål AB	Automation & Electrification	January	70	70	8
Paper Test Equipment AB	Automation & Electrification	March	12	9	4
Powercontrol AS	Automation & Electrification	May	46	31	11
Norsap AS	Safety & Protection	July	137	64	39
Sør-Stål AS	Safety & Protection	July	38	19	11
Labrotek Oy	Automation & Electrification	October	7	1	1
Kokko Control Oy	Flow Technology	October	33	22	4
Elektriske Skap-Systemer AS	Automation & Electrification	October	4	4	n/a
Total			347	221	78

Notes for Group and parent company

**Note 32 – Adjustment for items not included in cash flow**

	Group		Parent company	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Depreciation and amortisation	312	232	-	-
Exchange differences	1	15	-6	-
Contingent consideration that has not fallen due	10	-	-	-
Pension according to IAS 19	-8	-8	-	-
Provisions	-	-1	-	-
Other	-4	2	-	-
Impairment of shares in subsidiaries	-	-	66	10
Total	311	240	60	10

In the Group, interest received amounts to SEK 11 million (SEK 5 million) and interest paid amounts to SEK -107 million (SEK -86 million). In the parent company, interest received amounts to SEK 30 million (SEK 25 million) and interest paid amounts to SEK -122 million (SEK -90 million).



Notes for Group and parent company

Note 33 – Events after the end of the reporting period

Since the end of the reporting period, Ernströmgruppen has completed two acquisitions, Koka Oy and Spica Technology Aps. Koka Oy provides advanced metering solutions and system integrations for water consumption that, with user-friendly cloud services, simplify the monitoring and billing of water consumption. The company has annual sales of SEK 95 million. The initial consideration amounted to SEK 178 million. The contingent consideration is based on future EBITA results and may, according to the agreement, amount to a maximum of SEK 80 million. The initial valuation of the contingent consideration was SEK 73 million. There is also a put option linked to the acquisition.

Initial valuation of this amounts to SEK 35 million. Koka Oy was acquired in January 2025.

Spica Technology is a highly specialised engineering company providing complex electrical products and system solutions to leading customers in the wind power industry. Annual sales amount to SEK 105 million. The company was acquired in mid-March 2025, for which reason a preliminary acquisition analysis had not yet been prepared when the annual report was signed.

Net assets acquired (SEK million)	
Preliminary acquisition analyses, Koka Oy	2025
Intangible assets	146
Property, plant and equipment	3
Financial assets	10
Inventories	35
Other current assets	14
Cash and cash equivalents	19
Deferred tax liability	-30
Other non-current liabilities	-3
Current tax liability	-
Other current liabilities	-19
Net identifiable assets and liabilities	59
Group goodwill	107
Payment transferred	178
Contingent consideration	73
Put options	35
Total payment	285
Impact on Group liquidity	
Cash and cash equivalents acquired	19
Payment transferred	178
Total impact on liquidity	159

Notes for Group and parent company



Note 34 – Proposed appropriation of profits

The following profits are at the disposal of the AGM:

Proposed appropriation of profits	31 Dec. 2024
Accumulated profit or loss	352
Profit for the year	117
Total	469

The Board of Directors proposes that the profits be appropriated as follows:

Proposed appropriation of profits	31 Dec. 2024
Dividend to shareholders of SEK 4 per share	80
To be carried forward	389
Total	469



Alternative performance measures

EBITA margin and EBITA growth

EBITA margin is EBITA in relation to net sales. EBITA growth is the increase in EBITA relative to the comparative period. These key ratios enable comparisons of profitability over time regardless of amortisation and impairment of acquisition-related intangible assets and regardless of the corporation tax rate and the company's financing structure. However, depreciation and amortisation of property plant and equipment and intangible assets which are not related to acquisitions are included. The performance measure is a measure of the resource consumption necessary to generate the earnings.

EBITA and Adjusted EBITA

EBITA adjusted for non-recurring items.

	2024	2023
Operating loss	395	395
Depreciation, amortisation and impairment of non-current assets	-107	-68
EBITA	502	462
Non-recurring items	12	4
Adjusted EBITA	514	466

Adjusted and pro forma EBITA

EBITA adjusted and pro forma as if completed acquisitions had belonged to the Group for the last 12 months. The measure increases the comparability of EBITA over time as it is adjusted for the impact of items affecting comparability and acquisitions.

	2024	2023
Adjusted EBITA	514	466
Pro forma acquired companies	27	32
Adjusted and pro forma EBITA	541	498

Net debt and Financial net debt

Net debt is the total of liabilities to credit institutions, additional considerations, contingent considerations, lease liabilities and cash and cash equivalents. Financial net debt is the total of liabilities to credit institutions and cash and cash equivalents.

Net debt/EBITDA

Net debt in relation to EBITDA pro forma as if the acquisitions made during the year had been owned from the beginning of the year.

	2024	2023
Adjusted and pro forma EBITA	541	498
Depreciation, amortisation and impairment of non-current assets	205	165
Pro forma depreciation and amortisation	1	-
EBITDA, adjusted	747	663
Net debt (as per Note)	2,105	1,798
Net debt/EBITDA	2.82	2.71

Alternative performance measures



Financial net debt/EBITDA

Financial net debt in relation to EBITDA (without the effect of leases in accordance with IFRS 16) pro forma as if the acquisitions made during the year had been owned from the beginning of the year.

	2024	2023
Financial net debt (as per Note)	1,407	1,129
EBITDA, adjusted	747	663
Adjusted for lease effect, IFRS 16	-149	-115
Financial net debt/EBITDA	2.35	2.06

Capital employed

Total assets decreased by cash and non-interest-bearing liabilities, except for liabilities for put options and contingent consideration, calculated as the average over the last four quarters at the closing date.

	Average 2024	Average 2023
Assets	3,891	3,619
Current liabilities	969	1,067
Capital employed	2,922	2,552

Return on capital employed

EBITA for the last 12 months in relation to average capital employed for the last four quarters at the closing date.

Return on capital employed, pro forma

Adjusted and pro forma EBITA for the last 12 months in relation to average capital employed for the last four quarters at the closing date.

	2024	2023
Adjusted and pro forma EBITA, R12	541	498
Average capital employed	3,009	2,552
Return on capital employed, %	16.7%	18.1%
Return on capital employed pro forma, %	18.0%	19.5%



Alternative performance measures

Cash flow generation

Cash flow from operating activities against profit before tax adjusted for non-cash items.

	2024	2023
Profit after financial items	284	300
Adjustment for non-cash items	311	240
Cash flow from operating activities	476	479
Cash flow generation, %	80.1%	88.2%

Free cash flow

Calculated as cash flow from operating activities (after changes in working capital), excluding IFRS 16 operating leases, less net investments in property, plant and equipment and intangible assets (excluding investments related to the acquisition of subsidiaries).

Free cash flow is used to track the cash flow generated by operating activities before acquisitions, changes in loans and dividends to shareholders.

	2024	2023
Cash flow from operating activities	476	479
Reversal of IFRS 16 lease effect	-138	-108
Acquisition of intangible assets	-31	-26
Acquisition of property, plant and equipment	-38	-68
Total free cash flow	269	277

Earnings per share

Calculated as profit after tax divided by the number of shares outstanding at the end of the period.

	2024	2023
Profit after tax	229	227
Average number of shares	20,000,000	20,000,000
Earnings per share, SEK (basic and diluted)	11.43	11.35

Signatures



Assurance by the Board of Directors

The Board of Directors and the CEO give their assurance that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with IFRS. The annual report and the consolidated financial statements provide a true and fair view of the Group's and the parent company's financial position and earnings. The directors' report for the Group and the parent company provides a true and fair view of the Group's and the parent company's operations, financial position and earnings and describes the material risks and uncertainties faced by the parent company and the companies in the Group. The earnings and financial position of the Group and the parent company are presented in the income statements, balance sheets, cash flow statements and notes in the annual report.

Gothenburg

Signed as per date of electronic signature

Alexander Wennergren-Helm
CEO

Michael Olsson
Chair of the Board of Directors

Oscar Bördin
Board member

Henrik Larsson Lyon
Board member

Kristina Willgård
Board member

Eva Nilsagård
Board member

Maximilian Hobohm
Board member

Fabian Hielte
Board member

Our auditor's report was submitted on the date of our electronic signature

Ernst & Young AB

Andreas Mast
Authorised Public Accountant



Auditor's report

Auditor's report

To the general meeting of the shareholders of Ernströmgruppen AB, corporate identity number 556081-4245

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ernströmgruppen AB for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 38-93 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 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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 1-37. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's report



Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

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 Ernströmgruppen AB for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.



Auditor's report

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Gothenburg signed as per date of our electronic signature

Ernst & Young AB

Andreas Mast
Authorized Public Accountant

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