Ependion AB Annual & Sustainability Report 2024

Investments in a secure and connected world

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Ependion—connecting the Alps

Ependion is playing a key role in connecting thousands of transformer stations in the Austrian Alps using 8,000 routers from the Westermo business entity. The customer is Energie AG, using a solution built on a private mobile LTE network that excels in mountainous areas, offering cybersecurity advantages such as protected frequencies. Westermo's solution, on the 450 MHz frequency band, means fewer base stations are needed, which is a significant cost advantage. Installations will take place in 2024 to 2026.

Energie AG Oberösterreich supplies more than 450,000 customers with electricity via its 33,000-kilometer high- and low-voltage network generated by 43 hydroelectric power plants, 11 thermal power plants and recycling facilities, 100 solar systems, and 14 wind turbines.

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This is Ependion

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

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

Our overarching strategy is founded on creating long-term value through a decentralized organization through strong entrepreneurship, collective financing, monitoring and support, and a proactive acquisition agenda.

Sales **2.3** billion SEK

EBIT **251** million SEK

Operations in **21** countries

950 coworkers

Key indicators

	2024	2023	2022
Sales, MSEK	2,258.1	2,470.6	2,128.4
EBITDA, MSEK	427.5	474.0	354.8
EBITDA margin,%	18.9	19.2	16.7
EBIT, MSEK	250.9	321.7	201.1
EBIT margin,%	11.1	13.0	9.4
Profit after tax, MSEK	157.0	200.4	146.4
Earnings per share, SEK	5.45	6.93	5.07
Dividend per share, SEK [a]	1.25	1.00	0.50
Equity/assets ratio,%	48.3	45.2	40.9

a The amount for 2024 refers to the Board's proposed dividend.

A year of investments for the future

Q1

January: the Westermo business entity opens a sales office in Denmark with its main focus on the expansive energy market.

March: the Beijer Electronics business entity adopts a new strategy focused on three customer segments: marine, manufacturing and applications for rugged environments. Its new production unit in Malmö starts serial production of X2 HMIs.

Q2

May: the Westermo business entity acquires a minority stake in UK software company Blu Wireless, which has developed new technology for enhanced connectivity on board trains.

June: the Westermo business entity secures its first train order on the major Indian market, where the business entity decided to start up a sales function and manufacturing in 2023.

Q3

September: both business entities are present at key trade events: Westermo is at InnoTrans, the international trade fair for transport technology, while Beijer Electronics showcases its new X3 and WebIQ at the SMM maritime trade fair.

Q4

November: the Beijer Electronics business entity launches X3 web, the first member of its new family of HMIs.

Order intake
2,039
MSEK (-12%)

Sales
2,258
MSEK (-9%)

Operating cash flow
460
MSEK (+38%)

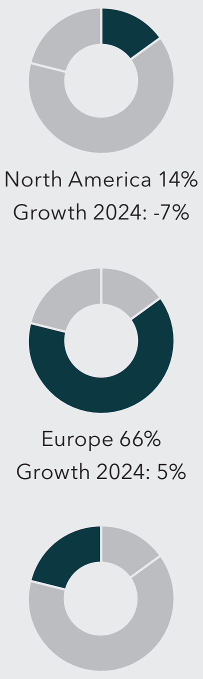
EBIT
251
MSEK (-22%)

Product development expenditure
313
MSEK (+11%)

X3 web is the first product release of next-gen operator panels from Beijer Electronics. The X3 series is one of the group's largest-ever development initiatives.

A global presence on expansive markets

Ependion's development centers are in Malmö and Västerås, Sweden, as well as Nürtingen and Mainz in Germany, Taipei in Taiwan, Bubikon in Switzerland and Dublin in Ireland. Manufacturing is in Stora Sundby and Malmö, Sweden as well as in Dublin, Mainz and Taipei, plus from the first quarter 2025, Bangalore, India. The group has direct sales resources and customer support in 21 countries, backed by distributors for local sales, servicing and support in over 60 countries.



North America 14%
Growth 2024: -7%

Europe 66%
Growth 2024: 5%

Asia 20%
Growth 2024: -5%

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Equipped for growth in India

At the end of 2023, Ependion's Westermo business entity took the decision to start up a subsidiary on the major Indian market, and work on this start-up continued in 2024. The business entity secured its first data communication order from Indian Railways as early as April, to enhance its freight transport operation, on assignment from Siemens Mobility. This start-up means Westermo is well positioned as a partner to the expansive Indian train and rail segment.

A year focused on the future

For Ependion, 2024 brought some headwinds on the market due to uncertain factors in our business environment that caused hesitancy among many of our customers. But at the same time, it was a year when the group's business entities took major steps through initiatives across a raft of forward-looking segments, creating good potential for profitable growth once the market turns.

Ependion's sales were 2.3 billion SEK, with an EBIT margin of 11.1%, a year of transition with a downturn from a record 2023. Our order backlog was just over 1 billion SEK at year-end.

We saw signs of a weaker business cycle back in 2023, with lower order intake in more cyclical segments like manufacturing, for example. In 2024, this downturn also impacted less cyclical segments, with certain infrastructure projects also deferred, which affected customer demand. Our business entities, Westermo and Beijer Electronics, used rationalization and cost control to compensate partly for the effects of temporarily lower demand. However, by the fourth quarter of the year we did witness a broad-based upturn in order intake across all business segments of both business entities.

Ependion delivers industrial data communication, visualization and control in harsh environments where quality standards are critical. The underlying demand for our products is driven by major trends like digitalization, electrification and sustainability. The need for investments in infrastructure, transportation and manufacturing remains substantial, and accordingly, we think we have great potential for profitable growth going forward. We combine global reach with closeness to customers and an intimate understanding of their needs. By transforming this into highly functional solutions, we build long-term and profitable business relationships.

Vital future investments in 2024

In 2024, Ependion made several milestone future investments that contribute to the group entering 2025 stronger.

Firstly, the Westermo business entity expanded its geographical market by incorporating a legal entity in Bangalore, India. This new unit, now operational, will drive sales on the Indian market, while also manufacturing products locally, a prerequisite for securing business in India, which applies very stringent requirements on local production, especially in infrastructure-related procurement. Westermo's growth potential in India is huge, where massive investments are ongoing and planned in rail, subway systems and energy supply. In 2024, Westermo secured its first major order from Indian Railways in partnership with Siemens Mobility. The business entity has also started sales in Denmark focused on the energy segment.

Secondly, Beijer Electronics implemented the business entity's new business strategy in 2024 with its clear focus on marine, manufacturing and applications for rugged environments, where its positioning is especially strong, Beijer Electronics has reorganized its sales, support and servicing into a globalized function. It took a decision to phase out more low-margin products and businesses, which with its continuous cost adaptation, is improving gross margins. Product development has also been tailored to fit the new strategy.

Thirdly, both business entities made substantial investments to improve efficiency in each production system. Westermo has enhanced the flexibility of its supply chain, and is now more capable of upscaling production as its market gears up. In 2024, it put a sharp focus on cost reductions on the procurement side, simultaneous with the business entity consolidating manufacture by relocating production from Bubikon, Switzerland to its plant in Sweden. Beijer Electronics has adapted its costs, focusing on Asia, to parry the downturn, simultaneous with starting additional production in Malmö for increased redundancy and closeness to European customers.

New tech investments

Ependion is a technology company focused on being at the leading edge with the capability to deliver reliable, high-quality solutions. Ependion invested a total of 313 MSEK in product development in 2024 to keep building competitive value propositions for customers in our selected segments. Westermo's development focuses included cybersecurity, and the entity has secured IEC 62443-4 certification. Beijer Electronics prioritized development of next-generation HMIs, and launched the first member of its new X3 family late in the year.

The shortcut to new technologies and know-how is through partnering with, or acquiring, companies that have developed new solutions that consolidate the business entities' value propositions. In 2024, Westermo acquired a minority stake in UK technology company Blu Wireless, while simultaneously entering a strategic collaboration with this company. Blu Wireless has developed novel wireless technology enabling radically improved connectivity on board trains. We continuously screen acquisition candidates.

2024 was also the year we took big steps in sustainability. Led by the new Group Head of Sustainability, our business entities and the group collectively produced a DMA (double materiality analysis), setting targets for reducing our carbon emissions consistent with the ambitions of the Paris Agreement.

I'd like to close by thanking all my colleagues for their good performance in 2024. Even if significant uncertainty regarding progress persists around the world and on our markets this year, I'm convinced that with its clear growth strategies, close customer relationships and skilled professionals, Ependion is really well equipped for its future. Investments in the year have created the potential to achieve our financial targets once the market turns.

Jenny Sjödahl, President & CEO

"Even if significant uncertainty regarding progress persists around the world and on our markets this year, I'm convinced that all the initiatives in the year have helped make Ependion even better equipped for its future.

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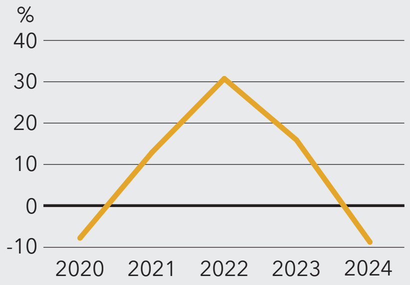
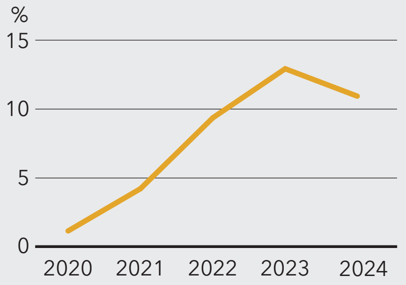
Goals and performance 2024

2024 was a year of transition in earnings terms, but also when Ependion laid a foundation for future growth through geographical expansion, new products and investments that added new technology. Both business entities worked to defend their margins on a hesitant market through savings and high cost consciousness. At the same time, Beijer Electronics and Westermo managed strategic change projects to boost their prospects of achieving their financial targets in the long term. Westermo upgraded the business entity's delivery capability and efficiency, while improving its value proposition, not least in cybersecurity, while Beijer Electronics implemented its new strategy and developed the next generation of HMIs.

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

GOAL	PERFORMANCE	FOCUS
GROWTH The group should achieve minimum yearly organic growth of **10%** Acquisition-led growth is additional.	 CAGR **+ 10%*** * Organic and currency-adjusted sales growth	A clear focus on segments with high underlying growth where Ependion's offering creates customer value.
PROFITABILITY The group should achieve a minimum EBIT margin (EBIT%) of **15%**	 EBIT% 2024 **11.1%**	Continuous rationalizations and a sharper profitability focus.
DIVIDEND POLICY The group should be a dividend-paying company.	Dividend 2023: 1.00 SEK/share Proposal 2024: **1.25** SEK/share	Higher earnings and healthy cash flow create room for dividends and acquisitions.

Our journey continues

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

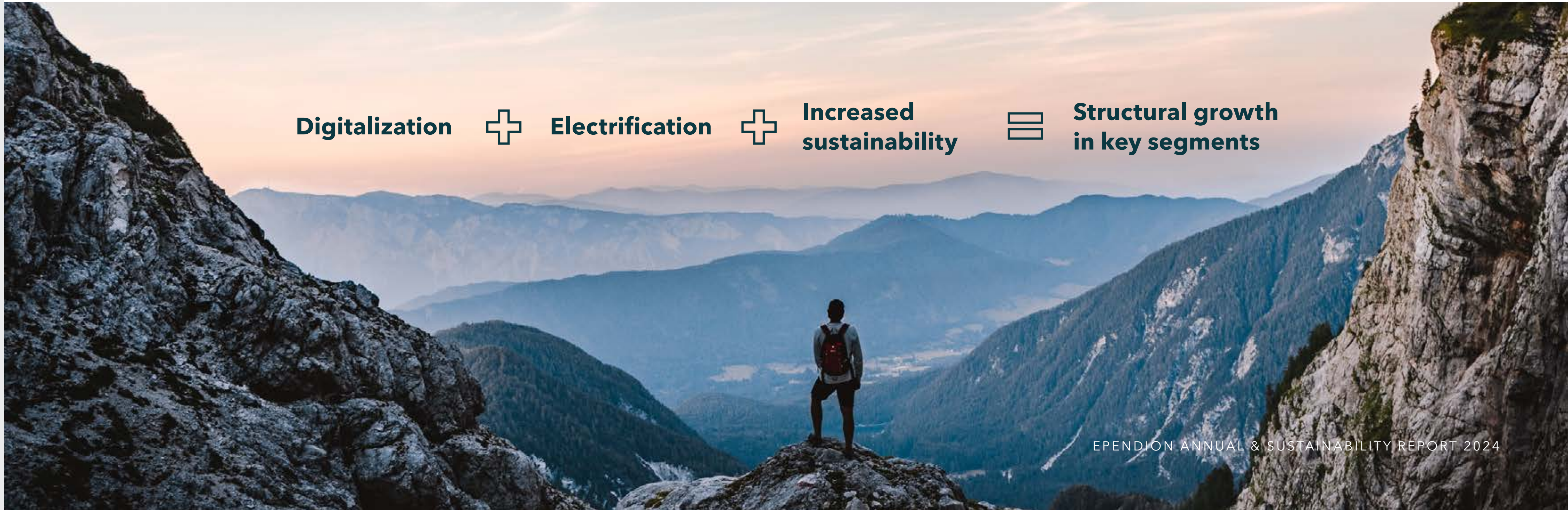
In the most recent five-year period, the group's sales have grown by an average of 10% per year. Digitalization and electrification combined with the pursuit of a more sustainable society, is driving demand. Our business entities, Beijer Electronics and Westermo, develop, manufacture and sell products and services with high technology content in segments were hardware and software for harsh environments are the common denominator.

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

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

Growth in communi-cation solutions for the energy segment.

Strong offering in visualization, control and digitalization for OEMs in manufacturing.



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Three reasons to invest in Ependion

For a secure and connected world

Sustainable growth in attractive market segments

Ependion is well positioned, focused on attractive segments and geographical markets where digitalization is enabling it to outgrow the wider economy. Other drivers include increasing demands for sustainability, electrification, and cybersecurity. The financial goal is a minimum organic growth of 10% per year. The group also pursues a proactive M&A agenda.

Proprietary technology developed in close partnership with customers

Ependion is a leading-edge technology group that develops, manufactures and sells products for secure data communication, visualization and control in harsh environments. Its offering, consisting of software and hardware with a growing share of services, is based on in-depth knowledge of customer needs. When solutions are embedded in a larger system, they have long useful lives and generate repeat and stable revenues.

A decentralized organization and continuous improvement generate stable profitability

Ependion's success is built on autonomous business entities that work closely with key customers, including some of the world's leading brands. Its strategy to sustainably attain a minimum profitability level of a 15% EBIT margin is founded on a sharply focused business, technology leadership, entrepreneurship close to customers, volume growth and continuous improvement.

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The Ependion share

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

Issue of class C shares

In April 2024, the Board of Directors decided to issue 102,918 class C shares with a quotient value of 0.33 SEK, in accordance with a resolution by the Annual General Meeting (AGM) 2023. The issue was to a financial institution, and was immediately repurchased by the company. The intention of the repurchased class C shares on delivery to participants in 2026 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2023/2026 incentive program.

Share capital

The share capital is 9,781,405 SEK divided between 29,050,025 ordinary shares with one vote corresponding to 29,050,025 votes, and 294,189 class C shares each with a value of one-tenth of a vote, corresponding to 29,418.9 votes as of 31 December 2024. The minimum share capital is 5,000,000 SEK, and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares confer equal entitlement to the company's assets and profits. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote.

Share price and turnover

In terms of bid price, the share price was 97.10 SEK at year-end 2024, against 125.60 SEK on the final trading day of 2023, which means the share price fell by 23% in the year. In the same period, the Stockholm Stock Exchange's broad OMX Stockholm PI index rose by 6%. The company's share traded at a high of 144.40 SEK and a low of 86.40 SEK in the year. Share turnover was 3.4 million shares, or 12% of the total number. In value terms, share turnover was 360 MSEK.

Earnings per share

Earnings per share after tax were 5.44 SEK (6.93).

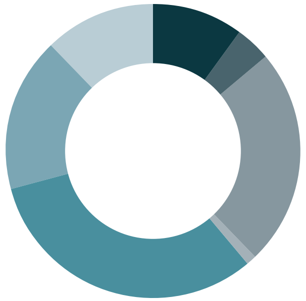
Dividend

The Board of Directors is proposing a dividend of 1.25 SEK per share (1.00) for the financial year 2024. The dividend proposal equates to a dividend yield of approx. 1.3%, in terms of the closing price for 2024.

Market maker

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

Shareholder category, prop. of equity



Mutual fund companies	8%
Insurance companies and pension funds	4%
Other financial companies	24%
Other organizations	1%
Other legal entities	34%
Foreign-domiciled shareholders	17%
Swedish private investors	12%

Share data, three years

	2024	2023	2022
Basic earnings per share, SEK	5.45	6.93	5.07
Dividend, SEK [a]	1.25	1.00	0.50
Pay-out ratio,%	23	14	10
Equity per share, SEK	45.8	40.0	34.4
Return on equity after tax,%	12.6	18.6	17.0
Closing price, SEK	97.1	125.6	110.4
No. of shares, million	29.3	29.2	28.8
Market cap., MSEK	2,821	3,673	3,184

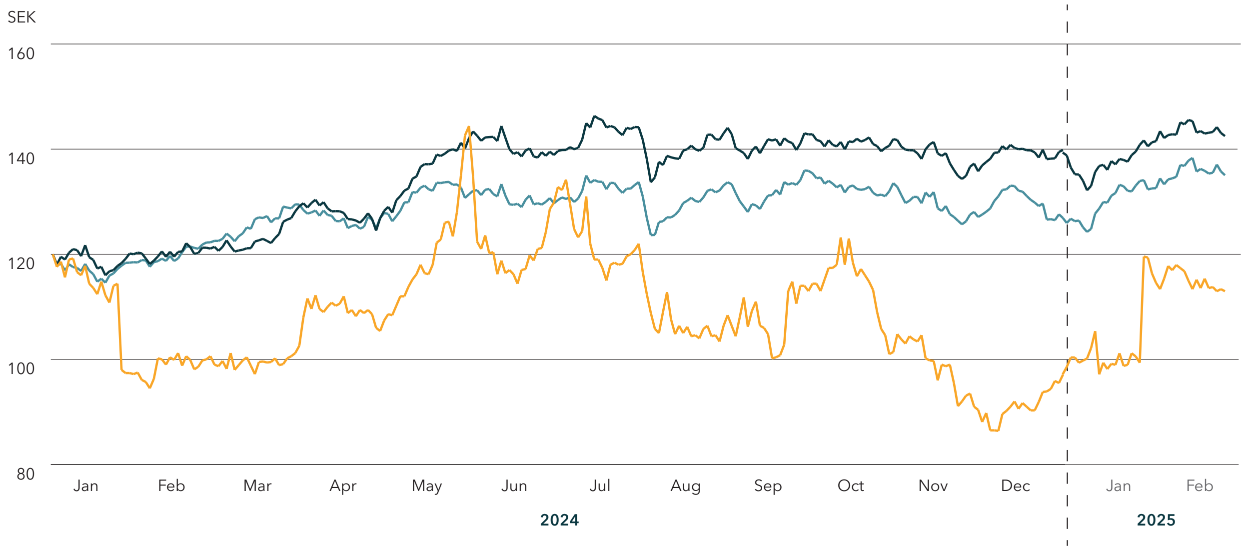
a The amount for 2024 is proposed dividend.

Ownership by shareholding as of 30 December 2024

Holding	No. of shareholders	No. of ordinary shares	Class C share	Holding,%	Votes,%	Market cap., SEK
1-500	3,581	399,642		1.36	1.37	38,805
501-1,000	409	317,696		1.08	1.09	30,848
1,001-5,000	471	1,059,558		3.61	3.64	102,883
5,001-10,000	66	490,890		1.67	1.69	47,665
10,001-15,000	28	342,600		1.17	1.18	33,266
15,001-20,000	19	332,745		1.13	1.14	32,310
20,001-	67	26,106,894	294,189	89.97	89.88	2,534,979
Summary	**4,641**	**29,050,025**	**294,189**	**100**	**100**	**2,820,757**

Source: Euroclear

Stock index



Source: NASDAQ OMX

Shareholders as of 30 December 2024

	Capital,%	Votes,%	No. of shares
Stena Adactum AB	29.48	29.78	8,651,332
Svolder Aktiebolag	15.19	15.34	4,456,850
Nordea Funds AB	14.27	14.41	4,186,829
Fourth AP Fund	8.36	8.44	2,452,491
Cliens Kapitalförvaltning AB	3.56	3.59	1,043,605
Försäkringsaktiebolaget Avanza Pension	3.41	3.44	999,725
Torsten Bjurman w. family and companies	1.99	2.00	586,327
Handelsbanken Fonder AB	1.56	1.57	457,035
Ålandsbanken Fonder AB	0.85	0.86	248,753
Y.P. Morgan SE, Luxembourg Branch	0.80	0.81	235,346
Total, 10 largest shareholders	**79.47**	**80.24**	**23,318,293**
Total other shareholders, 4,631	**20.53**	**19.76**	**6,025,921**
Total issued shares*	**100.00**	**100.00**	**29,344,214**

**Includes 294,189 class C shares held by the company.*
Source: Euroclear

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Global megatrends driving demand

Global progress is often described in terms of a number of megatrends; long-term, overarching changes that impact wider society. Megatrends are the complex, interacting forces that shape our world for the long term, influencing everything from economics and politics to culture and technology. Obviously, the demand for Ependion's products is ultimately based on how societies and economies progress on the markets where the group operates.

DIGITALIZATION & TECHNOLOGICAL ACCELERATION

SUSTAINABILITY & THE GREEN TRANSITION

DEMOGRAPHIC TRENDS & URBANIZATION

GLOBALIZATION VS. REGIONALIZATION

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	DIGITALIZATION & TECHNOLOGICAL ACCELERATION	SUSTAINABILITY & THE GREEN TRANSITION	DEMOGRAPHIC TRENDS & URBANIZATION	GLOBALIZATION VS. REGIONALIZATION
MEGATREND	More widespread adoption of digital technologies, automation, artificial intelligence, and the Internet of Things are transforming the way we live, work and communicate. New technologies like AI, biotechnology, nanotechnology and quantum computing are spawning innovations.	Greater awareness and focus on managing climate change, reducing CO_2 emissions and achieving more sustainable consumption of resources. Phasing out fossil fuels means investments in renewable energy, circular economy, and sustainable business models.	The global population is growing, while in the West particularly people are aging, impacting the demand for social services. Urbanization is a clear trend; the world's cities are continuing to expand with the resulting huge need for investments in infrastructure.	Steadily increasing global trade and the rising mobility of people and ideas across borders has been slowed by geopolitical tensions, wars and conflicts. One consequence is some reshoring of manufacture to the West to ensure redundancy and reduce transportation.
IMPACT ON EPENDION	A growing base of devices is connected, generating enormous data volumes that need to be transported. One of Ependion's strengths is secure data communication in harsh environments, where communication has to work, like between subway trains and stations. The group's solutions present data for control, visualization and new insights, for example in machinery connected in manufacturing and a variety of marine applications.	Investments in smarter energy solutions, fossil-free rail and maritime transportation, plus more resource-efficient machinery and processes, are accentuating the need for data for management and control. The ongoing electrification of communities and transportation brings a need for new initiatives in renewable energy generation, distribution and storage; segments were Ependion enjoys high potential with, for instance, its robust products for wireless data communication.	Large-scale investments in modernizing and expanding social infrastructure are contributors to rising demand for data, management and control solutions. This applies to road and rail for physical transportation, or water and wastewater network, as well as other utilities. Ependion offers robust products that operate in extremely harsh environments, such as rail applications, ports or power distribution networks.	For Ependion, the alteration of global collaborative patterns and trade presents threats and opportunities. The new investments resulting as manufacturing reestablishes in the West is helping boost demand for the group's products. On the other hand, a deteriorated geopolitical outlook can hinder sales and production.

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A clear strategy generating long-term value

Ependion's group-wide strategy is founded on decentralized decision-making and collective synergies. Our business entities are autonomous, but held together with shared finance, IT infrastructure, and support on acquisition processes. Sustainability is becoming an increasingly central forum for interaction, as reporting standards rise.

Ependion's group-wide strategy is based on generating long-term value with a decentralized organization through strong entrepreneurship, shared finance, monitoring, and support, plus a proactive acquisition agenda. Ependion also puts a sharp focus on operational efficiency and driving profitability gains. Our value proposition consists of hardware, software and related services for data communication, visualization and control.

Both business entities develop their own strategies, albeit with a clear common denominator: prioritizing profitable and expansive segments, thorough knowledge of customer needs and new technology, customer-focused product development and the pursuit of premium positioning on the market. The strategies of each business entity are explored in the relevant sections of this Annual Report. In early-2024, Beijer Electronics adopted a new strategy for the business entity, which was implemented in the year.

Sustainability is a strategic area and Ependion made major advances in 2024. A DMA (double materiality analysis) was conducted in the year, and the group's reporting has been developed consistent with CSRD (the Corporate Sustainability Reporting Directive). The Sustainability Report (pages 33-82) reviews the group's sustainability work in more detail.

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New acquisitions bring new technology

One important component of Ependion's strategy is the active search for acquisition candidates and a thorough screening process to ensure that target companies are a good fit. The main focus is on complementary acquisitions enabling the group to access new technology, new segments or new geographical markets. In the most recent five-year period, the group has completed five complementary acquisitions.

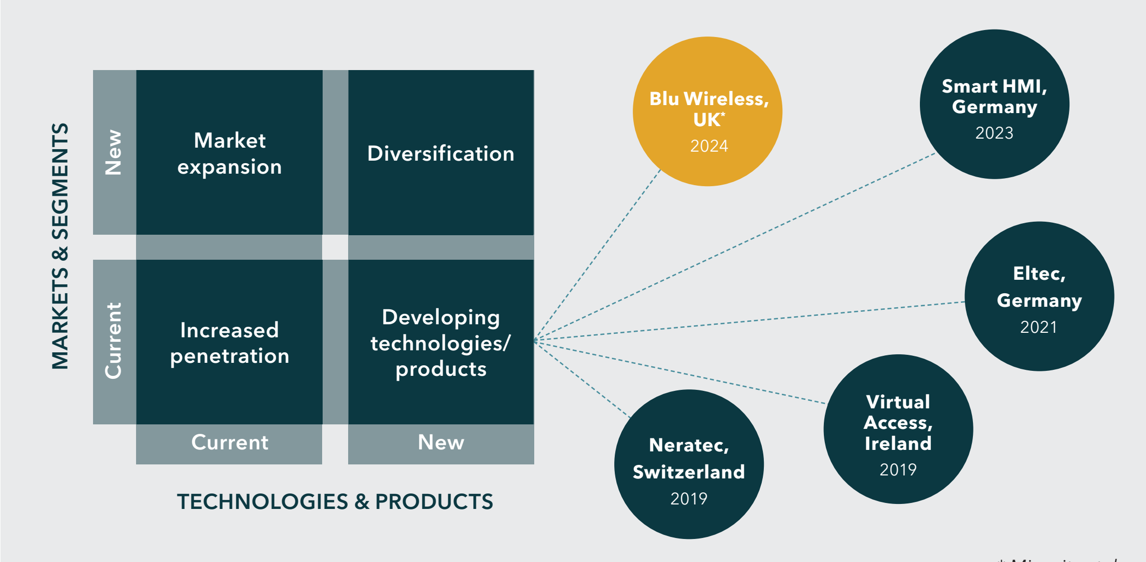
In recent years, acquisitions have mainly centered on adding new technologies to each business entity, where acquisitions shorten our run-up and reduce costs.

In 2024, the Westermo business entity purchased a minority stake in UK technology company Blu Wireless Ltd., a deal bringing Westermo access to patented new connectivity technology for trains with high bandwidth and low latency.

In 2023, the Beijer Electronics business entity acquired German software company Smart HMI, which has developed WebIQ, a web-native platform that complements physical HMIs. Westermo previously made three acquisitions designed to add competence in wireless cellular technology, with Neratec in Switzerland and Virtual Access in Ireland taken over in 2019, followed by Eltec in Germany in 2021.

"Ependion is managing a proactive acquisition agenda designed to identify suitable candidates. They're mainly companies with the potential to complement existing business entities either by adding new technology, new know-how and new products, or by expanding the group's presence into new geographies or adjacent segments. Our work is managed at group level in consultation with each business entity's management and involves the continuous identification and screening of potential acquisition candidates in partnership with external consultants. Our analysis is rigorous and ensures our acquisitions fit. Our minority stake in Blu Wireless in 2024 is a good example of how the group fast-tracks to new technology and know-how through acquisitions."

Joakim Laurén, EVP and CFO of Ependion



* Minority stake

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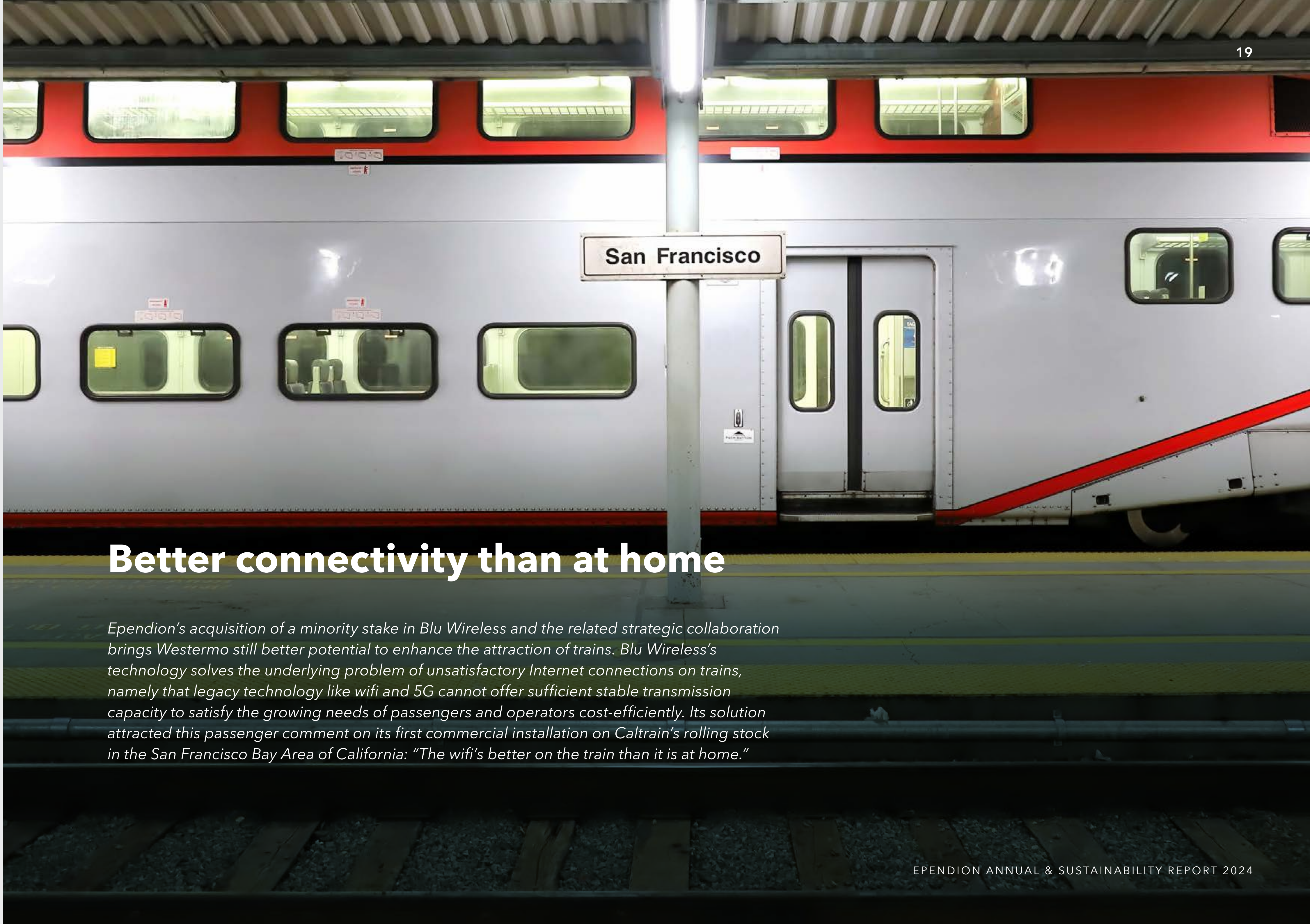
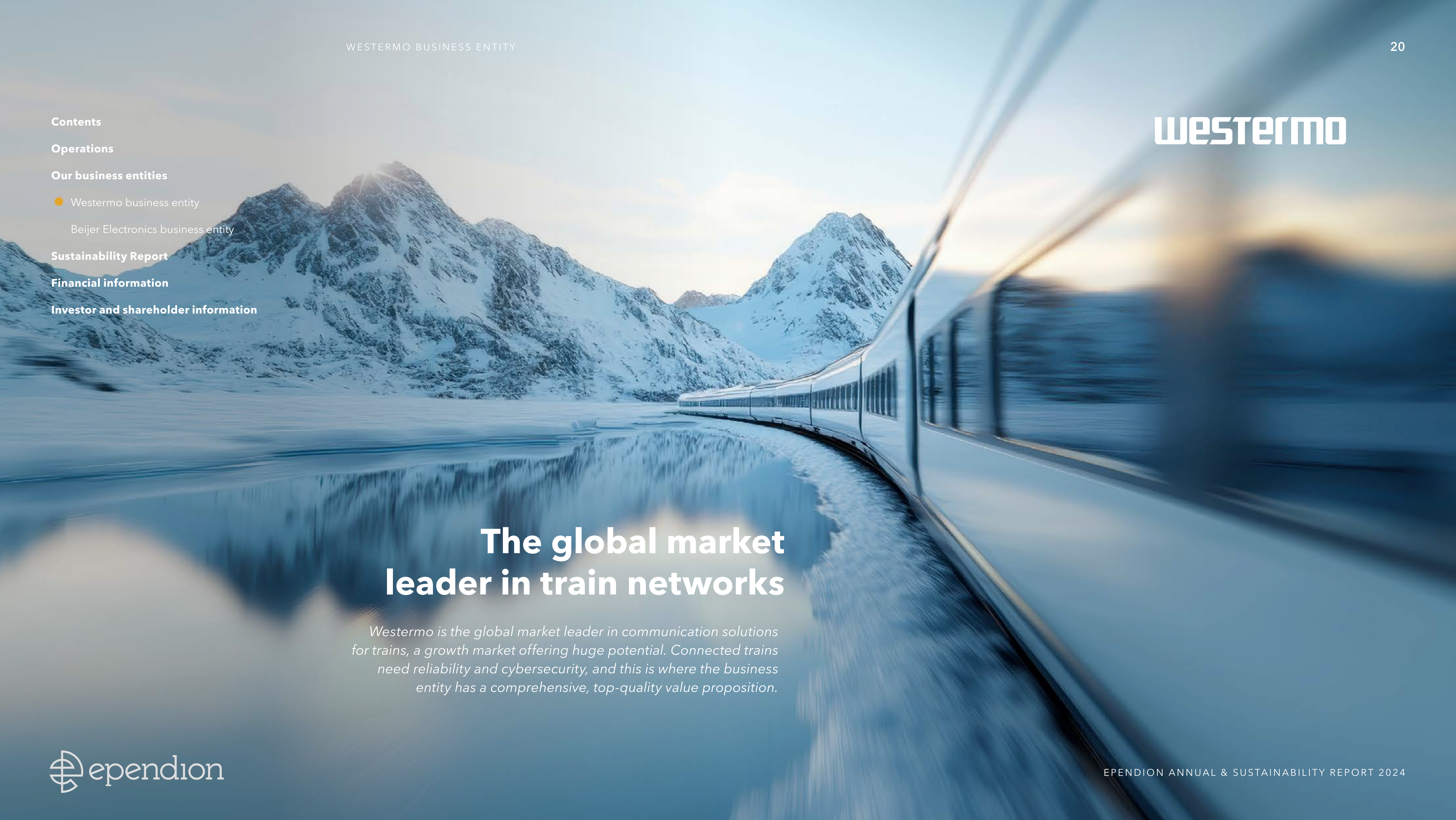


Better connectivity than at home

Ependion's acquisition of a minority stake in Blu Wireless and the related strategic collaboration brings Westermo still better potential to enhance the attraction of trains. Blu Wireless's technology solves the underlying problem of unsatisfactory Internet connections on trains, namely that legacy technology like wifi and 5G cannot offer sufficient stable transmission capacity to satisfy the growing needs of passengers and operators cost-efficiently. Its solution attracted this passenger comment on its first commercial installation on Caltrain's rolling stock in the San Francisco Bay Area of California: "The wifi's better on the train than it is at home."



westermo

The global market leader in train networks

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

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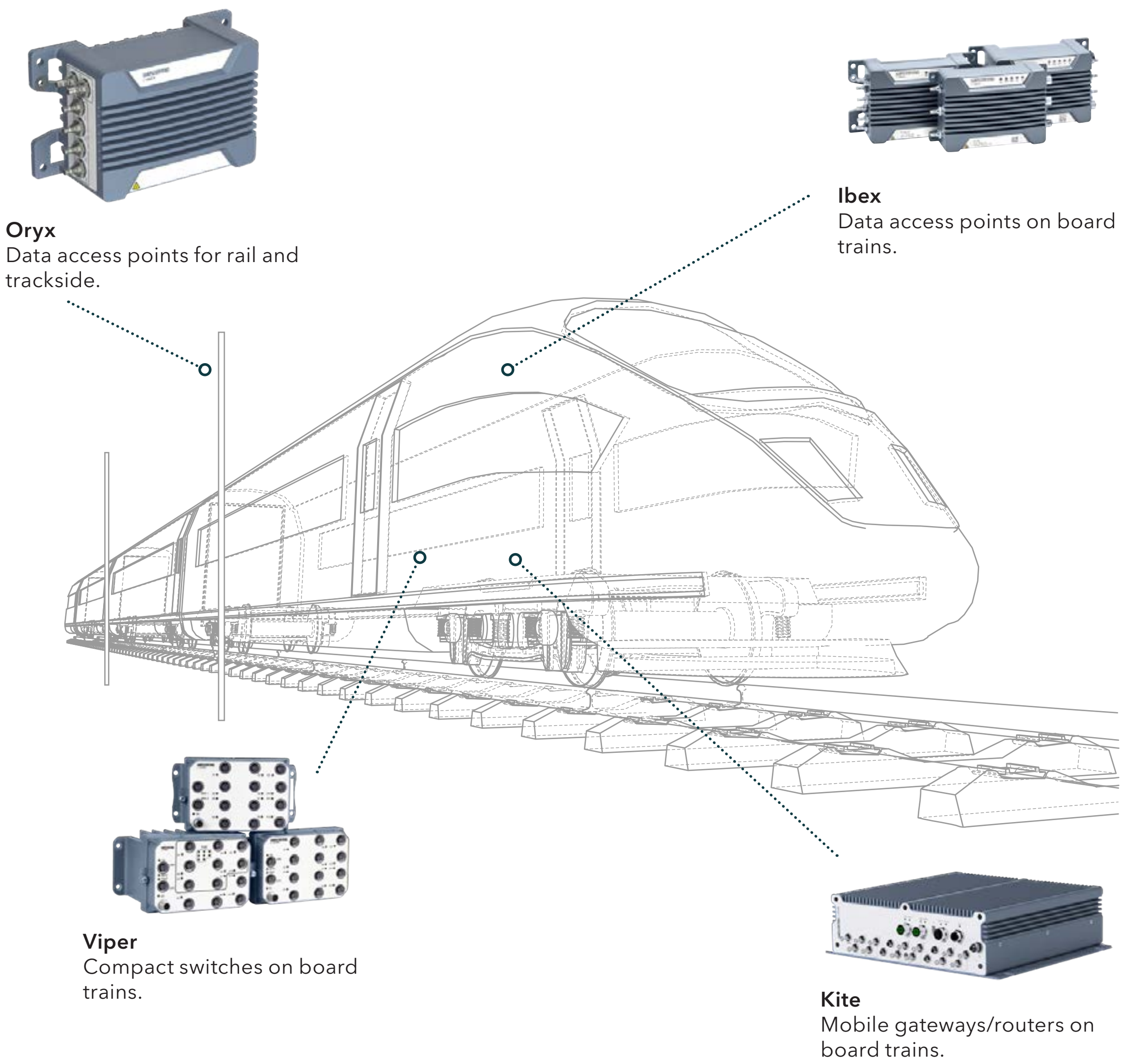
Robust solutions for secure travel and transportation

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

Example solutions include the **Oryx** product family, which provides fast and secure data communication between the train and its surroundings in harsh environments, **Ibex**, which delivers high bandwidth onboard connections to passengers and devices, **Viper**, which creates a backbone network on board and between train cars, and **Kite**, which connects the train to wireless infrastructure like 5G networks and other networks in the train's surroundings. Westermo has IEC 62443-4 certification and partners with some of the global leaders in train and rail.



Westermo has laid the foundation for future growth

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

Progress in 2024

For Westermo, 2024 was a year featuring a more hesitant market simultaneous with large-scale investments in new markets, new technologies and new products.

» Westermo made substantial investments in the cybersecurity segment in the year to guarantee secure data communication for trains, trackside and energy supply. The business entity gained IEC 62443-4 certification, a standard that ensures its products are developed and manufactured with cybersecurity as a priority.

» Westermo's start up in Bangalore, India, progressed to plan, with new management and staff hired. It opened in the first quarter of 2025, with the first order for Indian Railways secured in 2024 in partnership with Siemens mobility.

» Westermo acquired a minority stake in UK software company Blu Wireless in 2024, which has developed novel technology with the potential to radically enhance on-board train connectivity. This solution had a positive operational introduction in the year.

» Westermo opened a sales office in Denmark focusing on the energy segment. In the year, the business entity worked on supplementing its portfolio with new communication solutions for the energy segment.

» In the year, Westermo worked on offsetting a temporary weaker market through internal savings programs, continuous adaptation of its organization and rationalization investments in production.

Offsetting temporarily weaker demand

Westermo's order intake was 1,237 MSEK (1,422). Sales were 1,317 MSEK (1,444). EBITDA was 289 MSEK (317). EBIT was 199 MSEK (238), equivalent to an EBIT margin of 15.1% (16.5).

Sales
1.3
billion SEK

Share of group sales
58%

Number of coworkers at year-end
437

	2024	2023	2022
Sales total, MSEK	1,317	1,444	1,010
EBITDA, MSEK	289	317	180
EBIT, MSEK	199	238	105
EBIT margin, %	15.1	16.5	10.4
Share of group sales, external, %	58	58	47

> ***In parallel with all our offensive initiatives, we've made substantial efforts to defend our margin in a hesitant market.***
>
> Jenny Sjödahl, CEO of Westermo

CEO's statement Westermo

After an exceptionally strong 2023, we can view 2024 as a year of transition, focused on the future. We've made Westermo even stronger by expanding into new markets, developing our value proposition and investing in new technology.

In parallel with all our offensive initiatives, we've made substantial efforts to defend our margin in a hesitant market. Now, we have a more complete value proposition in our focus segments, really efficient supply and delivery chains, and have established a presence on the expansive Indian market.

Westermo has a leading position in communication solutions for trains, where we've consolidated our positioning in data communication for trackside and have made major advances in the energy segment. As a partner to customers with critical applications, cybersecurity is crucial, and we evolved our value proposition in this segment, independently and through a range of collaborations. Our investment in Blu Wireless brings access to new technology that has the potential of radically transforming on-board train connectivity. We made several major advances in sustainability, producing the business entity's first environmental product declaration (EPD) for our Viper product family, which is critical to the train segment.

These forward-looking initiatives are helping engender great confidence in the future for the business entity's people, who did a fantastic job in a challenging year. When the more cautious attitude that left its mark on customer demand in 2024 transitions to a more offensive focus, Westermo will be better prepared than ever.

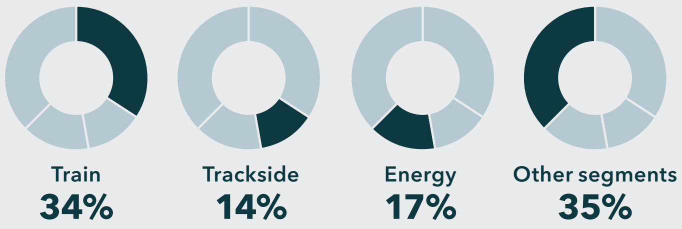
Jenny Sjödahl, CEO of Westermo

Strategy for continued growth

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

Westermo is currently the global market leader in train networks with strong relations with several of the world's leading train builders. In the more fragmented focus segment of trackside, the business entity can benefit from its strength in trains to build a profitable and expansive business. There is high potential in the energy segment, and Westermo's investments are now starting to pay off.

SHARE OF SALES, 2024



Contents

Market, market position and potential

Westermo manufactures and sells industrial switches and routers, industrial 4G/5G routers and WLAN (Wi-Fi) products. The estimated global value of the market for these products is over 50 billion SEK. The specific global market for industrial routers and switches, Westermo's largest market, is worth an estimated 25 billion SEK-plus, and will grow by an average of 10% in 2022–2027. Growth drivers include urbanization, electrification, increasing sustainability standards, cyber and IT security, as well as digitalization, which are all accentuating the need for secure and reliable communication.

Westermo's focus segments, all of which are linked to critical infrastructure, have a growth rate that is somewhat higher than the industry average for the long term. The largest vendor in the sector is Cisco, followed by Belden and Siemens. Sales are mainly hardware, but software and services are expected to outgrow the market average.

Value proposition

Westermo offers an extensive range of products and services specifically developed to create robust and secure data communication networks in infrastructure and industrial applications. The company has a special focus on products addressing the train, trackside and energy segments. The applications Westermo's solutions are installed in often have challenging and harsh environments, with electromagnetic disruptions, dust, vibration and wide temperature fluctuations. This sets high demands on the products' environmental durability, safety and reliability. Because this equipment is installed in infrastructure with long lifespans like train and power infrastructure, products also need long expected lifespans, often at least ten years.

The offering primarily covers Ethernet switches and routers, cellular routers and WLAN devices. These products integrate hard and software, with the role of software becoming increasingly central to achieving competitiveness and cybersecurity functionality, for example. Westermo also offers services through training and technical support. A new service offering covering technical support, guarantees and software updates was launched in the year.

Product development

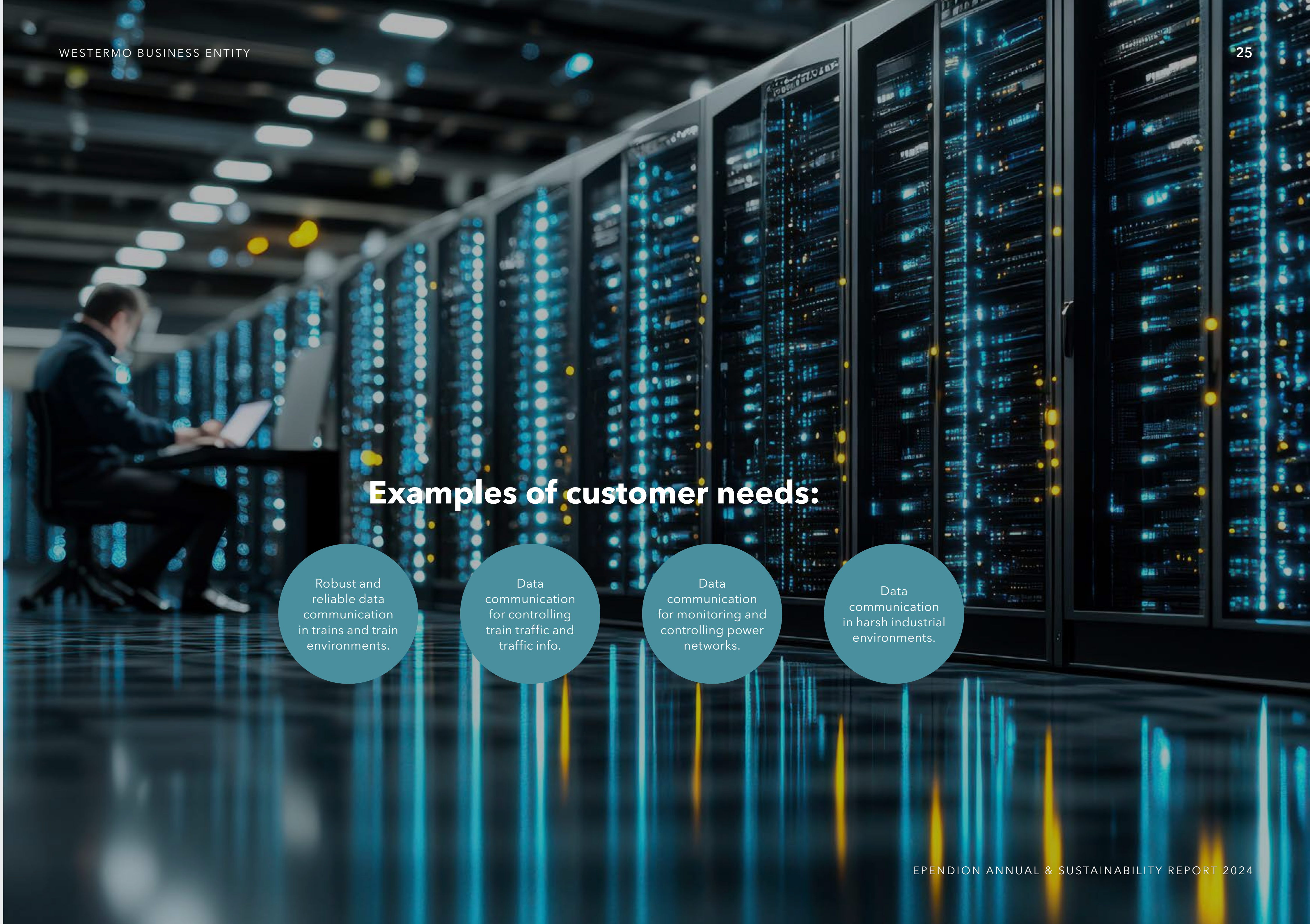
In 2024, Westermo invested 188 MSEK in research and development, or 14.3% of sales. An increasing proportion of investments are being made in software, which represent a significant share of functionality and half of development expenses. Software is what gives a solution its competitiveness through the potential to address specific wants and needs. About one-third of Westermo's staff work in R&D in close partnership with customers.

Focuses of development work in the year included adding to the portfolio in the energy segment, where Westermo has a dedicated software development team. New products were also launched in the train and trackside focus segments. Significant resources were allocated to enhancing cybersecurity functionality and satisfying the standards resulting from implementation of the NIS2 directive in the EU in 2025. In the year, the business entity secured IEC 62443-4 certification for cybersecurity. Making a contribution to sustainability is important, and is achieved, among other things, through more energy-efficient products. To ensure development remains at the technological leading edge, the business entity entered a partnership with Mälardalen University, Sweden. AI is playing increasing critical role, both in streamlining development and as functionality embedded in various products.

Manufacturing

Westermo's products are manufactured at the company's plant in Stora Sundby, Sweden, although it also has production in Ireland and Germany, as well as India from the first quarter of 2025. Production in Switzerland was relocated to Stora Sundby in the year. Westermo has progressively expanded and modernized its plant in Sweden to increase capacity and rationalize production. It overhauled its supply chain to ensure redundancy and attractive terms, which includes manufacturing more basic, high-volume PCBAs externally, and concentrating in-house manufacture on high-end, high-value PCBAs. The plant in Sweden conforms to the IPA 610 standard and holds ISO 9001, ISO 14001 and ISO 27001 certifications.

Focus segments 2025	Market position	Potential
Train represented 34% of sales in 2024. Westermo offers industrial network products that can cope with the harsh conditions on board trains and subways.	A global market leader with strong positioning with several of the leading train builders and in-depth domain knowledge.	High potential, substantial investment worldwide in new trains and retrofitting rolling stock.
Trackside represented 14% of sales in 2024. Robust and secure data transmission is also decisive for communication between trains and their surroundings to operate.	Mid positioning on a fragmented market, significant domain knowledge and a progressively stronger product portfolio.	Substantial need for investment combined with a fairly low market share offers growth potential.
Energy represented 17% of sales in 2024. This is subject to equally high standards of robustness and reliability for data transmission as for trains and trackside.	A challenger with a growing value proposition and domain knowledge on a fragmented market.	Very substantial due to electrification and the green transition.



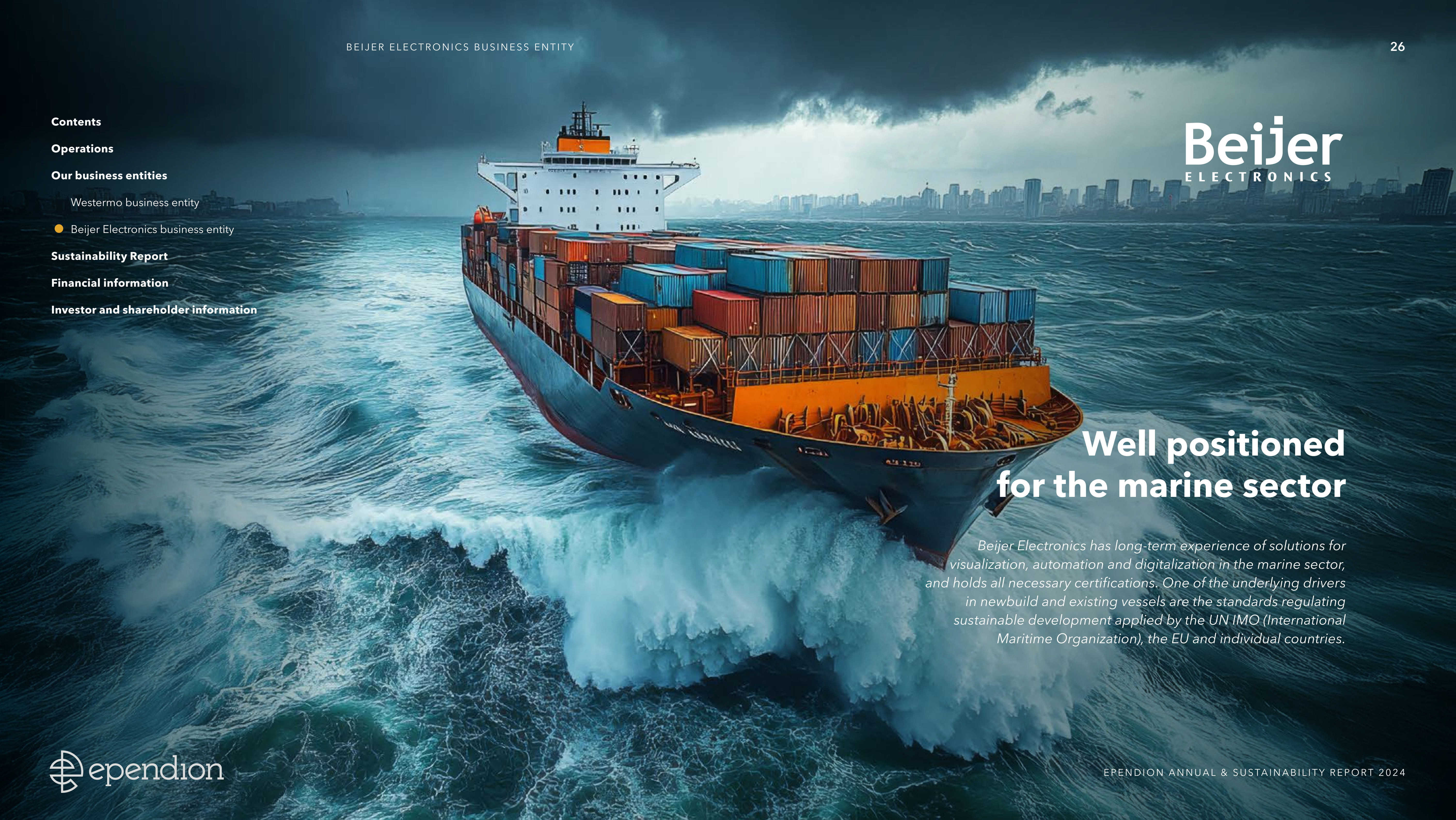
Examples of customer needs:

Robust and reliable data communication in trains and train environments.

Data communication for controlling train traffic and traffic info.

Data communication for monitoring and controlling power networks.

Data communication in harsh industrial environments.



Beijer ELECTRONICS

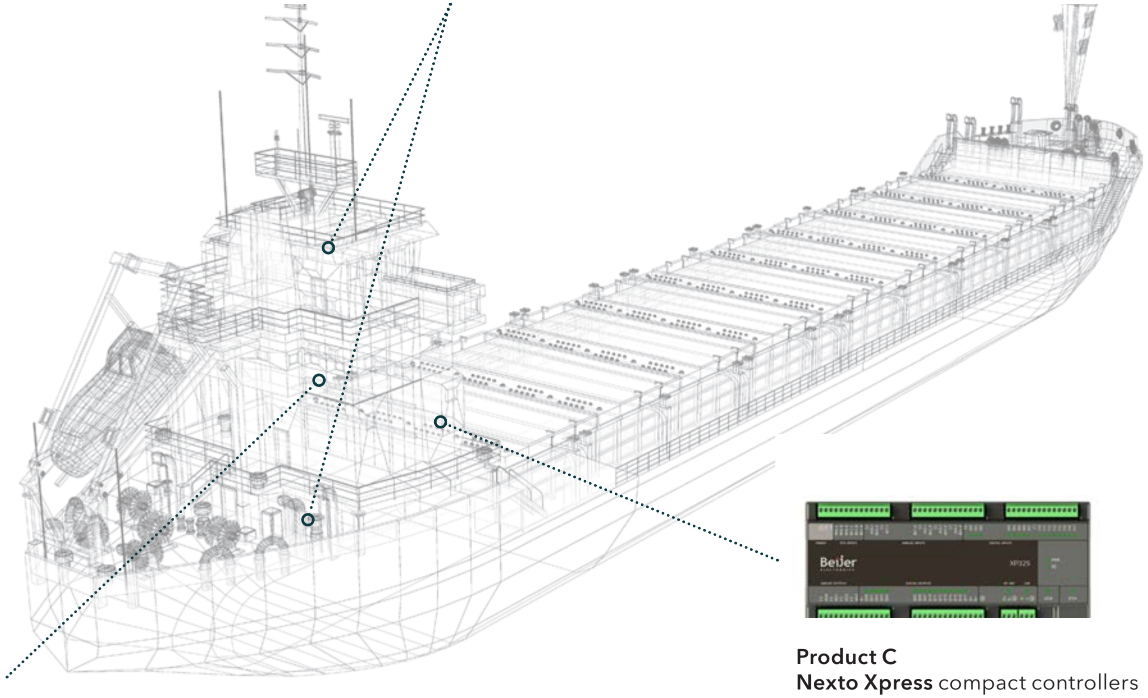
Well positioned for the marine sector

Beijer Electronics has long-term experience of solutions for visualization, automation and digitalization in the marine sector, and holds all necessary certifications. One of the underlying drivers in newbuild and existing vessels are the standards regulating sustainable development applied by the UN IMO (International Maritime Organization), the EU and individual countries.

Strength in solutions for sustainable and safe shipping

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

Product A
X2 Marine and IX software: visualization solutions with HMIs, tailored for bridges, in engine rooms and cabins.



Product B
Cloud-native portal and CloudVPN Gateways deliver powerful cybersecure remote access to technical equipment and devices on board.

Product C
Nexto Xpress compact controllers and BCS Tools software enable powerful control of a variety of on-board applications.

Beijer Electronics clarifies its strategy

Beijer Electronics helps its customers enhance efficiency and improve sustainability by transforming data into valuable insights. Beijer Electronics provides machine builders and system integrators worldwide with solutions for visualizing, automating and digitalizing industrial applications in the marine and manufacturing sector, as well as in rugged environments.

Progress in 2024

Demand for Beijer Electronics' products was impacted by a weaker business cycle, primarily in manufacturing and in Asia, while the marine segment progressed positively.

- Early in the year, Beijer Electronics adopted a new strategy focusing on the marine sector, manufacturing and applications for rugged environments, all of which are strengths of the business entity. Software is a key success factor.
- Developing next-generation HMIs–the X3 family–was intensive, focusing on launching X3 web. X3 offers more potential to tailor functionality to various customer needs through software.
- The business entity's organization was realigned consistent with the new strategy, including the centralizing of sales, technical support, and marketing functions into a single global function.
- Beijer Electronics started phasing out lower-profitability products, meaning deliveries of more basic panels in Display Solutions concluded in the first quarter of 2025, and the industrial data communication (IDC) product portfolio being tailored to focus segments.
- The business entity started serial production of HMIs in Malmö in 2024.

Slower demand impacted sales and earnings

Beijer Electronics' order was 807 MSEK (892). Sales were 946 MSEK (1,033). EBITDA was 183 MSEK (199). EBIT was 106 MSEK (134), equivalent to an EBIT margin of 11.2% (12.9).

Sales
946
million SEK

Share of group sales
42%

Number of coworkers at year-end
401

	2024	2023	2022
Sales total, MSEK	946	1,033	1,128
EBITDA, MSEK	183	199	211
EBIT, MSEK	106	134	145
EBIT margin,%	11.2	12.9	12.9
Share of group sales, external,%	42	42	53

> ***This was a year of change when we laid the foundation for future profitable growth with a new strategic direction, state-of-the-art products and a more streamlined organization.***
>
> Kristine Lindberg, CEO of Beijer Electronics

CEO's statement Beijer Electronics

Beijer Electronics' 2024 was a year when we laid the foundation for future profitable growth. The single biggest event was our decision on a new strategy, bringing more clarity and focus.

Historically, Beijer Electronics' business has been too broad, with an excessive variety of solutions for various sectors and applications. We're now focusing development and sales on the three segments where Beijer Electronics has the strongest positioning: marine, manufacturing and solutions for rugged environments, where our customers are often machine builders in each focus segment. The marine sector focus segment showed the most progress in the year, mainly driven by investments to satisfy new, more stringent sustainability directives in shipping.

Implementing our strategy has meant building a strong, integrated sales, support and marketing organization. One other consequence is our decision to phase out the manufacture of certain products with limited technology content and low profitability. This impacted sales in 2024, an effect that will taper off in early-2025. Last but not least, 2024 was a year of development work focused on next generation HMIs, known as the X3 series. This has been Beijer Electronics' largest-ever development project, delivering substantial value-added to customers and will be launched progressively throughout 2025. X3 will focus on software, offering the potential for tailoring to customer needs, simultaneously enabling us to sell in more services. Web IQ, Beijer Electronics' web-native software, is an excellent fit alongside our high-quality HMIs in the X3 series, and creates further value-added for customers.

Overall, in 2024, we invested in our future. Beijer Electronics is well prepared for 2025 and its future with a clear strategy and state-of-the-art value proposition.

Kristine Lindberg, CEO of Beijer Electronics

Strategy for continued growth

Beijer Electronics is an autonomous business entity within Ependion focusing on the human-machine interface, where the business entity has a broad value proposition mainly targeting HMIs that transform data into valuable insights. Beijer Electronics delivers innovative solutions for visualizing, automating and digitalizing industrial applications.

The business entity provides leading-edge software integrated with high-quality hardware that satisfies customer standards and needs.

Beijer Electronics is focusing on three segments where the business entity has strong positioning with good profitability, satisfied customers and a strong value proposition. Marine applications on board vessels, where Beijer Electronics has long-term experience and a high certification level, OEMs in manufacturing and applications for rugged environments, where climate, dust and other factors set high demands on robustness and reliability. This strategy means product development, the value proposition and sales focus on segments where the business entity can create the most customer value and benefit, enhancing its potential to achieve its profitability targets.

SHARE OF SALES, 2024

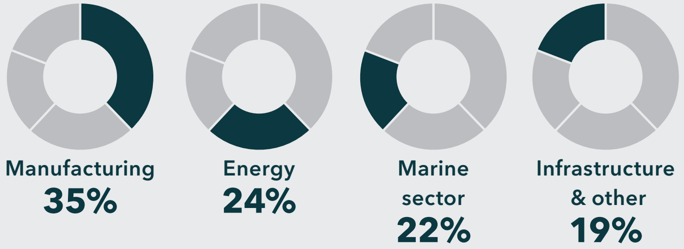


Image: Marius Beck Dahle

New solution expands marine target group

Ependion's Beijer Electronics business entity is a leader in visualization, automation and digitalization for the marine sector, which is also one of its three focus segments. Previously, its solutions were mainly installed on vessels in the global merchant fleet, which has about 100,000 ocean-going vessels. The business entity is now expanding its range to solutions for hundreds of thousands of smaller vessels used in fishing and other inland waterway or coastal operations.

This is a software-native solution that visualizes and monitors a raft of alarm signals when integrated with HMI and other hardware. It enables secure and sustainable shipping, and may become a requirement for certification of ship classification societies. One solution has been installed on board Norwegian trawler MS Ronja Ode.

Market, market position and potential

The global HMI (human-machine interface) market has a forecast 8% growth rate to a value of 75 billion SEK in 2027. Panel and PC-based HMI solutions represent over four-fifths of volume, and the demand for software is expected to outgrow hardware significantly in the period 2022–2027.

The American market is the largest–the US market alone represents 25% of the demand for HMIs, with Asia second, closely followed by EMEA. The highest growth is forecast in India, China and Mexico. Growth is being driven firstly by digitalization and connectivity of machinery and processes—Industry 4.0—and secondly by more widespread automation and higher sustainability standards. The re-establishment of manufacturing in the West is another driver of increased investment.

Value proposition

Beijer Electronics delivers solutions in three segments: visualizing, digitalizing and automating processes. Its primary product segment is the X2 family, which has now been supplemented with the new X3 family. The X2 and X3 are HMIs that combine high performance and robustness with intelligent, user-friendly design. X3 series HMIs will be delivered to customers in parallel with the continued sale, manufacture and support of the X2. The business entity's software adds value through the ability to adapt solutions to customer needs, an advantage enhanced by both the X3 and web-native, platform independent solution WebIQ.

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

Product development

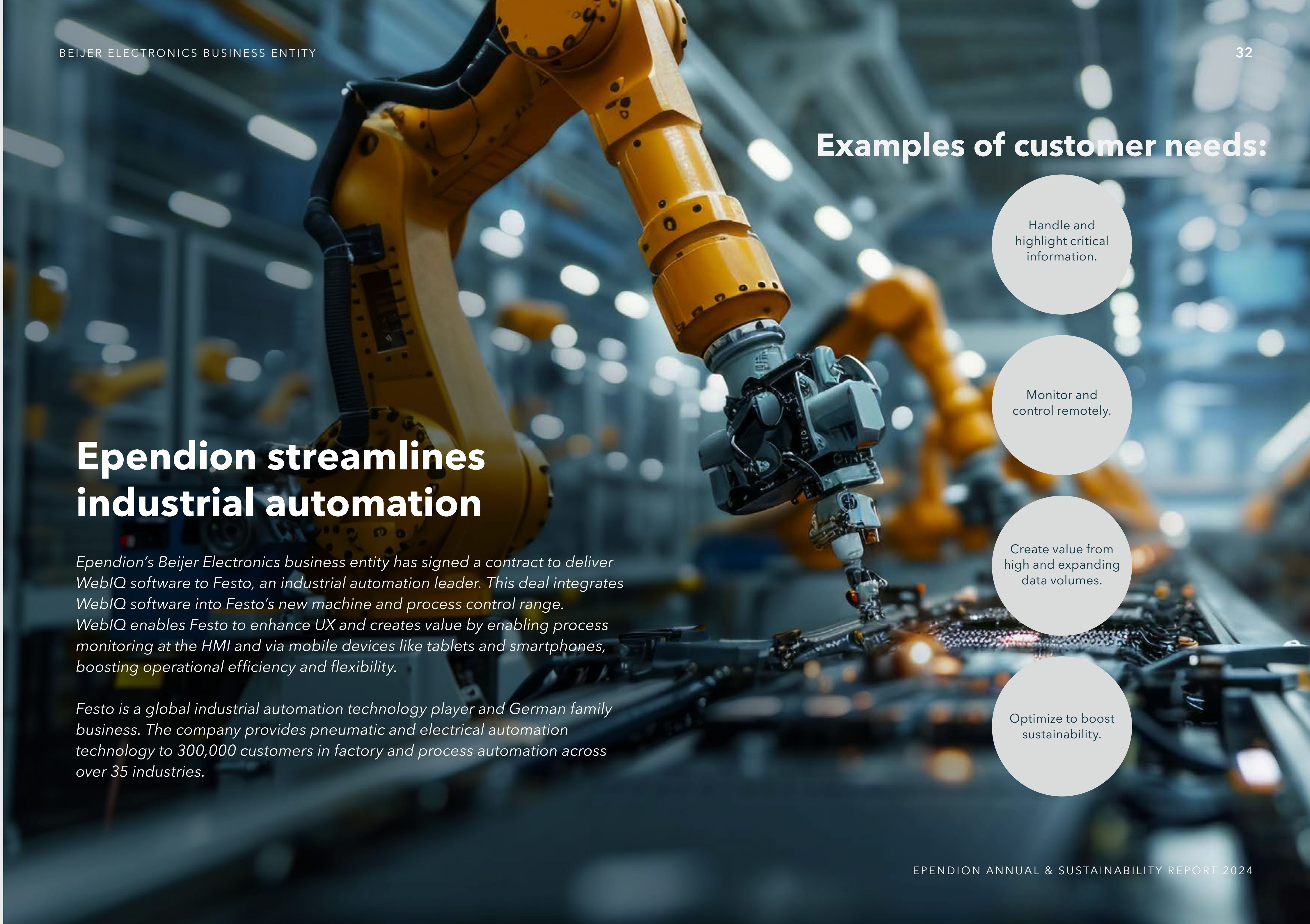
In 2024, Beijer Electronics' R&D expenses were 122 MSEK, or 12.9% of sales. Its new strategy brings more precision to the development process, which prioritizes applications for selected segments, managed in close partnership with customers. The absolute majority of development resources were allocated to work on completing next-generation operator panels, the X3, a Windows-based platform with even greater customer tailoring capability. X3 was successfully piloted by a number of customers in the year. WebIQ's development is continuing, led by the team at Smart HMI and in close collaboration with Beijer Electronics' development function. Beijer Electronics will be introducing more X3 members progressively in 2025, plus development support in Linux. Software is becoming increasingly central, impacting working methods throughout the development organization.

Manufacturing

Beijer Electronics' main manufacturing plant is in Taipei, Taiwan. The business entity opened an additional smaller-scale unit for manufacturing HMIs next to its existing warehousing and logistics center in Malmö, Sweden. Its purpose is to minimize risk and get close to large markets and major key customers with shorter lead-times and a reduced climate footprint. Serial productions started in the first quarter of 2024. All manufacturing has ISO 9001 and ISO 14001 certifications. Beijer Electronics has distribution centers in Malmö, Sweden, Salt Lake City, USA and Taipei, Taiwan, backed by smaller-scale warehousing at the sales enterprises in China and Turkey.

Manufacture of hardware products is based on components from selected vendors. Component supply has normalized, although one key lesson from the component crisis is the necessity for redundancy, which means alternative procurement channels need to be identified. Sustainability is integrated into Beijer Electronics' business strategy, and actions in 2024 included the business entity producing a DMA.

Focus segments 2024	Market position	Potential
Marine applications represented 22% of sales in 2024. Sustainability standards are the primary demand driver.	Beijer Electronics possesses in-depth know-how and the necessary certifications.	Growing alongside current and new customers.
OEMs in manufacturing generated 35% of sales in 2024.	Beijer Electronics has secure positioning and satisfied customers.	Focus on selected sub-segments, such as the packaging industry.
Applications for challenging environments represented 12% of Beijer Electronics' sales in 2024.	Beijer Electronics has premium positioning with a robust value proposition and relevant certifications.	Identify new applications given electrification.



Ependion streamlines industrial automation

Ependion's Beijer Electronics business entity has signed a contract to deliver WebIQ software to Festo, an industrial automation leader. This deal integrates WebIQ software into Festo's new machine and process control range. WebIQ enables Festo to enhance UX and creates value by enabling process monitoring at the HMI and via mobile devices like tablets and smartphones, boosting operational efficiency and flexibility.

Festo is a global industrial automation technology player and German family business. The company provides pneumatic and electrical automation technology to 300,000 customers in factory and process automation across over 35 industries.

Examples of customer needs:

- Handle and highlight critical information.
- Monitor and control remotely.
- Create value from high and expanding data volumes.
- Optimize to boost sustainability.

Sustainability Report 2024

Contents, Sustainability Report

Sustainability Report

Ependion’s sustainability work in 2024

In 2024, Ependion took momentous steps to consolidate its sustainability work and prepare for CSRD (the Corporate Sustainability Reporting Directive). With its first DMA (double materiality analysis), a new climate transition plan and more coordination across its sustainability initiatives at group level, the company is laying a stable foundation for the future.

Ependion also published its first EPD (Environmental Product Declaration) and initiated a new partnership on engineering projects in emerging economies. These are the year’s highlights, which together, send a clear signal about Ependion’s long-term commitment to sustainable development.

Big steps towards CSRD

Ependion intensified its work preparing for CSRD in 2024. By creating robust processes and with enhanced reporting tools, the group has laid a stable foundation to address the expectations facing Ependion for its next reporting year.

The group completed its first DMA, which identified financial and sustainability-related risks and opportunities, which sharpen Ependion’s strategic focus going forward. Read more on pages 38-39.

The group’s first EPD

The group proudly published its first EPD on the Viper-112A switch, a major step in promoting transparency for customers and partners. Read more on page 45.

Group-wide climate work

Ependion has a decentralized organization and operates through its two autonomous business entities, Westermo and Beijer Electronics. However, Ependion took a more integrated grasp of sustainability issues in the year, coordinating climate work on a group-wide basis.

Ependion has launched a new climate transition plan to accelerate progress towards its zero emission target. This plan consolidates Ependion’s climate-related activities and serves as a strategic action-plan for the organization. It illustrates the group’s commitment to getting to grips with climate change and increases the transparency of its work. The ambition of this plan is to accelerate emission reductions consistent with the Paris Agreement temperature goal of 1.5°C, and to achieve net zero emissions end to end in the value chain by 2050.

Business entities partner with Engineers without Borders

Westermo and Beijer Electronics started partnering with Engineers without Borders in the year to support engineering projects in emerging economies. This partnership is part of the company’s strategy on social engagement and social sponsorship.

Sustainability as a business strategy and future focus

Sustainability is a natural component of Ependion's business strategy where work on climate issues, circular economy and corporate culture are a natural component of business development. In 2024, Ependion took major steps towards satisfying the standards of the Corporate Sustainability Reporting Directive (CSRD).

CSRD: collective efforts for the future

CSRD has been a momentous change journey for Ependion. It involved intensive work on a double materiality analysis (DMA), data collection and implementation of a new reporting system. Group Head of Sustainability Lena Westerholm describes the process as stimulating but demanding:

"We haven't just focused on satisfying legal requirements, but have used the process to reinforce our sustainability work. The double materiality analysis has given us valuable insights on where we can make the biggest difference."

Work on CSRD sets high standards on data collection and reporting, including mapping everything from climate impact to human rights in the value chain. CFO Joakim Laurén emphasizes the importance of collaboration:

"Satisfying CSRD standards really is true teamwork as we've needed everyone from production to management to help capture the right data and assure its quality. It's a major effort, but also gives us a better understanding of our business."

From strategy to action

Simultaneous with Ependion's intensive work on CSRD, the company continued to enhance its decentralized sustainability work by letting its business entities take responsibility for their own sustainability issues.

"The best place to manage risks and opportunities is where they occur. Our strategy is built on integrating sustainability into our core business and our various functions, from R&D to servicing and sales," adds Lena.

This strategy also enabled concrete advances in the year. Ependion adopted new global climate targets, produced the group's first EPD for one of its core products and quantified its Scope 3 emissions. These initiatives laid a foundation for forthcoming efforts.

"Upgrading sustainability reporting to a similar level as financial reporting is complex. But it helps identify areas of improvement and reinforces our work towards more sustainable business," continues Lena.

Going forward together

The executives reflect on what sustainability work means for Ependion—now and in the future:

"Seeing the commitment spread through our organization has been fantastic. This is just the beginning, but we're creating something that's sustainable and profitable. In the future, I believe and hope that investors will give sustainability far more attention when evaluating companies. That it becomes a natural part of how we're measured and how we create value," says Joakim.

"With sustainability work central to our strategy and day to-day work, Ependion will continue to navigate towards a future where financial success goes hand-in-hand with taking responsibility for the planet and society," concludes Lena.

Joakim Laurén, Ependion's CFO, and Lena Westerholm, Head of Sustainability at Ependion and Westermo

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Global sustainability issues:
Risks and opportunities

Ependion is a group with global reach, which accordingly, is impacted by a series of exogenous factors and macro trends related to sustainability. Some of the sustainability issues that affect the group's work follow.

Climate change

The global effects of climate change such as extreme weather events, flooding and fires impact all companies through their own operations and supply chains. Meanwhile, the transition to a more sustainable society is driving demands for energy efficiency, reduced emissions and the transition to new regulations. This presents risks and opportunities for Ependion, for example through changed energy costs or carbon taxes. Meanwhile, the group’s core business enables climate transition and migration to a more circular economy.

Geopolitical tensions

The current geopolitical landscape is also affecting sustainability for many companies. With a range of uncertainties, not only on climate-related risk factors, building resilient organizations becomes more important. Being able to mitigate uncertainties and safeguard supply chains for core components and materials from secure sources becomes a business and sustainability opportunity. The group has well-established risk processes in this segment.

Sustainability and responsibility in supply chains

Increased awareness of social and environmental standards in global supply chains is impacting how companies collaborate with business partners. Not contributing to human rights breaches, environmentally hazardous activities or deficient employee rights in the value chain are critical. Ependion works close to its strategic suppliers to improve transparency and help the value chain develop positively.

A healthy and responsible organization

Global organizations face risks and opportunities linked to organizational and social working environments. Creating a working environment that promotes productivity and good health for all staff is central to Ependion, and in its role as employer and business partner, the group is expected to take responsibility for the impact of its own business on individuals and the community. This also applies to ethical issues like corruption and bribery, for example, as well as transparency. With its positive corporate culture and committed coworkers, Ependion is sharpening the group’s competitiveness.

Digitalization and cybersecurity

The spread of digitalization is creating opportunities and challenges. Cybersecurity is critical to Ependion and the group’s customers. Secure data is imperative for maintaining credibility and ensuring integrity. Any shortcomings can have significant consequences for Ependion’s own business and its community. Ependion works on a broad footing in these environments, which are subject to a variety of standards, on information security and cybersecurity linked to its own business, and in the group’s product offering.

Double materiality analysis

The Ependion group will be subject to the EU's new CSRD effective 2025. The first statutory sustainability report pursuant to this new Directive needs to be prepared in spring 2026. To satisfy legal requirements and set an even clearer direction for the group's sustainability work, Ependion conducted a group-wide DMA (double materiality analysis), which will serve as the compass for navigating its sustainability work and sustainability reporting going forward.

Work on executing the DMA took a lot of the group's resources in 2024. The implementation team includes representatives from Ependion and both business entities, Beijer Electronics and Westermo. Functions like HR, Procurement, Production, Information Security, Finance and Sustainability contributed expertise in their affected areas of responsibility.

Inspired by EFRAG's recommended process for conducting DMAs, Ependion identified the group's most material issues from consequential, financial and double materiality perspectives.

1. Identifying sustainability topics

A broad palette of sustainability topics captured from internal and external sources was the starting-point of the materiality process. After considering Ependion's impact, risk and opportunities (IRO) end to end in the value chain for the different topics, Ependion decided to conduct its analysis of ESRS on sub-topic level, adding a selection of its own parameters. This work also factored in the group's ongoing stakeholder engagement, as in the table to right. This generated an original total of 33 sustainability topics to be evaluated.

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

2. Prioritization

This phase involved conducting consequential and financial materiality assessments. The analysis proceeded from the selection of sustainability topics that emerged from the identification phase.

In the consequential materiality analysis, the scale of the impact Ependion has on the topic was assessed in the areas of scale, extent, irreversibility and likelihood.

Correspondingly, sub-topics were assessed from a financial perspective. This examines how a sub-topic may impact Ependion and its business entities' potential to manage their business. The assessment proceeds from whether a risk or opportunity for the company is perceived in each sustainability segment, which is then rated.

The Ependion group's most material sustainability issues are:

Doubly material:

» Climate change

» Business conduct

Consequentially material:

» Circular economy

» Pollution

» Own workforce

» Workers in the supply chain

3. Validation

The outcome of the two analyses were compiled, presented and approved by the Board of Directors and Management.

The first version of the double materiality analysis also assessed two other sustainability topics as material, which were then re-evaluated. The evaluations of these topics will be conducted in early-2025.

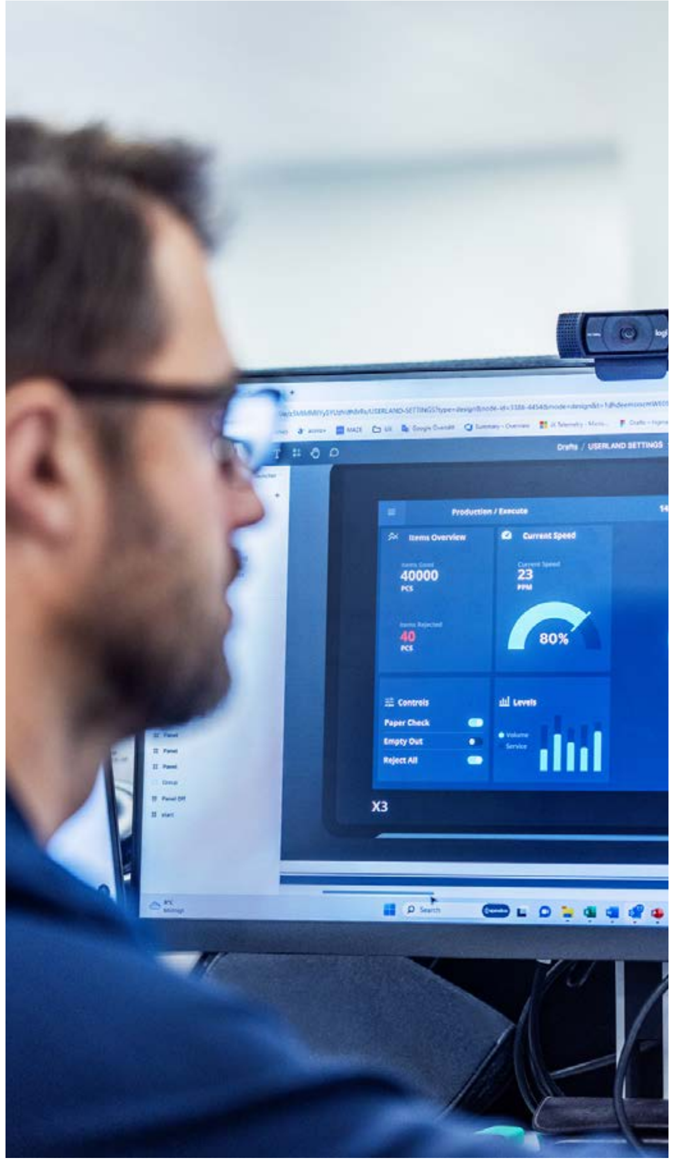
4. Mapping results

After the relevant governing bodies within Ependion and its business entities approve the materiality analysis, integration into the group's strategy and reporting process commences. The outcome will dictate how the group works strategically on sustainability going forward, and determines which sustainability topics should be included in the group's Sustainability Declaration. This analysis will be evaluated and calibrated at least yearly, under the management and supervision of the Group Head of Sustainability.

A more detailed presentation of implementation is in pages 51-76 of Ependion's Sustainability Statement.

Ependion's strategy

Sustainability work should be fully integrated into the group's business strategies and various business processes. This work is managed in close dialogue with customers and other stakeholders. Broad-based involvement of staff and integrating topics into Ependion's different functions will enable work to generate concrete outcomes. Managing operations sustainably and responsibly is decisive to the group's short and long-term success, simultaneous with a focus on profitability and long-term shareholdership.



Sustainability framework

Ependion identifies and manages its sustainability work through the three focus areas of ESG, which are also the foundation of the CSRD. These focus areas assist in prioritizing initiatives, setting relevant targets and ensuring that sustainability is an integrated component of the group's operations. This framework serves as a guide to strategic development.

ENVIRONMENTAL SUSTAINABILITY

Ependion is responsible with planetary resources and works for its operations to have the minimum possible negative impact. Climate impact, circularity and eco-design are important questions in this focus area.

SOCIAL SUSTAINABILITY

Ependion's coworkers should have a safe, inspirational and stimulating workplace. Gender equality and good social conditions in supply chains are also fundamental factors for the group.

GOVERNANCE

Ependion has a sharp focus on conducting our business ethically, consistent with applicable laws and regulations. Our coworkers and suppliers should comply with our Code of Conduct.

ENVIRONMENTAL SUSTAINABILITY

Climate

Climate change and its consequences are one of the biggest challenges of our time. Ependion is committed to contribute by reducing its greenhouse gas emissions in line with the Paris Agreement.

In 2024, the group set its first collective targets on emission reduction in Scope 1 & 2, with absolute targets for 2030 and 2050. The targets have been formulated with the support of the SBTi (Science Based Targets initiative) open tools. In Scope 3, the business entities have set their own targets for delineated sections of their value chains. Group targets were set by the Board of Directors in January 2025 (page 60).

CO2 emissions, absolute terms (ton CO2e)

Activity	2021	2022	2023	2024
Scope 1	67	98	127	135
Scope 2	517	581	645	679
Total Scope 1&2	584	679	772	814
Scope 3	Not computed			167,609

A summary of Ependion's GHG emissions reveals an increase between 2021 and 2024. The increase in Scope 1 is due to improved data and the group increasing the number of company vehicles since 2021. The main cause of the increase in Scope 2 is expanded operations and larger premises in response to increased demand for production capacity. Adjusted emission factors also impacted outcomes in 2021-2024. Scope 3 was not computed at group level in previous years.

To achieve Ependion's goals, the group executed a range of activities in 2024. Strategically, they are divided according to the group's value chain: suppliers, Ependion's own operations, and customers & end-users.

Ependion collaborates closely with suppliers to continuously improve its climate footprint from the materials and components it purchases. This covers everything from supporting suppliers in their energy transition of production, or evaluating material selections that have equivalent performance but less climate impact. This is where Ependion works actively on bringing low carbon metals into production. For 2024, Westermo Sweden set the target of purchasing low-carbon zinc exclusively, a goal it also achieved.

The group's operations were eventful in the climate segment in 2024. As stated above, the first group-wide targets for reduced GHG emissions were set and the group has adopted a climate transition plan. A framework for internal carbon pricing was also implemented. This will enable more accurate valuation and assessment of CO2 emissions in different business decisions with the purpose of reducing climate impact. This pricing creates an internal incentive to reduce CO2 emissions.

In addition, Ependion updated the energy mapping of Westermo's and Beijer Electronics' Swedish operations to increase energy efficiency and reduce energy consumption. The group is working towards the transition to fossil-free energy sources for both business entities, and to reduce the group's climate impact by migrating to an electric vehicle fleet.

Continuous improvement of products is a critical instrument for reducing the group's carbon footprint, and here Ependion is working on analyzing product lifecycles and identifying improvement potential in material selection, production, transportation etc. – without compromising quality and performance. The group's work on continuously improving product energy performance is also enabling Ependion to help its customers realize their climate ambitions. An EPD is part of this. Read more about this work on page 45.

ENVIRONMENTAL SUSTAINABILITY

The right cybersecurity solutions can reduce climate impact

As digitalization proliferates, the demand for sustainable and secure systems is growing. Westermo helps its customers to address these challenges by developing solutions that combine robustness and security. Work on cybersecurity protects critical infrastructure, reduces resource wastage and lays a stable foundation for future-proof solutions.

The Viper-112A switch is an example of this kind of solution, which is designed to combine high security and low energy consumption. With average consumption as low as 9W, it has far less climate impact than many competing products, which can consume twice as much energy, or complex Intrusion Detection Systems (IDS), which can consume as much as all the other network components on board a train.

"We're seeing how many cybersecurity decisions on the market are fear driven, resulting in unnecessarily complex and energy-intensive solutions. By prioritizing threat modelling and needs analysis, we can help our customers choose the right security solution, which doesn't just protect them, but also minimizes climate impact," comments Niklas Mörth, CISO of Westermo, and continues:

"Embedding sustainable cybersecurity strategies is decisive at a time when climate challenges and cybersecurity are both priority issues. Our goal at Westermo is to contribute to positive change by delivering products that are energy efficient, stable and long lasting. Solutions that support a sustainable future without jeopardizing security, and help our customers take informed decisions on security and sustainability."

The Viper-112A is an excellent example of this. By reducing energy consumption and climate impact while making it easier for customers to make informed decisions about security and sustainability, this product assists customers and Westermo on their shared journey towards a sustainable future.

Niklas Mörth, CISO of Westermo

ENVIRONMENTAL SUSTAINABILITY

Circular economy

Circular economy and promoting resource efficiency is one of the main topics of Ependion's sustainability work. The group can make a big difference with long-life, energy-efficient solutions, supported by a broad service proposition that further extends the technical lifetime. Working more circularly is decisive to reduce the exhaustion of natural resources, mitigate environmental impact and create economic opportunities through reuse and recycling.

The transition to a fully circular economy will take time, but is necessary to limit climate change and reduce overconsumption of the Earth's resources. Ependion's efforts to play an active role in a more circular society are outlined in the model to right.

Circular economy

Research and development

When developing and designing new products, the consistent focus is on ensuring they last as long as possible. The inherent nature of components mean that material selection and energy efficiency play a critical role in technical lifetime, and products are designed to enable recycling or reuse as early as the development phase. Continuous software updates improve product performance and enable lifecycle extension.

End of (first) use phase

At the end of the (first) use phase, the focus is on minimizing waste and maximizing reuse and recycling. Both business entities deploy a structured process for repairs, recovery and recycling.

Products are designed so moving parts can be swapped or repaired to extend product useful lives. Ependion offers repairs to customers through repair partners worldwide. To make correct recycling as easy as possible for customers, Ependion's business entities provide them with appropriate information for every specific product.

Procurement

The group's procurement functions focus on selecting the right supplier, increasing the share of recycled materials for different components, and updating packaging materials to as sustainable alternatives as possible. All the group's products comply with prevailing product legislation regarding hazardous substances which ensures that no products contain prohibited compounds and comply with legislated threshold values.

Use & operational phase

In the use and operational phase, the focus is on long product useful lives by supplying robust components, upgrade capability and service level agreements (SLAs). SLAs with customers on technical support and updates are long term. Components are designed to cope with extremely harsh environments and consume the minimum energy.

If a product includes software, it is kept updated and continuously enhanced to satisfied functionality and performance standards. This extends product usability over time, reducing the cost of materials and energy.

Production

To enable more sustainable production, resource-efficiency is a priority at the group's production facilities, both by minimizing material waste in production and cutting energy consumption.

In 2025, the Beijer Electronics business entity will also start introducing recycled aluminum in part of its product range, providing final test results are as desired. One of the major efforts in 2024 was product design to enable this.

Transportation and logistics

To cut GHG emissions, Ependion continuously evaluates new means of product transport. At present, air, sea, rail and road are used to transport materials and components to operations, and finished goods to customers. Because the business entities' value chains differ in terms of the location of suppliers and customers, decisions on rationalizing transportation are decentralized.

ENVIRONMENTAL SUSTAINABILITY

The group's first EPD

Westermo published its first EPD (environmental product declaration) for the Viper-112A switch in September 2024. An EPD is independently verified documentation generating data on product environmental impact through lifecycles. This enables Westermo to understand its Scope 3 emissions, and helps the business entity's customers to compare environmental impact, make sustainable choices and get access to data to satisfy regulatory standards.

The outcome of the EPD demonstrates that the biggest climate impact occurs in the use phase when product energy consumption is the decisive factor, combined with energy source. This was as expected because the product has a long lifespan, and the share of fossil energy sources worldwide is still too high. Prioritizing low energy consumption, robust design and sustainable materials enables solutions that are energy-efficient, reliable and long lasting. It also offers Westermo's customers the opportunity to take well-founded decisions that reduce their climate impact. Because climate impact is largely governed by the combination of the energy source and product consumption, the product stands up well compared to the market's average climate impact.

"We work on complete product lifecycles—from raw materials to manufacture to use, recycling and final lifespan. Our expectation was that the results would indicate a greater climate impact linked to the extraction of raw materials. However, the opposite proved true: that our conscious selection of metals with low carbon footprint, for example, was important—which feels really satisfying," comments Anders Hanberg, Westermo's Product Manager.

Additionally, Westermo's products are designed with repair and upgrade capability built in, which extends their useful lives and promotes a circular economy. However, there are major challenges in late phases, when collaboration is a must to go all the way, something Westermo wants to do work more on in future.

"We do a lot of work on sustainability, and we mean it. It's fun to work at Westermo because so many of my coworkers want to lead the way. We're also working proactively because every percentage point of efficiency has a big impact. Switches like the Viper-112A are often in use for 15-20 years—1% over those years is a lot in real terms."

Anders Hanberg, Product Manager at Westermo

SOCIAL SUSTAINABILITY

Own workforce

Work on social sustainability is a major part of Ependion's business. By investing in coworkers' development, providing a secure working environment and promoting diversity and inclusion, the group creates the potential for long-term success.

Rapid progress in AI and digitalization left its mark on work in the year. To satisfy future needs and ensure coworkers are equipped for a changeable labor market, Westermo has launched training initiatives that introduce AI to its coworkers. This includes an AI program for Management, which was then rolled out throughout the organization. The implementation of Microsoft 365 Copilot in Sweden streamlined workflows and freed up time for strategic and creative tasks. One coworker also went on an exchange program in Silicon Valley organized by Combient Foundry, a three-month program to develop specialist AI skills, helping lift the group's innovation capability.

Skills management is a cornerstone of a sustainable organization, because it gives coworkers the potential to grow simultaneous with the company remaining competitive. This is why Beijer Electronics and Westermo continued to consolidate training initiatives in various segments including training on presentation techniques, which are especially valuable to a globalized organization where there are no language requirements in recruitment. Beijer Electronics has developed an onboarding program offering new hirings a holistic understanding of the company and its business to help create a strong and cohesive corporate culture. This has improved cohesion between our people globally.

Ependion partners actively with educational institutions to make its contribution to societal skills development and expand its recruitment base. A long-term partnership with Mälardalen University was intensified through a deal involving guest lectures, study visits and academic placements. Combining academic theory with practical experience in our companies helps students prepare to meet the challenges of the future and make their contribution to sustainable development.

Occupational health & safety

A safe and pleasant working environment is critical to coworker well-being and the company's long-term success. Both business entities improved their working environments in the year by investing in premises, which improves job satisfaction and productivity. Beijer Electronics refurbished its office in Taiwan and started upgrading its office in Malmö to create a more flexible, contemporary working environment. Meanwhile, Westermo expanded its Västerås office in response to the company's growth and provide a workplace that satisfies future needs.

Work on health and safety is another focus: Westermo implemented a global policy clarifying standards and guidelines to create consistent and proactive safety culture. Managers were offered training in risk management and RCA (root cause analysis) to prevent accidents and manage work-related risks. By consolidating its safety work, Ependion is ensuring that all coworkers are operating in a safe environment. Putting a sharp focus on coworker well-being has resulted in Westermo's eNPS maintaining a positive trend with consistent results above 80, which is above the sector average. This indicator is central to understanding and improving occupational health & safety group wide.

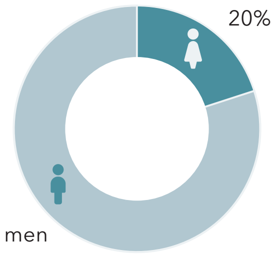
Diversity and inclusion

Promoting diversity and inclusion is a topic of fairness and imperative for innovation and growth. Ependion pursued several initiatives in the year to increase representation in technology and create of more inclusive working environment. Westermo participated in an "Introduce a Girl to Engineering Day," and welcomed 20 senior high school students to a practical engineering workshop. The outcome was that interest in the engineering profession increased among 88% of participants, an important success in efforts to expand Ependion's recruitment base, and promote gender equality in a male-dominated sector.

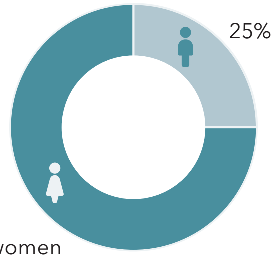
In February, Beijer Electronics was recognized as Malmö's Company of the Year for 2024, with the jury citing its ability to integrate innovative technology with strong local engagement, and its contributions to the city's development. The award was donated to Pink Programming, an organization encouraging more women and non-binary people to explore programming. The donation was influenced by the UN's international observance theme: "Invest in Women: Accelerate Progress."

Work on achieving a more inclusive organization should also be reflected in the group's management positions. 75% of Members of Group Management are women and 25% men, on the Board of Directors, the gender balance is 20% women and 80% men.

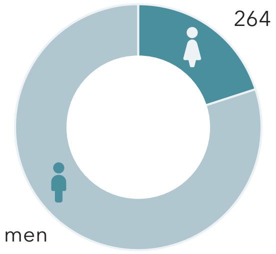
Division women/men on the Board of Directors



Division women/men on Group Management



Division women/men at Ependion



3 quick questions for Johanna Jonsson, Beijer Electronics' new VP of HR

What made you apply for the role of VP of HR at Beijer Electronics?
"I saw an opportunity to participate in shaping HR work in an organization with an exciting journey ahead of it. Leadership, culture and coworker development will be decisive to achieving success, and I felt I could bring experience and perspective to take this work forward."

How has your first period at Beijer Electronics been?
"Unbelievably positive! The organization has a clear desire to evolve, and the strong culture permeating operations is clear. This meant I had a great chance to hit the ground running."

What lessons from previous experience have you brought?
"Experience of dealing with similar transformation journeys has been really valuable, although at the same time, every organization is unique, and you have to find solutions that are the right fit with Beijer Electronics."

Johanna Jonsson,
VP of HR at Beijer Electronics

GOVERNANCE

A responsible Ependion

It is crucial for Ependion to be a responsible company. Operations are managed consistent with international guidelines like the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. The primary policy document for the group is Ependion's Code of Conduct, which all coworkers and collaborative partners should understand and comply with. Another target is the continuous improvement of all coworkers' skills in responsible and ethical business. Ependion's efforts in this segment are monitored to achieve continuous improvement.

Ependion adopts a decentralized perspective of sustainability management; the group sets few collective sustainability targets and formulates the corporate grouping's Code of Conduct, which is a foundation for the business entities to work on in their individual operations. All the group's coworkers take training on the Code of Conduct.

The Westermo and Beijer Electronics business entities set their own sustainability goals and focus areas where they have the greatest potential for influence. This may concern their particular sustainability issues or geographic coverage of their value chains, for example.

Under its business conduct umbrella, Ependion is pursuing intensive efforts linked to selecting suppliers, human rights, corruption and bribery, plus conflict minerals.

Selecting suppliers

Collaborating with the right partners is a key parameter for ensuring that Ependion is a responsible company. This is also business critical for the group, because procurement is closely linked to innovation and product development, and changing suppliers can present challenges.

The business entities require all suppliers to sign up to each company's Supplier Social Compliance Policy or the Code of Conduct for Suppliers. In 2024, 100% of the group's strategic suppliers had signed this document. New suppliers also need to sign a declaration on conflict minerals. Beijer Electronics' and Westermo's coworkers also go on site visits before starting collaborations to ensure potential suppliers are in an appropriate condition for a partnership built on consensus in business ethics and sustainability.

Ependion schedules regular site visits for those suppliers it collaborates systematically with, all of which are conducted by the business entity's own coworkers. Henrik Ohm, a strategic purchaser, outlines how these visits are conducted on page 50.

If shortcomings are revealed in a site visit, a joint action-plan is formulated to remediate the situation. After actions are executed, Ependion conducts an assessment of whether the partnership can continue or whether more actions are necessary. When shortcomings persist, or a supplier is not sufficiently responsive, the collaboration may be terminated.

Human rights

Ependion has been a member of the UN Global Compact since 2018, and thus supports the UN Declaration on Human Rights. These issues are important strategic priorities for the group and Ependion expects its suppliers and collaborative partners to adopt the same perspective and satisfy the standards the group sets.

Ependion introduced a new global Human Rights Policy last year. Work on setting a group-wide due diligence framework will continue n 2025. Ependion will be participating in the Global Compact's human rights program in 2025.

Countering corruption and bribery

Work against corruption and bribery is vital to Ependion and based on the group's Code of Conduct, which the group's suppliers are also expected to comply with. Ependion has zero tolerance of corruption and bribery.

Ependion formulated a new Whistleblower Policy in the previous year, which was previously part of its Code of Conduct. An independent policy helps coworkers raise suspicions of activities conflicting with legislation and the group's policy documents. The whistleblower function is linked to topics on corruption, human rights, labor, the environment, health & safety. Ependion encourages coworkers to contact their first-line manager or the HR function. Otherwise, they should use the whistleblower function, where any cases are managed by an external and independent provider.

No cases of suspected or corruption or bribery were reported in 2024.

Conflict minerals

Ependion works to ensure the group's products do not contain conflict minerals extracted from mines that support or finance conflict or are contributors to any human rights breaches. Ependion should not contribute to human rights breaches during the extraction of minerals.

The group is part of a large and complex supply chain, with especially high risk of combining minerals of differing origins at smelting plants. The group formulated a new Conflict Minerals Policy in 2024, based on recommendations from the global Responsible Minerals Initiative. Pursuant to its policy, suppliers should comply with Ependion's Code of Conduct, and review their work on countering the incidence of conflict minerals and continuously investigate their supply chains. All affected suppliers must confirm this process yearly. In 2024, 88% of Ependion's suppliers had completed their CMRT (Conflict Minerals Reporting Template).

GOVERNANCE

Supplier audits

Henrik Ohm works as a strategic purchaser at Beijer Electronics, and has been employed by the company for 14 years. He is responsible for ensuring that Beijer Electronics partners with the right–and right number of–suppliers for direct material purchases. His role includes evaluating new and existing suppliers on everything from quality and financials to sustainability. Henrik has basically been working on procurement from Asian suppliers for his whole career, and is highly accustomed to performing this type of evaluation.

"Most of Beijer Electronics' suppliers are located in Asia. Our QA department does supplier audits including regular site visits with suppliers. How regular they are depends on how strategically important the supplier is to us," he explains.

So how do supplier audits work? Henrik explains:

"We use a standard form with a selection of parameters that are the foundation of our audit. We send this to the supplier in advance so they can complete it. Some questions on the form are minimum standards that are mandatory."

"The supplier's responses on the form are then followed up by me or a colleague on site to ensure they're consistent with the reality. The results are compiled in an audit report, which states whether they've been approved, and may even rate them bronze, silver or gold."

If a report reveals an instance of non-compliance that can be rectified, we write an action-plan for the supplier. Once complete, we do another site visit to ensure that all actions have been implemented. If a supplier repeats breaches, then ultimately, we may fully terminate the relationship.

Henrik also points out that sustainability affects how Beijer Electronics works on selecting and auditing its suppliers.

We give more consideration to sustainability issues in our work, one example being that for a few years now, we've been looking at our suppliers' CO_2 emissions. We ask suppliers about their energy mix so we can understand how they impact our products' climate footprints, and whether there's any way they can be improved."

Henrik Ohm, Strategic Purchaser at Beijer Electronics

General information on Ependion's sustainability work

GRI: 2-2-a, 2-3-a, 2-3-d, 2-4-a, 2-9-a, 2-22-a, 2-23-a, 2-26-a, 2-27-a, 2-29-a, 3-1, 3-2-a

The basis of Ependion's sustainability statement

Ependion's Sustainability Statement has been prepared in accordance with the Swedish Annual Accounts Act. Sustainability reporting was amended and restructured in 2024 to become part of the group's reporting pursuant to the EU CSRD (Corporate Sustainability Reporting Directive) and the applicable ESRS (European Sustainability Reporting Standards).

Although Ependion's Sustainability Statement for 2024 was inspired by CSRD and ESRS, it makes no claims to be comprehensive. The purpose of this ambition and format is to learn and acquire knowledge for 2025 when Ependion will be subject to the new regulations and report pursuant to them. The Sustainability Statement for 2024 is also based on the GRI (Global Reporting Initiative), and where appropriate, references to it are stated in each reporting section. No issues are under negotiation.

Primarily, the Sustainability Statement reflects the same organizational Scope has the consolidated financial statements, and it has been prepared on a consolidated basis. The Sustainability Statement covers all the group's units apart from:

» Westermo's new entity in India, which was incorporated in late-2024

» Westermo's small-scale offices in Denmark and Finland

Statistics on the total number of employees include all coworkers as of 31 December 2024, and includes coworkers at the above exceptions. In 2024, Westermo acquired 10% of Blu Wireless, which is not covered, apart from an exemption for an allocation of its Scope 1 & 2 CO2 emissions in Scope 3, category 15 (Investments). Beijer Electronics previously held a stake in Jen Hsiang Electronics Co., which is not covered by the group's data reporting.

Ependion's Sustainability Statement 2024 has its starting-point in the group's DMA. The first draft version of the DMA identified a few segments that needed further analysis to assess their materiality, which consequently, were excluded from the year's Sustainability Statement.

The group's reporting is conducted in a comprehensive digital system. In cases where there is phase-in disclosure that impacts the group, in most cases, this schedule will be complied with (for example data on non-employees, payroll and compensation indicators). Where available, further reporting may be possible. Omission of information due to intellectual property or confidentiality and sensitive information was not considered necessary.

When identifying and evaluating impact, risks and opportunities in the value chain, the focus centers on those links of the value chain where perceived impact is most likely to occur. Upstream this includes transportation, procurement of metals and electrical and electronic components. Downstream, the focus is on transportation and product use. Regarding impacts related to employees in the value chain (ESRS 2), the primary focus is on tier 1 suppliers, where Ependion has the most data from supplier audits it has conducted.

The Sustainability Statement is for 1 January 2024- 31 December 2024 and has been approved by the Board of Directors.

Special circumstances applying to Ependion's Sustainability Statement

Ependion will not be obliged to report pursuant to CSRD until 2026. As reviewed above, this Sustainability Statement has been prepared to satisfy the standards of the Swedish Annual Accounts Act, with the aim of migrating to complete reporting pursuant to CSRD. There has been further delineation, as reviewed below.

Unless otherwise stated, the basis of the time horizon for short term is 1 year (as for the financial statement), medium term 1-5 years and long term 5 years or longer. These time horizons were also used when preparing the DMA.

The upstream and downstream data for the value chain is largely based on estimates. Knowledge of customers' direct impact from their operations is considered limited. The undergraduate project entitled "The Role of Supply Chain Mapping in Complying with ESRS" conducted by the group in spring 2024 provided key decision-support data for identifying impact, risks and opportunities in the supply chain.

Robust verification and validation processes are necessary to ensure that emissions data is accurate and complete, and this can be highly resource intensive. Effective 2024, Ependion will be reporting all data in an external system designed for ESRS. Computations largely use the emission factors that are embedded in the system when no precise data is available. This means that a high share of data is based on estimates.

Eventually, the sustainability reporting process will be backed by corresponding processes to the group's financial reporting. Part of the implementation of CSRD will involve sustainability reporting being integrated into the group's internal control procedures. Data and computation methods are continuously updated by Ependion and the system vendor to offer a more precise view of actual impact. Given this background, data precision will improve going forward.

The basis of computation and presentation of sustainability metrics is reviewed in the notes for each segment. Measured values are captured by Ependion's operational units, which are based on local management systems and process data systems, metrics, computations and purchasing data. Internally, data is also collected from the IFS and Aaro (financial data) ERP systems. Because of the timing aspects of reporting and to enable consolidation and audit, some environmentally related data is based on a rolling 12-month period, with a maximum one quarter of data from the previous year (i.e. Q4 2023-Q3 2024).

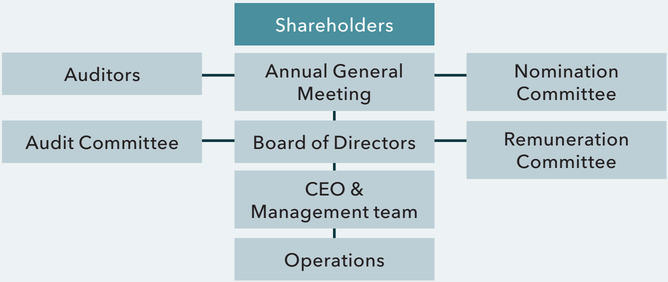
Ependion thinks the quality of reported monetary amounts and data for its own workforce is acceptable. Applying other quantitative metrics, there is a high level of uncertainty associated with environmentally related data where Ependion is dependent on another party. Uncertainty related to each segment is reviewed with the relevant datapoint.

The Sustainability Statement 2024 differs from the previous year against the background of the group's ambition to start its transition to reporting pursuant to CSRD and ESRS. Reporting for 2024 is substantially more extensive, and most metrics have no comparison from the previous year because the corresponding data was not reported.

Reporting also differs from the previous year in the significant use of an external system with embedded emission factors. In Ependion's opinion, this had a marginal impact on changes in outcomes from the previous years and no material misstatements in the sustainability data of the previous Annual Report have been identified.

Corporate governance

Ependion's management, governance and regulatory bodies are the company's Board of Directors, Management and Audit Committee. Collectively, these entities bear overarching responsibility for Ependion's sustainability governance. This is stipulated in Ependion's group-wide Corporate Governance Policy. The structure and communication pathways for the group's decision-making is stated in this structural map.



The Board of Directors has five members, one (1) being a woman (20%). None of the members are employee representatives. All members apart from one are considered independent of the company or major shareholders. All Board members have an in-depth background from Swedish manufacturing and bring a valuable perspective plus relevant know-how on sustainability issues based on their individual corporate governance assignments, where all work at present, or have worked in adjacent sectors with similar material impact, potential and risks as Ependion. Board members also receive training and education on sustainability issues from Ependion. Sustainability aspects are also considered by the Nomination Committee, which proposes suitable members for election to the Board, to ensure Board members have the right skills. The onus lies on each Board member to stay well informed and possess the necessary skills.

The Board of Directors is ultimately responsible for the company's organization and management, as well as for taking decisions regarding the company's overarching goals and strategy. The Board of Directors' duties also include identifying how sustainability issues impact the company's risks and business opportunities.

Ependion's management is composed of four (4) people—the CFO, Group Head of Sustainability and two business entity CEOs (of which one is also the President and CEO of Ependion). Of these four, three (3) are women (75%). All members of Management have long-term sector experience. Management is the executive body that ensures that Ependion executes and realizes the group's strategy and objectives in the sustainability segment. Management is also responsible for dealing with day to-day sustainability work, responding to questions from internal and external stakeholders, and keeping the Board of Directors informed about the progress of its work consistent with the company's strategy and sustainability targets. If a topic requires special skills from functions like HR, Procurement or similar, key individuals from these functions can be co-opted to manage the issue. Ependion's Group Head of Sustainability bears ultimate responsibility for coordinating the group's sustainability work and reporting, whose skills are assured through internal and external training, and in potential recruitment processes.

The group's Audit Committee should be considered a specialist body for relevant operational and reporting issues. The Audit Committee consists of three Board members, of which one (1) is a woman (33%), this group also has supervisory responsibility for sustainability issues within the Ependion group. The Committee's area of responsibility is to serve as a specialist body, supporting the Board of Directors and Management, which are responsible for ensuring that topics are managed consistent with applicable legislation and regulations, and with the company's overarching strategy. Because Committee members are elected Board members whose sustainability skills were a parameter for election to the Board, these skills transfer to the Audit Committee.

All governing and regulatory bodies are entitled to appoint external expertise and consulting services when required.

Managing sustainability issues

Ependion's President and CEO is ultimately responsible for keeping the Board of Directors informed about sustainability work. Sustainability is a standing agenda item for management meetings and the Board of Directors is kept continuously informed on key events or strategic decision it needs to take a view on, primarily at its yearly strategy days. The preparation and assessment of Ependion's impact, risks and opportunities in this segment are conducted by Management, and dealt with operationally by each business entity. Sustainability is a standing item on Board agendas. Correspondingly, sustainability issues are part of the screening process for major investments, transactions and acquisitions. Through its involvement in Ependion's materiality analysis process, the group's most material questions are also approved by the Board of Directors.

Sustainability-related incentive systems

Ependion operates a long-term incentive program (LTI) for its management and selected key individuals of the group. It is linked to a shareholding, where sustainability-related targets make up some of the parameters that must be satisfied to receive compensation from the program. This program operates with 10% variable compensation related to sustainability. The incentive program is adopted at the AGM. In-depth information on compensation is in the remuneration report in this Annual & Sustainability Report.

Due diligence

Due diligence processes are integrated into Ependion's various functions. These processes may include an assessment of the compliance policies, procedures, impact and commitment to sustainability and business ethics of business partners and suppliers. Ependion acts on any warning signals that emerge during these assessments. When risks are identified, they are dealt with on a case-by-case basis. Each functional manager is responsible for ensuring and integrating due diligence for sustainability in business processes. Thorough due diligence is conducted during the screening of new partnership and strategic investment opportunities by applying internal expertise as well as third-party expertise in law, finance, taxation, insurance and risk management, as required.

Managing risks related to the Sustainability Statement

The Head of Sustainability and company's Accounting function, led by the CFO, are responsible for the preparation of Ependion's Sustainability Statement. The Accounting function ensures that the Sustainability Statement complies with all legal requirements commensurably with the financial statements.

Data collection is on a digital platform and compiled by relevant functions within the organization, and with subcontractors. This work is led by the Head of Sustainability. There is no audit function in place for sustainability data at present.

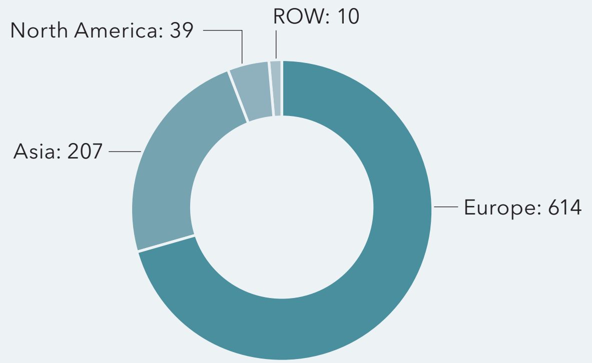
The risks associated with collecting and preparing Ependion's Sustainability Statement are the reliability and availability of data, and ensuring that the company has the right skills to conduct internal controls and audits of its Sustainability Statement. The purpose and capability to place the Sustainability Statement with the Accounting function is that ultimately, Ependion sees a value in this function assuming overall responsibility for financial and sustainability reporting in terms of procedures and working methods. Work on increasing skills in this segment will be on an ongoing basis with transition to full CSRD-compliant reporting.

Ependion's strategy, business model and value chain

Ependion is the group parent of two business entities, Beijer Electronics and Westermo. Both business entities produce technology components and applications for the power and energy, infrastructure and transportation segments. Ependion operates a decentralized governance model to manage sustainability work, with each business entity preparing its own strategy for achieving its own, and group-wide, sustainability targets. In 2023, Beijer Electronics launched an updated strategy, which it implemented in 2024. This strategy may have had an impact on this year's reporting.

Ependion and its business entities have a global presence through procurement, production and sales. The group's primary geographies for its value chain are Europe, Asia and North America. Beijer Electronics and Westermo manage their contacts in the value chain autonomously, with guidelines formulated by each business entity, with consultation from Ependion at group level.

Ependion's most significant markets are Europe (66%), Asia (20%) and North America (14%). The group has employees in many locations worldwide. Their division by region is as follows:



Ependion and its business entities create value by developing, manufacturing and selling products and services with high technology content in segments where hard and software for harsh environments are the common denominator. The business entities primarily target four main segments: train and rail, marine, energy & electrification, and manufacturing. The Ependion group's value proposition is in phase with current megatrends in electrification, the transition of the transportation sector and digitalization, which contribute to a more sustainable society and create value for the group's shareholders, coworkers, customers and suppliers. Accordingly, Ependion is also well positioned to manage the company's own impact on its surroundings, but also make a positive contribution to a sustainable society.

Dialogue with Ependion's key stakeholders

Ependion and its Westermo and Beijer Electronics business entities maintain continuous dialogue with relevant stakeholders to continuously develop and improve in several aspects including sustainability. Stakeholder opinions play a role in how Ependion formulates strategy, the evolution of the business entities' product offerings, and how the group deals with its coworkers, customers and suppliers. Stakeholder opinions are also factored in when formulating the group's DMA, which directs the sustainability issues the group works proactively on.

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

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

Ependion's materiality analysis

Ependion conducted the group's first DMA in 2024, consistent with the standards of CSRD and inspired by EFRAG's recommended methodology for implementation. The analysis had four phases, reviewed in more detail below.

The analysis has not yet had any formal consequence for the company's working methods, which is expected during upcoming reporting periods. Accordingly, there have been no amendments to the company's strategy from the outcome of the materiality analysis until the present.

The Ependion group's most material sustainability issues are:

Doubly material:
- Climate change
- Business conduct

Consequentially material:
- Circular economy
- Pollution
- Own workforce
- Workers in the value chain

Ependion's reasoning on why a topic is material based on impact, risks and opportunities is reviewed in each sustainability topic. Because this is Ependion's first DMA, no changes to material topics occurred for the reporting period.

Methodology for conducting the double materiality analysis

Identifying relevant topics

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

After a review of the proposed sector-specific standards, the group judged that none were relevant to operations at that time. The Group Head of Sustainability monitors their progress regularly.

One company-specific topic was added: cyber security as part of sustainability topic G1—Business Conduct, justified by this being an important topic primarily from a customer perspective, and a topic where there is a dedicated risk management process. Otherwise, the constituent topics were also consistent with that considered in the company's ERM processes, and there was no gap evident with the issues in surveys from investors and customers for example, and nor compared to the group's most recent stakeholder analysis (last published in the Annual Report for 2023).

On supply chain, a collective assessment of business entity purchasing organizations concluded that there were no significant differences, and that these are managed by representatives from both business entities participating in the analysis process. An undergraduate dissertation designed to assess the supply chain based on ESRS was run in tandem on start-up of the DMA, and lessons from it were progressively incorporated into the analysis and assessment work. When identifying and assessing impacts in tandem with being an employer in the supply chain (ESRS S2) the primary focus was on tier 1 suppliers, where Ependion has most supporting data from supplier audits it has conducted.

Analysis, assessment and priorities

The assessment procedure for the DMA was conducted in spring 2024. The Head of Sustainability was convener, and each meeting had participants from Beijer Electronics, Westermo and Ependion. Several functions were involved depending on the topic to be analyzed, such as HR, Procurement and Cybersecurity, with hirings by both the group's business entities. Representatives of Finance and Sustainability participated in all reviews.

Supporting documentation for assessments:

- Previous materiality analysis
- Annual Report
- Internal statistics
- Surveys
- Dialogue and questions from customers, investors and other stakeholders
- Outcomes of employee satisfaction surveys
- Risk assessments including ERM, surveys, continuous business intelligence
- Questions and supporting data from trade organizations
- Business entity strategies
- Outcomes of supplier assessments
- Outcomes from undergraduate dissertation work focusing on ESRS and the supply chain
- Data and information from external bodies such as the IEA and IPCC

Due diligence is part of business governance as reflected in processes including those for supplier assessment and assessing risks linked to markets/customer segments.

The group's supply chain and geographical diversity are example factors that influence assessment of the company's impacts, risks and opportunities. Evaluations of the supply chain are largely based on internal know-how.

In addition to Ependion's operations, assessments of impact are mainly on those parts of the supply chain where impact is judged as most likely. Upstream, this includes transportation, procurement of metals, plus electrical and electronic components. Downstream, the focus was on transportation and product use. Knowledge of customers' direct impact from their operations through emissions to air and water, for example, was concluded as limited.

Regarding future plans and potential impact, in actual terms, this involves a new location in India, whose impact is judged to correspond to the present: i.e. in terms of environmental impact, the emphasis is in the supply chain. Westermo's intensified partnership with the company Blu, which it now owns 10% of, was not judged to constitute any change in impact of significance. Future plans are also considered from perspectives including the company's strategies linked to market segments, as reflected in the assessment of how growth is impacted by the transition to a more fossil-free society.

Consequential materiality analysis

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

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

The assessment of the level of seriousness of each impact topic was largely based on research into planetary boundaries. The assessment of the company's impact utilized a range of internal supporting data from sources including business management systems including earnings reports, audit outcomes, supplier assessments, risk assessments and safety data sheets. It was possible to draw a conclusion on the materiality of topics where there is scientific consensus on the seriousness of a specific type of environmental impact without in-depth analysis of the extent and level of seriousness.

When the assessment was completed, a quantitative value of a sustainability topic was computed. Ependion has decided to take a view on the threshold values embedded in the system that was used for the DMA and is designed for ESRS.

Financial materiality analysis

The analysis was conducted correspondingly to the consequential materiality analysis for each topic considered relevant and with the same time spans for short, medium and long term. Financial assessments were also conducted for most of the impact topics identified.

Each topic is declared as a risk or opportunity. The scales of level of seriousness and likelihood are in the table below. Reference values of seriousness assessment are based on the group's EBIT in 2023. However, each risk or opportunity also states the primary financial impacts (such as increased revenue, increased expenses, new/lost business opportunities). Regarding scenarios use for assessing financial impact, the group has primarily proceeded from current business strategies. Ependion has reflected on market changes, climate-related risks, regulatory changes (including the EU Green Deal, which covers a variety of regulations), supply chain risks and reputational risks. For climate scenarios, the IEA's World Energy Outlook and the IPCC Sixth Assessment Report (AR6) are the fundamental starting-points for assessments linked to financial risks and opportunities.

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

*Reasoning: EBIT is the main parameter Ependion's management use to monitor the group and business entities. It is also a parameter linked to the materiality levels the group's external auditors apply in their review of the financial statements.

Validation and securing outcomes

The primary outcome of the DMA has been reviewed by the Board of Directors. The outcome was also validated by the Ependion group's, Beijer Electronics' and Westermo's managements, and by a number of employee representatives. These presentations also clarified that new knowledge and opinions presented may result in outcomes being adjusted.

Identifying ESRS-compliant reporting points

Reporting standards were compiled based on the outcome of the DMA.

Representatives of Ependion, Beijer Electronics and Westermo collectively allocated the reporting standards, which reporting standard should be used by who, to which function and at what level reporting should be executed within the group. Reporters took training in the year.

The initial assumption is that only mandatory reporting sections will be included initially. In cases where there phase-in disclosure impacts the group, this schedule will be complied with. The following sustainability topics are covered by this Sustainability Statement:

Topic	ESRS	Sub-topic
Climate change	E1	E1-1: Climate change limitation
Pollution	E2	E2-5: Substances of very high concern
Circular economy	E5	E5-4: Resource outflows E5-5: Resource inflows
Own workforce	S1	S1-1: Working conditions S1-2: Equal treatment and opportunities for all
Workers in the value chain	S2	S2-1: Working conditions S2-3: Other work-related rights
Business conduct	G1	G1-4: Corruption and bribery G1-6: Payment practices

ESRS E1 Climate

GRI: 302-1, 305-1, 305-2, 305-3

Why these issues are important

Ependion regards climate change limitation as a material topic for Ependion from an impact perspective, and financially. This is because GHG emissions are a global problem with major direct and indirect effects on people in the environment within and outside Ependion's operations and value chain.

Ependion's operations and production processes including transportation depend on energy and material inputs that are associated with GHG emissions that contribute to climate change. These emissions are concentrated in Scope 3, where emissions are via purchased materials and related production and processes by Ependion's suppliers, mainly in Asia and Europe, and through purchased material, as well as in the use phase by the group's customers. The group's Scope 1 and 2 emissions localized in Sweden are limited.

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

Work on climate change is an important strategic issue for Ependion. The group's strategy implies a focus on markets where the climate issue is a strong driving force for transformation. Ependion's value proposition supports customers and societies in their climate transition. This positioning reflects the group's commitment to contributing to an economy with low CO2 emissions.

Ependion's strategy and working method

Ependion has undertaken to reduce the group's climate impact consistent with the 1.5° Paris goal, as stated in the group's climate policy. Ependion takes a holistic perspective and its whole value chain is included in its reduction program. Ependion is endeavoring to grow in a way that separates economic growth and profitability from the consumption of finite natural resources and GHG emissions.

Climate transition plan

Ependion's plan for climate transition consolidates all the group's climate-related activities and functions as a strategic action-plan for the organization. It illustrates the group's commitment to addressing climate change and increasing the transparency of this work. The ambition of the plan is to drive emission reductions that are in line with the Paris temperature goal of 1.5° C and achieving net zero emissions end to end in the group's value chain by 2050.

This plan is consistent with Ependion's overarching business strategy and financial planning. This integration ensures the group's sustainability targets are ambitious, realistic and financially sound. This adaptation also helps reduce the risks associated with climate change, simultaneous with Ependion benefiting from current and new market opportunities. Ependion collaborates actively with the group's stakeholders including customers, employees and investors, to ensure work reflects their expectations and contributes to the overall business strategy. The plan was approved by Ependion's Group Management and was also on the Board of Directors' agenda in 2024.

Potential locked-in GHG emissions

Ependion does not regard potential locked-in emissions from its facilities measured during their lifespan until 2050 as obstacles to the group's emission reduction targets. Such emissions are limited, and Ependion has already made significant advances in reducing them. It does not regard manufacture as especially energy intensive. The group works on energy efficiency based on energy mapping, and Ependion and its business entities have transitioned to fossil-free electricity at most sites.

The climate impact from the group's products through their useful lives is the source of most of Ependion's Scope 3 emissions. Ependion has conducted CO2 calculations as part of lifecycle analyses of a number of core products. The EPD conducted in 2024 for the Viper-112A switch is based on an expected lifespan of 20 years and energy source plays a major role in impact during these years. Product energy efficiency is an important focus of the group's R&D. This work helps reduce the risks of failing to achieve targets set and helps the business entities' customers to realize their climate ambitions.

Managing climate-related risks and opportunities

Ependion utilizes scenario analyses to back the risk management processes the group conducts in its business entities and to increase the company's resilience. Climate-related risks and opportunities are some of the most important issues facing Ependion. These climate scenarios used to evaluate risk and opportunities in 2024 are largely based on the IPCC Sixth Assessment Report (AR6) and the IEA's World Energy Outlook 2023. Ependion has proceeded from two main scenarios and analyzed impacts in the short term (1-5 years), medium term (5-10 years) and long term (10+ years).

1. The Paris Agreement's adapted scenarios, which imply a rapid transition with the main risks in the short and medium term designed to limit the average global temperature increase to 1.5° C, imply extensive action in the form of regulation and global carbon taxes, for example.
2. High emission scenario ("business as usual") meaning that GHG emissions continue to increase, resulting in a global temperature increase of 3–4° C by 2100. This will lead to more frequent and serious weather extremes, rising sea levels and other climate impacts in tandem with higher economic costs and social challenges. The regulatory landscape will be less extensive than in the Paris Agreement's scenario.

Climate-related transition risks

The use of fossil-free energy sources can cause higher energy costs because of potential gaps between supply and demand (price increases). Greater customer demand for technology with low carbon emissions and high energy efficiency may mean increased development costs. It may be more difficult to source low-carbon metals or recycled metals because demand for them may increase, and with them, costs. As the market for green transportation (air, sea and road) evolves, and with Ependion's ambition to make green choices, these costs will probably increase.

Taxes on GHG admissions or import duties and materials or components produced in one region but exported to another may affect total production expenses. This may have a range of effects depending on the pace of fossil fuel phase-outs in supply chains.

The group will need to climate compensate for the remaining emissions that Ependion cannot reduce itself (medium and long term). The pricing of technologies that involve permanent solutions (at least 1,000 years) is uncertain but may involve substantial costs for Scope 3 depending on how rapidly the supply chain, and the transition to fossil-free energy sources, progresses.

If Ependion's suppliers are located in regions more exposed to weather extremes, selecting alternatives may be necessary, which may result in increased costs.

Climate-related physical risks

Climate extremes involve risks that may disrupt facilities, production, infrastructure and cause accidents, causing delays in production and financial losses. It may also reduce access to materials and components. In the worst case, this will mean production and revenue is lost.

Ependion has one production facility in a climate-sensitive risk region: Taiwan (no serious incidents previously). The group also has suppliers in climate-sensitive regions, mainly Asia, but also many European suppliers of core components, several of them in Sweden. The climate-related physical risks are expected to become more serious in the long term in a high-emission scenario.

Risk reduction

Ependion formulates contingency plans and back-up solutions for production that covers its own operations and the supply chain.

The group has one production facility in Taiwan judged to be in a high-risk area for climate. Production has been started in Malmö, which means Ependion has a procedure for skills transfer and preparations for scale-up in place. The group is building resilience and know-how by starting up a new production facility in India. Its other production facilities are located in Europe: Germany, Sweden, Ireland and Switzerland, and from 2025 onwards, in India.

Ependion's risk management processes and continuity planning include climate-related risks. There are targets and plans in place for the transition to fossil-free energy supply and an electric vehicle fleet. Ependion follows up on progress yearly.

The group has processes in place for introducing new suppliers that cover sustainability and climate aspects, and audits are part of the business entities' monitoring processes. An internal carbon pricing framework includes sourcing some CO2-intensive materials and transportation.

Ecodesign and energy efficiency are part of the group's continuous improvement work in R&D and enable Ependion to work proactively on implementing new standards from legislation and stakeholders.

Ependion is consolidating its services offering, the group's business model for servicing to further extend the technical lifespan of its products, supporting the transition to circular economy and preparation for forthcoming regulations.

Climate-related opportunities

Beijer Electronics' and Westermo's current business strategies primarily address those segments important to the transition to a more sustainable society: trains, energy, shipping and manufacturing. By continuing to enhance its value proposition in these segments, Ependion is aiming to achieve better financial performance. Additionally, these focus areas help the group remain an attractive employer and support Ependion's efforts to retain and attract the right skills.

Awareness of climate change will probably affect customer preferences, generating higher demand for products and services with high energy efficiency and low climate impact.

There is a relationship between sustainability, circularity, climate and service. Adding new service offerings to the group's business model may alleviate Ependion's climate impact and generate additional revenue streams that complement the traditional business model.

Investments and financial resources for climate transition

Ependion's strategy to support the group's plan for climate transition means that climate and other sustainability issues should be integrated into the business entities' functional segments and associated procedures rather than having substantial separate sustainability/climate budgets. This approach integrates sustainability into Ependion's organization and adapts financial planning to the group's climate ambitions. Major investments are covered by Ependion's internal carbon pricing framework. Substantial investments are being made in R&D (approximately 14% of sales), where continuous improvement in product performance is a vital part of this process. Researching new materials, procedures, processes and technology that can reduce emissions and improve sustainability is an integrated component of Ependion's R&D operations.

Ependion's climate strategy and targets

Ependion is convinced that the group's climate work is making it more competitive. A range of actions to reduce carbon emissions (remedial actions) have been identified, which are critical for Ependion achieving the climate targets and ambition it has set.

The group's strategy of a decentralized organizational structure with sustainability integrated into its various businesses means that sustainability-related targets are mainly set at business entity level. There are three overarching goals that the Board of Directors has approved for climate. The goals for Scope 3 were adopted in January 2025.

In 2024, the targets for Scope 3 were set at business entity level, and include a transition to low carbon footprint materials. The targets for Scope 1-3 for 2025 are also set by each business entity. All group targets are produced using the SBTi methodology.

These targets are consistent with the transition to a sustainable economy, limiting global warming to 1.5° C in line with the Paris Agreement, and with the goal of achieving climate neutrality by 2050.

Ependion has undertaken to reduce emissions in

Scope 1 and 2 by
50%
by 2030 compared to the base year 2023

Scope 1 and 2 by
90%
by 2050 compared to the base year 2023

Scope 3 by
25%
by 2030 compared to the base year 2024

Scope 3 by
90%
by 2050 compared to the base year 2024

What the group is doing

Ependion is working constantly on reducing the group's carbon emissions to achieve the targets the group has set. Concrete actions taken are reviewed below.

GHG emissions (Scope 1 and 2 and significant emission items in Scope 3)		2024
Scope 1 (tCO2e)	Emissions Scope 1 (gross)	135.3
Scope 2 (tCO2e)	Location-based emissions Scope 2 (gross)	678.6
	Market-based emissions Scope 2 (gross)	637.4
Scope 3 (tCO2e)	Total indirect emissions, Scope 3 (gross)	166,795.3
Significant emission items	*Purchased goods and services*	*35,734.3*
	Capital goods	*636.4*
	Fuel and energy-related activities (included in Scope 1 or 2)	*196.2*
	Upstream transportation and distribution	*1,234.3*
	Waste arising in production	*1.4*
	Business travel	*1,097.0*
	Coworker commuting	*645.1*
	Downstream transportation	*1,427.1*
	Use of sold products	*125,787.1*
	End of life processing of used sold products	*36.5*
	Investments	*3.4*
Total emissions	Location-based	167,609.3
	Market-based	167,568.0

Scope 3 represents 99% of the group's CO2 emissions. The group's climate transition plan includes all emissions. 2024 is the first year the group has measured and is able to present its results.

Actions to reduce emissions in Scope 1 and 2

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

- » Transition to fossil-free electricity
- » Electrification of the vehicle fleet
- » Energy efficiency

The group is aiming for a 100% transition to fossil-free electricity. After 2024, the group had achieved 72%. Those units still using fossil fuel-sourced electricity are located in Taiwan, the USA and elsewhere. For some operations, energy supply is included in rent, so the potential to influence suppliers is more limited. The planned transition to fossil-free electricity is continuing in 2025 and beyond. After year-end 2024, the Westermo business entity had achieved 98.5% of its target of 100% fossil free electricity supply.

Energy consumption

MWh	2024
Total energy consumption	
Purchased electricity	3,001.8
Purchased heating	519.6
Purchased cooling	147.1
Company vehicles	627.1
Stationary combustion	0
Self-produced, non-fuel renewable, energy	0
Energy consumption from fossil sources	
Purchased electricity	838.2
Purchased heating	226.4
Purchased cooling	4.7
Company vehicles	567
Stationary combustion	0
Energy consumption from nuclear power	
Purchased electricity	114.3
Purchased heating	0.0
Purchased cooling	0.0
Company vehicles	3.2
Energy consumption from renewable sources	
Purchased electricity	2,049.3
Purchased heating	293.2
Purchased cooling	142.4
Company vehicles	56.1
Stationary combustion	0

There are no robust metrics for total energy consumption enabling comparisons with previous years due to factors including energy consumption data linked to the group's vehicles not previously being reported.

The whole vehicle fleet consisting of electric or electric hybrid vehicles is another target. This transition is ongoing and those vehicles remaining will be dealt with as current leases expire.

New energy mapping processes were conducted by Westermo and Beijer Electronics in 2024, with separate action-plans based on them.

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

- Access to fossil-free and cost-efficient energy and electricity.
- Access to charging infrastructure driven by fossil-free electricity is decisive. Ependion is dependent on governments in the group's operational markets supporting the rapid introduction and scale-up of clean technology.
- Continued validity of market-based mechanisms for renewable energy, including the validity of renewable energy certification globally.
- Effective solutions to monitor and control energy consumption efficiently (e.g. AI and automation).

Actions to reduce emissions in Scope 3

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

- Ongoing work on continuous improvement of the energy efficiency of products and solutions.
- Integrate circular economy principles throughout our business—from R&D to servicing.
- Incorporate climate and sustainability standards into tendering processes and maintain an active dialogue with the group's suppliers.
- Regularly review Ependion's business model and sharpen the group's value propositions (e.g. in servicing) from climate and circularity perspectives.
- Communicate the importance of the transition to renewable energy sources to participants in the value chain.
- Actively incorporate climate aspects in planning and transportation.
- Apply internal carbon pricing.
- Encourage remote meetings.

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

» Access to fossil-free and cost-efficient energy and electricity that impacts emissions from the use of sold products (customers 'emissions) and emissions from the group' supply chain (purchased goods and services).
» Requirements of standards and methodologies for product carbon footprint data, which reduce administrative effort and facilitates comparison between products and organizations.
» Access to cost-efficient digital tools and technologies to monitor and manage emissions end to end in the value chain.
» Climate actions for suppliers and data transparency. Ependion is dependent on partnerships with suppliers that can deliver materials, products and components with low CO2 emissions that offer access to climate data.
» Faster phase-outs of fossil fuels in the transportation sector.
» Customer awareness and climate ambitions regarding environmental impact influence these choices. The extent the customer's evaluation model includes climate and energy efficiency also plays a key role in how successful Ependion is in bringing carbon-efficient technology to market.

Internal carbon pricing framework

Ependion adopted global ICP (internal carbon pricing) across the group's businesses in 2024. The aim is to help reduce the company's climate impact, mainly Scope 3, by raising awareness of the climate issue and its consequences among the group's coworkers. ICP includes selected parts of the group's:

» Processes for planning CapEx
» Processes for selecting suppliers

The methodology is based on shadow pricing, which assigns a theoretical monetary value to CO2 emissions to evaluate the cost or benefit of various strategies or investments. Carbon pricing is set at €100 per tonne consistent with sector practice and the EU Emission Trading System. Ependion's ambition has been to set a level that creates an incentive to reduce emissions, supports the company's climate ambitions, helps realize the Paris Agreement, as well as reflecting sector practice and the market for emission costs. Pricing will be adjusted given major fluctuations in these parameters.

A steering committee for ICP led by the group's CFO monitors how methodologies and work impact the company's decision and progress over time, and regularly evaluates the framework to ensure that it remains relevant and effective.

Implementation of ICP in 2024 created a parameter corresponding to 10% of LTI 2024/2027 the group's share-based incentive program.

Reporting principles

Emissions are characterized in Scopes 1-3 pursuant to the GHG Protocol Corporate Standard. CO2 is the only significant climate gas for direct emission from Ependion's business.

Activity data is based on primary data where possible. If primary activity data is not available, estimates are applied. For Scope 3, all categories were included that cover the group's operations (i.e. 1-7, 9, 11, 12, 15).

A significant portion of emissions in Scope 1 are sourced from the group's service vehicles and company cars, and data is collected from the group's ERP systems. Data for Scope 2 is collected from supporting data from suppliers and total emissions are based partly on specific data on emission factors, and partly on estimates depending on locality, where emission factors are embedded into the reporting systems the group uses, and are formatted specifically for sustainability reporting

Data for Scope 3 is based on sources including lifecycle analysis of the group's core products and is the foundation for applicable computations and estimates. Ependion's Scope 3 emissions are largely estimates because they cover the whole value chain. The fact that the group is dependent on data from third parties and variations in reporting standards make this a challenge. Ensuring that emissions data is accurate and complete, robust verification and validation processes are necessary, which Ependion regards as highly resource intensive and not possible at present.

Ependion's energy consumption and emissions data in Scope 1-3 has not been verified by a third party.

ESRS E2 Pollution

Why these issues are important

The manufacturing processes in Ependion's operations imply limited risk of emissions to air, land and water from Ependion's own operations. A significant portion of these processes consist of assembly apart from Westermo's manufacture of PCBAs, but here too, there is only limited risk of emissions. Operations do not require permits or notifications. Accordingly, the risks of pollution in the form of emissions are more concentrated at the supplier level. Incidents that result in spillages, leakage or other non-compliance with chemicals regulations could potentially cause pollution.

Ependion's products contain a number of substances of concern and/or very high concern (SVHC). Accordingly, Ependion judges this segment as material for the group from an impact perspective, and the total volume in the group's products brought to market in 2024 was 21 kg. Ependion's processing of chemicals is limited, although these substances are usually included in finished components, which means that risks are mainly in the supply chain. Lead is an SHVC included in certain products, which may have negative effects on the environment and health. Lead is in solder with certain components as high-temperature solder so components can be soldered onto PCBAs without breakage.

New and amended regulations for hazardous substances may imply new standards applying to the company's products and work on substitution may be resource intensive. Regulations are not globally harmonized, and market standards may differ between countries. Appointing external expertise to manage these issues and external system support also means a financial impact, albeit not considered material.

Ependion's strategy and working method

Ependion is endeavoring to minimize the health & safety risks associated with the use of hazardous substances in products and processes. Ependion views the phase-out of hazardous substances as highly significant to its work on contributing to a circular economy. Accordingly, the group is continuously evaluating and reducing the usage of chemicals in its business.

Ependion's policy for pollution is integrated into its current environmental policies, which are formulated at business entity level and are important components of the group's management systems.

Ependion's business entities have differing product portfolios and technological circumstances. Accordingly, targets and action-plans for pollution and the management, processing and phase-out of hazardous substances are at business entity level: Ependion has no group-wide targets for this segment. Local solutions tailored to each operation's specific needs, capacities and technologies mean more efficient and practical actions to phase out hazardous substances.

The management of product-related environmental legislation covers several functions in the group's business and is based on partnerships, mainly between Product Management, R&D, Procurement and Operations.

What the group is doing

Ependion's own usage of chemicals is largely concentrated on Westermo's business, where there are a digital solution and processes in place for chemical processing. This system is used for functions including documenting risk assessments, for example, which enable hazardous chemicals to be monitored and product legislation to be satisfied, such as REACH and RoHS. Staff training is a continuous process. For managing pollution risks from accidental emissions, leaks or other unplanned incidents, businesses should have conducted risk assessments and have processes in place to manage such risks, in the form of absorbents or other decontamination equipment, for example.

Systems and processes are in place for managing hazardous substances in components, which include logging them in component databases. In turn, these component databases are linked to other digital tools for the systematic satisfaction of various regulations such as REACH. This working method means that right from in the design phase of a new development project, Ependion always conducts verification that components are approved.

The related processes include new and existing components. Where Ependion does not possess the skills in-house, it appoints external partners. Westermo has regular distributors and components suppliers in place and maintains close dialogues that also deal with product legislation issues in the environmental segment designed to evaluate the potential to substitute with less hazardous alternatives. Ependion has processes in place in the group's purchasing functions to apply standards to, and monitor, the group's suppliers in terms of product-related legislation.

Contents

Substances of very high concern

Hazard class	Amount used in production (kg)	Amount leaving the company's entities as emissions, through products or as part of products or services
Reproduction toxic	17.3	17.2
Reproduction toxic Hormone disrupting characteristics for human health	3.9	3.9
Characteristics that cause respiratory symptoms sensitization	0.1	0.1
Persistent, bio-accumulative and toxic or very persistent and very bio-accumulative	0.2	0
Carcinogenic Specific organ toxicity after repeated exposure	0.1	0.1
Total	21.6	21.4

Total volume of SVHCs used in production or have been procured: 21.6 kg. The main hazard classification class of these products is reproduction toxicity. The total volume of SVHC that leave the company's plants as emissions, as products or parts of products or services: 21.4 kg. Their main hazard class is reproduction toxicity.

Reporting principles

The data for reporting SVHCs is not third party validated, and sourced either from an external component database compiled from supplier material datasheets, or collected directly from suppliers. In isolated cases, Ependion does its own weighing and measuring. Information on RoHS and REACH at component level is sourced from the same component databases or suppliers. Westermo then transfers this information to its PLM (Product Lifecycle Management) system, which is the foundation of Westermo's product-related reporting. Beijer Electronics does not use an external system, but sources SVHC data direct from each supplier. Based on the concentration of each compound in the component, the total Scope of SVHCs is computed from unit sales and other components with SVHC in each product.

Data for SVHCs for chemicals used in the manufacturing process is sourced from Westermo's chemical processing system, which includes a dedicated module. Beijer Electronics' chemical usage is very limited, and there are no SVHCs in the chemicals used in its production. This conclusion is based on a review of safety data sheets for chemical where each CAS number is matched against the latest list of SVHCs.

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

ESRS E5 Circular economy

GRI: 301-1, 301-2, 306-3, 306-4, 306-5

Why these issues are important

The consumption of resources and circular economy are material topics for Ependion from an impact perspective. Effective and sustainable consumption of resources and implementation of circular economic principles are critical to reducing the company's environmental impact.

Non-renewable resources are part of Ependion's value chain, and metals such as zinc and aluminum are important elements of the company's products and resource flows. The usage of metals can cause significant environmental impact in the extraction and processing phase, in GHG emissions and other forms.

Ependion generates waste from the group's various production processes, as metals, plastics and chemicals. Its products may include components that cannot be fully recycled or reused at present. The potential for recycling and reuse also varies on Ependion's different markets. If not processed appropriately, waste can cause pollution and resource losses.

Ependion's strategy and working method

Circular principles are well integrated into the group's various functions, from the design phase to customers' end of life product processing. Through growth in Ependion's market segments, which focus on renewable energy, manufacturing and sustainable transportation, the group's products and services support the transition to a circular economy.

Ependion's circular economy and resource management policies take an overall grasp including full product lifecycles and the groups complete value chain. The most significant resource inflows linked to the group's products consist of metals, but also packaging materials. Ependion's business entities have formulated targets and action-plans to reduce their climate impact and increase the share of recycled and reused materials linked to metals. At present, there are no group-wide targets for circular economy.

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

The design phase has a significant impact on the circular characteristics of products and resource management. Ependion works to continuously enhance the integration of circular design principles into R&D where products' technical lifespans and energy efficiency are important components. Ependion also needs to sharpen its focus on materials characteristics to promote reuse and recycling aspects based on the group's ambition to comply with the Waste Hierarchy.

Electronics, metals, plastics, packaging and chemicals are examples of major waste categories. Compliant with the Waste Hierarchy, Ependion plans purchasing to reduce waste through avenues including avoiding materials becoming too old for reuse. Ependion maintains continuous dialogue with external parties to evaluate better methods for managing the group's waste. Ependion is covered by producer liability for electronic and electrical products, as well as batteries, which can be partially managed by external partners.

Targets for the consumption of resources and circularity are set at business entity level. Ependion works continuously on implementing circular principles in the group's various functions. Targets linked to resource inflows follow. These targets depend on the availability of recycled and low-carbon materials. Ependion's opinion is that at present, there are no obstacles to achieving its targets in 2025 against the background of such limits.

Beijer Electronics has the goal of 50% of the total materials weights in its proprietary manufactured HMIs to be sourced from recycled materials by 2025.

Westermo has the goal of reducing its carbon footprint expressed in CO2e by 50% for aluminum per kg of purchased metal by 2025, compared to 2023. Westermo also has the goal of reducing its carbon footprint expressed in CO2e by 80% for zinc per kg of purchased metal by 2025, compared to 2023.

In packaging, the business entity has the goal of 60% of material in its packaging to consist of recycled material by 2025.

Generally, these targets are followed up at least yearly, and set in a framework of Ependion's management systems, which means that each business entity management team decides on, and monitors, goals.

What the group is doing

Offering products that have long lifespans and can be kept up-dated over time is a critical piece of the circular economy puzzle. Ependion's product portfolio consists of robust products designed for long technical lifespans, backed by an extensive services proposition to further improve resource efficiency and extend product useful lives. This positions the group well for the transition to a circular economy, which enhances Ependion's competitiveness and has positive economic effects.

Ependion works continuously to improve product energy efficiency, which helps the group's customers realize significant savings over product lifecycles. The business entities partner actively with their suppliers, customers and other stakeholders to reduce emissions end to end in the value chain. Ependion endeavors to use materials responsibly, by increasing the usage of low-carbon and renewable resources, which aids the transition to a circular economy.

Westermo is purchasing a growing share of low-carbon zinc, while Beijer Electronics has goals and action-plans in place to grow the share of recycled aluminum and plastic. Going forward, there is a risk that the demand for recycled material is not fully met by supply, which could have an adverse impact on costs, but these are not considered significant to achieving goals.

By utilizing high-quality components and complying with strict test protocols, Ependion ensures that its products satisfy the highest standards on performance and lifespans. Ependion subsidiary Westermo Ireland is an example: many products have high MTBF (Mean Time Between Failures) with some models such as the Merlin 4400 achieving over 1,600,000 hours. This extreme reliability is a hallmark of product quality and sustainability.

Beijer Electronics has a goal of achieving 50% recycled materials in products by 2025 from the base year 2021, and was at 14.9% in 2024. Beijer Electronics has conducted research to identify which virgin materials could be converted to recycled. Based on its calculations of component weight and research by its R&D function, Beijer Electronics has been able to set the objective for 2025. To achieve this goal, its focus is on plastics and aluminum. The business entity is examining the supply of various materials that could be sourced as recycled, and ensure the quality of material by various types of tests.

Westermo's goals include reducing the CO_2e of aluminum by 50% from 8 CO_2e/kg to 4 CO_2e/kg between 2023 and 2025. After 2024, the business entity achieved a 38% reduction. Westermo will also reduce CO_2e/kg in zinc by 80% by 2025, going from 4.5 CO_2e/kg in 2023 to 1 CO_2e/kg zinc by 2025. After 2024, Westermo had achieved a 68% reduction.

Westermo also has a goal for packaging material, with 60% to be recycled material by 2025, and achieved 48% recycled material in packaging in 2024. Activities for Westermo's goals mainly concern close dialogue with a cluster of suppliers, coordinated by the business entity's central purchasing organization.

Regarding the expected sustainability of the products the company releases to the market compared to the sector average, the group did not identify an appropriate source for a sector average in 2024.

The group's collective data is adjacent:

Resource inflows

Total weight of produced material (ton)	331.9
Total weight of reused or recycled materials (ton)	96.1
Share of reused or recycled materials (%)	28.9
Total weight of secondary intermediate products (ton)	33.3
Share of secondary intermediate products (%)	10.0
Total weight of secondary material (ton)	129.4
Share of secondary material (%)	38.9

Resource outflows

Share of recyclable material in the group's products (%)	91.4
Share of recyclable material in the group's packaging (%)	99.9

Waste from Ependion's own operations

Total waste generated (ton)	65.2
Total waste sent to recycling or reuse (ton)	57.7
- Reuse (ton)	*0.1*
- Recycling (ton)	*55.8*
- Other processing (ton)	*1.8*
Hazardous waste (ton)	3.7
Non-hazardous waste (ton)	54.0
Total waste disposed of (ton)	7.5
- Combustion (ton)	*2.5*
- Landfill (ton)	*2.8*
- Other processing (ton)	*2.3*
Hazardous waste (ton)	0
Non-hazardous waste (ton)	7.5
Share of non-recycled waste (%)	11.5
Total hazardous waste (ton)	3.7
Total radioactive waste (ton)	0

Reporting principles

Information and data on resource inflows cover the most significant materials and components. Metals constitute most of the group's resource inflows in terms of weight. By unit, PCBAs are high volume. The decision-support data for the most significant items is collated from sources including lifecycle analyses of Ependion's core products. Information on volumes is sourced from the group's procurement systems, and data on the share consisting of recycled materials is sourced from the group's suppliers. In certain cases, the emission factors in reporting are linked to the weight of a component or material, and in others, to procurement cost. In cases where the share of recycled material is absent, a zero is reported. Data on resource inflows has not been verified by a third party.

Data on products and materials for the group's resource outflows are based on Ependion's production and sales volumes in the year, sourced from information from suppliers for the share of recycled materials, for example. This data does not include the most significant materials and components. Data on recyclability is largely estimated based on information from different waste processing companies. The group's packaging consists of paper and plastics that are recyclable. Data on resource inflows have not been verified by a third party.

The group's products have high repairability. Servicing, maintenance, upgrade and update processes are well established, and Ependion has repair centers worldwide. Parts of operations have implemented risk classification systems for this assessment.

Data relating to waste from Ependion's own operations is sourced from contracted waste management partners. The lack of global standardized methodologies to manage, classify, measure and report waste is a source of measurement uncertainty and challenges in comparing consolidated data over time and between operations. Household waste has not been reported for some operations, which means under-reporting of waste for combustion for energy recycling. The reason is that waste management is included in rent, and there are no statistics on allocations to Ependion's operations. Ependion does not think this has a significant impact on the group's total emissions. For 2025, Ependion's ambition is to estimate this data based on other operations. Data on waste has not been verified by a third party.

ESRS S1 Own workforce

GRI: 2-7, 401-1, 406-1, 405-1a, 405-1b, 403-9

Why these issues are important

As a global manufacturing company with several hundred employees across a variety of skills segments, the group exerts a substantial impact on coworker health and well-being. This segment is considered material from an impact perspective, and the group works continuously for this impact to be as positive as possible. Health and safety issues are always topical and require continuity. A safe, inclusive and sustainable working environment is also critical to ensure business continuity, risk minimization and compliance with regulatory standards.

Deficient occupational health & safety can cause increased sickness absence, production disruptions and difficulties in attracting and retaining skills. The supply of qualified labor is a challenge for the sector, where there is intense competition over technology expertise. Working actively on occupational health & safety and employment terms improve the organization's innovation capability and resilience.

The protection of human rights in Ependion's own workforce is another central aspect for Ependion. Poor working conditions or deficient compliance with labor law may damage trust from customers, investors and stakeholders, legal consequences and negative brand impact.

High occupational health & safety is also a contributor to achieving diversity and inclusion goals, which are critical for a resilient and adaptable organization. A diversified and healthy workforce improves productivity and efficiency, while also contributing to a more robust business.

Ependion's strategy and working method

Nurturing the group's coworkers is self-evident to Ependion. Well-established health & safety processes, an inclusive workplace and potential for skills enhancement enable the group to promote all coworkers' well-being.

Ependion has implemented a Human Rights Policy for its whole workforce that backs the group's Code of Conduct. This policy is consistent with internationally recognized guidelines including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. Ependion's CEO bears overarching responsibility for the implementation of, and compliance with, these policies.

Questions of diversity and inclusion are a big part of Ependion's work for coworker well-being. This work is primarily implemented at business entity level and includes strategic initiatives in recruitment, leadership and compensation. Policies on occupational health and safety, diversity and inclusion at each business entity are designed to eliminate discrimination, promote equal opportunities and create an inclusive workplace culture. Ependion manages specific types of discrimination including those based on gender, age, ethnic origin, religion, functional impairment and sexual orientation.

Ependion deals with significant consequences for its workforce through clear goals, action-plans and management systems. Specific risks are identified and managed through coworker dialogue, safety patrols, health & safety committees, incident investigations and audits. These activities are the foundation of actions that enable preventative and remedial action.

Ependion allocates resources to manage risks and opportunities through strategic initiatives like training programs and hiring strategies to improve diversity and inclusion. Prioritizing work on risk assessments and improving working environments on site promote safety and good health, work that will continue in 2025. A global metric of employee satisfaction is planned groupwide after successful initiatives by Westermo.

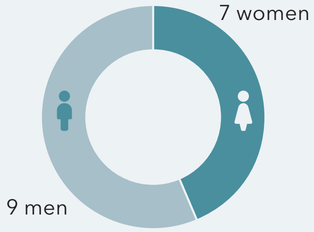
Ependion's monitoring processes are mainly within the framework of management systems and include activities like audits, inspections and safety patrols. Action plans are produced for major actions, often with sub-sections adapted to complexity. The effectiveness of these efforts is evaluated continuously and discussed by management teams.

The group has procedures to alleviate and rectify negative consequences through local initiatives and management systems. These actions are assured through action-plans and follow-ups to verify their effectiveness. Where necessary, long- term plans with clear goals and resources are executed. Their duration depends on the complexity of actions.

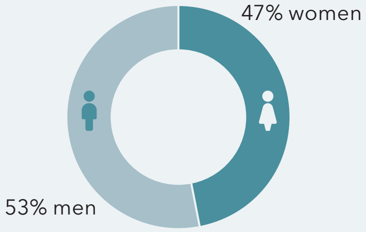
What the group is doing

Ependion and its business entities work actively to promote good working conditions, equal opportunities and equal rights for all the group's coworkers. Ependion endeavors to maintain a balanced division between men and women, different age groups and different positions, and work towards inclusive recruitment of skills internally and externally.

Gender division by number at company management level

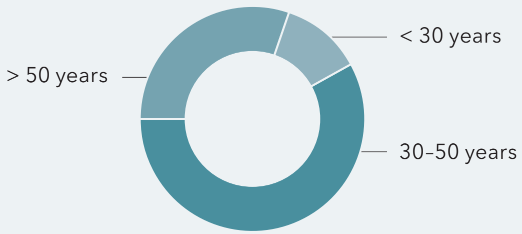


Gender division by percentage at company management level



Data includes group, Beijer Electronics' and Westermo's managements.

Coworkers by age group



Coworkers by country

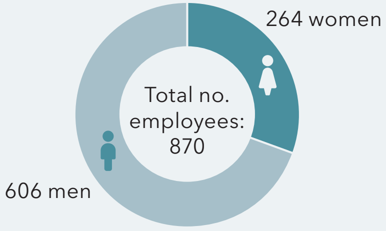
Country	Coworkers
Australia	10
Austria	2
China	35
Denmark	4
Finland	3
France	12
Germany	72
India	3
Ireland	55
Netherlands	4
Norway	12
Singapore	8
South Korea	5
Spain	4
Sweden	369
Switzerland	35
Taiwan	156
Turkey	20
UK	22
USA	39
Total	**870**

Data sourced from Ependion's ERP system (IFS). The table also includes 3 coworkers in India, other parts of the sustainability data exclude India.

Employment types

Country	Women	Men	Other	Undeclared	Total
No. of employees	264	606	0	0	**870**
No. of permanent employees	259	590	0	0	**849**
No. of part-time employees	1	13	0	0	**14**
No. of employees without guaranteed working hours	4	3	0	0	**7**

Workforce composition by gender



All countries were Ependion is active have social security.

Coworkers covered by collective bargaining agreements

No. employees covered by collective bargaining agreements	Share of coworkers covered by collective bargaining agreements
362	41.6%

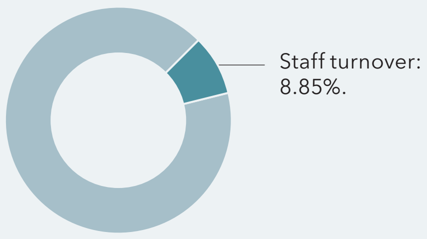
Coverage of collective bargaining agreements and social dialogue by operational country

	Coverage of collective bargaining agreements	Social dialog
Share covered	Coworkers in EEA *(for countries with over 50 employees representing more than 10% of the workforce)*	Representation at workplace *(EEA only, countries with over 50 employees that represent more than 10% of the workforce)*
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Sweden	Sweden

Share of coworkers entitled to family leave

	2024
Share of coworkers entitled to family leave	100%

Staff turnover



Total number of coworkers leaving the company in 2024: 77

To support vulnerable groups, Ependion has implemented activities focused on training, leadership development and communication. Specific initiatives include trading programs and awareness of unconscious prejudice, prevention of harassment and strategies to promote fair working conditions. Additionally, the group works actively to grow the share of female coworkers through goal-oriented recruitment strategies.

A significant portion of the workforce participated in skills development activities in 2024.

Average number of training hours per coworker: 37.4

Team activities, keep fit and educational initiative designed to promote healthy and inclusive working environments are further examples of positive efforts. Risk assessments are conducted in major change processes to identify and alleviate negative consequences. The business entities contribute through specific initiatives that engage coworkers and improve their working conditions.

Share of coworkers participating in regular presentation and career development reviews (by gender)

	Women	Men	Total
Share of coworkers participating in regular presentation and career development reviews (by gender)	95%	92%	93%

The group is continuing to work towards improved occupational health & safety with a special focus on risk assessments and safety training at workplaces. Ependion is endeavoring to continuously evaluate and improve its initiatives through follow-up and analysis of goals set to create a safe, inclusive and sustainable working environment. Ependion reported no serious workplace accidents in 2024, which is in line with the group's goal of zero serious accidents. However, one workplace accident did occur causing absence from work. No serious incidents or accidents during commuting were reported.

Health and safety of employed coworkers

	2024
Share of employed coworkers in the workforce covered by the company's working environment management system based on legal standards and/or recognized standards or guidelines	100
Share of employed coworkers covered by working environment management systems based on legal requirements and/or recognized standards or guidelines that have been reviewed internally and/or reviewed or certified by an external party	0
Number of deaths resulting from work related injuries and work-related ill health	0
Number of accidents with absence (excluding death)	1
Frequency of accidents with absence (per 1 million hours worked)	0.63
Number of registered cases of work-related ill health	3
Number of lost work days due to work-related injuries, accidents, work related ill health and death due to ill health	164

Health and safety of non-employed workforce

	2024
Share of non-employed coworkers covered by working environment management systems based on legal requirements and/or recognized standards or guidelines	0
Number of deaths due to work-related accidents and work-related ill health	0
Number of accidents with absence (excluding death)	0
Frequency of accidents with absence (per 1 million hours worked)	0
Number of registerable cases of work-related ill health	0
Number of lost work days due to work-related injuries, accidents, work-related ill health and deaths caused by ill health	0
Number of deaths due to work-related injuries and work-related ill health, other coworkers that work at the company's workplaces	0

Incidents, reports and serious consequences related to human rights

Number of serious incidents related to human rights among the company's employed coworkers	Number of incidents no longer requiring processing:	Number of incidents related to harassment or discrimination considered	Number of incidents related to harassment and discrimination:	Number of complaints received through established channels by the company's employed coworkers:	Total fines, penalties or compensation for incidents caused:
0	0	0	0	0	0 EUR

Reporting principles

The number of employed coworkers has been compiled based on payroll data and information from local HR and management representatives, as well as the group's ERP systems. Reported numbers of the number of employees are for the end of the reporting period and are not an average for the full year.

For training, data is monitored by local HR functions or line managers in each country, and then reported to the Vice President of HR for compilation. This data is based on estimates.

Data for collective bargaining agreements and social dialogues has been collected by each business entity's HR Manager, who in turn, initiates a dialogue with local operational managers.

Data for accident numbers is based on a combination of various sources. Some parts of the group use a health & safety reporting system where each coworker reports any events. Other entities build reporting on manual processes, where line managers report to the HR function for compiling data.

Ependion is planning to implement a global health & safety reporting system in 2025, which will improve data quality going forward. Only accidents that have caused absence were included in reporting for 2024, due to factors including the definitions of different sub-categories of accidents and incidents not being collective to all operations so the data includes uncertainty.

Whistleblowing, discrimination and harassment data is based partly on internal documentation from the HR function of each business entity, and partly from data from the group's whistleblower system.

Data linked to Ependion's own workforce has not been validated by a third party.

ESRS S2 Workers in the value chain

GRI: 308-1, 414-1

Why these issues are important

Ependion has an extensive global value chain that includes hundreds of suppliers and collaborative partners in various countries and sectors. The indirect impact on communities and the environment this chain exerts is significant and requires a responsible attitude. Accordingly, coworkers in the value chain are regarded as a material sustainability topic for Ependion.

A large proportion of electronic equipment is manufactured in Asia, where the potential to monitor health & safety and working conditions is limited, especially for tier 2 and 3 suppliers. The need for more transparency is an important aspect for ensuring compliance with human rights and working conditions end to end in the value chain.

Ependion's strategy and working method

A responsible value chain is an important component of Ependion's strategy to achieve environmental and social sustainability. Ependion is endeavoring to make a positive impact setting high standards on suppliers in terms of working conditions, human rights and sustainable working processes.

To manage material consequences, risks and opportunities, the business entities have implemented systematic monitoring of each of their suppliers. This monitoring includes qualitative and quantitative indicators, with a special focus on the largest and most strategic suppliers. Smaller suppliers are also included in risk assessments, although their monitoring is to a lesser extent, and more as required, depending on assessed risk level.

Engaging and partnering with suppliers to improve their compliance with the group's Code of Conduct (CoC) and policies including human rights and conflict minerals is an important part of the company's strategy. This includes training and support for suppliers to ensure that health & safety and working conditions comply with the company's standards. Ependion works continuously on improving its monitoring and ensuring effective implementation of its CoC and policies right through its value chain.

Beijer Electronics systematically applies standards on suppliers complying with the Global Compact framework. Westermo has adopted a specific CoC for suppliers that regulates how coworkers in the value chain should be treated. The CoC focuses on ensuring that suppliers and their subcontractors comply with ethical guidelines in terms of working relationships, human rights and working conditions. This framework covers all coworkers in the value chain albeit with a special focus on strategic suppliers, which make up 80% of purchasing volumes.

Westermo applies a nearsourcing philosophy, meaning that many suppliers are based in the EU, which alleviates certain risks but does not completely eliminate them. Physical site visits and induction processes for suppliers also cover HSE (health, safety & environmental) standards. This helps manage physical and chemical risks to the environment and people.

Risk assessments are conducted continuously to identify and limit potential risks, especially for materials where alternatives are hard to source. Ependion judges that the biggest risks for its coworkers lie in more remote links of the value chain, especially for smaller suppliers and those involved in processes with potentially higher risk, such as metals mining. This also applies if metals are largely sourced from known mines in northern Europe, which reduces the risk of human rights breaches.

There are no explicit goals for coworkers in the supply chain, although a goal of 100% signing up to the CoC for all key suppliers and for all new suppliers was set and satisfied in 2024. For tier 2 suppliers, mapping of country of origin was completed, which is an important step in managing risk.

What the group is doing

Continuously improving Ependion's and the business entities' processes to ensure reasonable conditions in the group's value chain is work in continuous progress. Ensuring that suppliers sign and comply with the group's CoC is part of this process.

The group has developed and implemented specific policies to protect rights and improve working conditions for coworkers in its value chain. These policies cover segments like health & safety, fair pay and non-discrimination.

Improved processes for managing conflict minerals were also implemented in 2024. Experience from this process started to apply to other segments related to data collection and risk assessments.

For contractors, an unusually large item in 2024, extensive HSE (health, safety & environment) standards were implemented in Westermo. They applied to work related to the refurbishment of the Swedish plant and starting up operations in India. No serious accidents or incidents in tandem with these processes were reported.

No serious human rights-related problems and incidents, earlier or later in the value chain were reported.

Established channels to detect and rectify problems in the supply chain are in place. All the group's new and strategic suppliers were audited for social and environmental criteria in the year. A Supplier Quality Engineer was hired by Westermo in 2024 to improve its site visit capability, and offer additional supplier monitoring.

The main material for business entities' operations are sourced and consist of electrical components from complex supply chains. This means that it is problematic to understand the content of each component and get a comprehensive view of the nature of the whole value chain. Obtaining information of SVHCs and other compounds that can present risks in components and products is problematic. Continuous dialogue is intended to progressively increase supplier understanding of these issues.

The group worked extensively to source a strategic EMS (Electronics Manufacturing Services) provider in 2024. Sustainability aspects were integrated and monitored continuously through the process, involving social and environmental aspects, which were also monitored in audits/site visits.

Reporting principles

In general, information and data linked to the value chain is based on the self-assessments suppliers conduct as part of the induction process, and on the supplier audits executed. The level of transparency is critical for data reliability.

To improve objectivity in the group's evaluations and assessments, several people are often involved. Ependion thinks the quality of conclusions and analyses is highest for the group's strategic suppliers. The supporting data for reporting is compiled by each business entity's Procurement function. The business entities work continuously on improving the quality of data and documentation in relation to the supply chain.

Data and documentation in this segment have not been validated by a third party.

ESRS G1 Business conduct

GRI: 205-2, 2-26-a, 205-3a-d

Why these issues are important

Being a responsible company is critical for Ependion and the group's subsidiaries to manage their business. Ependion concluded that consistent with the outcome of the group's DMA, managing business conduct was material from a double perspective—i.e. both for how Ependion influences its surroundings but also how its surroundings impact the group's potential to manage its business.

Ependion's business entities are links in a global value chain and have a direct impact on working conditions, the environment and business ethics through their supplier relationships and business decisions. Deficient management of these issues may cause risks such as human rights breaches among suppliers, non-compliance with environmental standards and exposure to corruption and bribery. Such risks may have legal and financial consequences for Ependion, damage trust among the group's investors and customers, and impact business continuity.

Meanwhile there is potential to increase competitiveness by ensuring high ethical standards, working actively on transparency and responsible supplier relationships as well as satisfying growing demands from customers and investors. A strong corporate culture and clear business ethics guidelines helps alleviate risks, strengthen Ependion's brand and create long-term sustainable business relationships.

Ependion's strategy and working method

Ependion should be a responsible company towards its own coworkers, coworkers in the value chain and wider society. The group's strategy in this segment centers on the responsible management of suppliers, human rights and anti-corruption.

The main policy document for Ependion and its business entities is the group's CoC, which stipulates that Ependion's coworkers, suppliers and collaborative partners should conduct themselves responsibly. The CoC also highlights the group's corporate culture by promoting a commonsense view of how parties should conduct themselves, that laws should be complied with and that fair but reasonable standards should be applied to all coworkers, suppliers and collaborative partners.

Ependion's management is responsible for developing, implementing and compliance with the CoC throughout the group. The complete CoC is available on the group's website. The CoC is part of the induction process for new hirings, and means that all the group's coworkers worldwide acknowledge receipt of the CoC that they should read, understand and accept. The CoC is communicated continuously to coworkers in various ways on internal channels. The group's goal is that all coworkers should have been trained on, and signed, the CoC.

The CoC specifies Ependion's zero tolerance of corruption and bribery. The goal is for all managers of Westermo and Beijer Electronics to take anti-corruption training.

Reports should be made in instances of suspected breaches of Ependion's CoC, applicable legislation or similar. Ependion encourages its coworkers to make initial contact with their first-line manager or the HR function or report impropriety on the group's whistleblower system, which is available to internal and external parties. Cases received are documented and investigated by the relevant manager, who is appointed on a case-by-case basis. Any actions are also discussed and adopted on a case-by-case basis. Reports of suspected breaches are completely anonymous. Ependion's whistleblower system is managed by a third party which guarantees reporter anonymity.

The whistleblower policy has been independent of the group's CoC since 2023. An independent policy makes it easier for coworkers to report suspected activity that breaches legislation and the company's policy documents. The whistleblower function covers issues of corruption, human rights, labor law, the environment and health & safety.

Safeguarding sustainability in supply chains presents a range of challenges, and Ependion expects the group's suppliers to comply with its CoC. Suppliers play an important role in realizing the group's sustainability ambitions. Collaboration with suppliers is close, and sustainability criteria are well integrated in processes both in introducing new suppliers and ongoing engagement. One of the group's objectives is that all suppliers should sign the group's policy on conflict minerals, and that all new suppliers should undergo a social audit focused on working conditions and human rights.

What the group is doing

Ependion is pursuing all companies on the group's supply chain maintaining good relationships and terms, and it achieves this through yearly risk monitoring of the group's strategic suppliers, plus a corresponding risk assessment when the group takes on new suppliers. Although primarily, the risk assessment deals with logistics and business risks, assessments also include sustainability and ethical aspects.

All suppliers should sign the group's CoC or corresponding documentation produced by its business entities. Where possible, the group attempts to collaborate with suppliers in geographical proximity. The Westermo business entity's primary suppliers are in Asia, while most of Westermo's suppliers are in Europe.

Suppliers are monitored continuously, with the relevant processes including an appraisal of supplier performance across a broad range of sustainability aspects. Our managers visit suppliers and inspect them. In instances of non-compliance, the business entity assist them in producing an action-plan to achieve a change and improve procedures. If the breach continues, the group can terminate its relationship. In 2024, all new strategic suppliers underwent a social audit.

One central focus of this work is to avoid conflict minerals. The group works to ensure that its products do not contain any minerals sourced from mines that contribute to conflicts or human rights breaches. The group produced a new policy on conflict minerals in 2023. To ensure responsible mineral extraction, suppliers must comply with Ependion's Code of Conduct and continuously examine their supply chains to identify the source of minerals pursuant to the Responsible Minerals Initiative, the group requires all suppliers to report how they deal with conflict minerals and social sustainability. In 2024, 88% of all affected suppliers had signed the declaration.

Ependion also regards the group honoring its agreements as important. This applies in contexts including the group's payment terms, which ensure that subcontractors get paid for the work they do for Ependion on time and as agreed. Generally, 60 days apply for payments, but for smaller enterprises, 15-30 day terms are applied in certain circumstances. Compliance with good payment practice is monitored in the business entities' ERP systems.

Ependion and its business entities are links in a global value chain where there is a risk of the incidence of corruption and bribery. The group's procurement and sales functions run the highest risk of being exposed, or exposing other parties, to bribery or corruption. Ependion's CoC clearly stipulates that no bribery or corruption may occur in any business relationship, either directly or indirectly. All coworkers are trained on the CoC during their induction with regular further training to disseminate knowledge to all coworkers. No specific efforts are targeted at high-risk roles, or to management, administrative or Board bodies. In 2024, 30 of 31 Beijer Electronics managers took corruption and bribery training. All Westermo's managers (67) took training on the same topic. 100% of the group's coworkers have signed the CoC.

On suspicion of the incidence of corruption or bribery, where appropriate, coworkers should report to first-line managers. Otherwise, the process follows the applicable procedure for reporting on the group's whistleblower system. When cases are investigated, appropriate individuals are appointed to deal with the case. These individuals vary depending on case and place in Ependion's organization where the impropriety is suspected. The group documents the number of cases received, and confirmed cases of corruption and bribery. No reports of suspected corruption or bribery occurred in 2024.

Reporting principles

Data linked to corruption and bribery is collected from the group's whistleblower system and from internal sources such as the Finance function of each business entity. Training activities are coordinated and reported by each business entity's HR function.

Data on suppliers and payment practice is based on documentation on payment terms from the group's ERP system, which is reported by the Procurement or Accounting function of each business entity.

The conflict minerals topic is managed partly using external expertise, and partly system support. The Procurement function compiles conflict minerals management data in each business entity, which also follows up this process continuously.

Data for the business conduct segment has not been validated by a third party.

Taxonomy Regulation – sustainability reporting

Ependion's EU Taxonomy Report has been prepared in accordance with the EU Taxonomy Regulation. The Taxonomy Regulation requires companies like Ependion to report on how sustainable financial operations are based on the Taxonomy Regulation through three key indicators: share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

The EU taxonomy states which economic activities lie within the taxonomy framework ("eligible for the Taxonomy"), which of these activities satisfy the EU's technical review criteria, and are thus classified as environmentally sustainable ("Taxonomy-aligned economic activities"). For the group's products to be considered "aligned" with the review criteria, operations must comply with certain EU-specific standards (EU Regulation 2017/1369).

For 2024, activities eligible for the Taxonomy are presented divided between what is Taxonomy-aligned, and what is not Taxonomy aligned based on:

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

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

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

The criteria of environmental goals 1-6 have also been mapped.

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

The results for 2024 imply an increase in the share of turnover that is Taxonomy eligible, from 34.6% for 2023 to 36.1% for 2024. The main reason for the increase is stability in Taxonomy-eligible activities, while the group's overall turnover reduced between 2023 and 2024.

Reporting principles

A. Turnover

Taxonomy-eligible activities

As in the previous year, the basis for judging the parts of Ependion's activities to be included this year are the technical review criteria specified in Annex I and Annex II of the European Parliament and Council Regulation (EU) 2020/852, as in the previous year. The new Act for 2024 with amendments and further criteria has also been considered.

The various descriptions in these documents have been closely studied, then mapped against the turnover of Ependion's various activities in 2024, see note 2. The approach of the Taxonomy Regulation is binary, i.e. activities are considered either environmentally sustainable or not, and the basis of this is the description in these documents. Accordingly, reporting does not state how environmentally sustainable the activities of Ependion are, but rather the share of these activities eligible for the Taxonomy. Ependion has a centralized database containing details of all group companies at order level. All the group's orders are coded in several dimensions, and this is the basis for mapping.

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

3.19 Manufacture of rail constituents
3.20 Manufacture of electrical equipment for transmission and distribution
6.14 Infrastructure for rail transport
6.15. Infrastructure enabling low-carbon road and public transport
7.6. Installation, maintenance and repair of renewable energy technologies

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

Activities that are Taxonomy-aligned

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

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

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

iii) the activity being conducted with minimum safeguards

B. CapEx

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

C. OpEx

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

1. Turnover

		2024		Criteria for significant contribution,%						Criteria for do no significant harm (DNSH)									
Economic activities	Code	Turnover (MSEK)	% of turnover	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of turnover 2023	Category (Enabling activities)	Category (Alignment activities)
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19	405	17.9	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	17.8	E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20	218	9.7	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	9.1	E	
Infrastructure for rail transport	CCM 6.14	169	7.5	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	7.0	E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15	18	0.8	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	0.4	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	4	0.2	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	0.3	E	
Taxonomy-aligned (A.1), total		815	36.1	36.1													34.6		
Of which enabling activities		815	100														100	E	
Of which alignment activities		0	0														0		T
A.2 Not Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19	45	2.0	NA			NA										2.0		
Infrastructure for rail transport	CCM 6.14	19	0.8	NA			NA										0.8		
Not Taxonomy-aligned (A.2), total		64	2.8	2.8													2.8		
Taxonomy-eligible activities, total (A.1+A.2)		879	38.9														37.4		
B. Taxonomy non-eligible activities		1,379	61.1																
TOTAL (A+B)		**2,258**	**100.0**																

2. CapEx

		2024		Criteria for significant contribution,%						Criteria for do no significant harm (DNSH)									
Economic activities	Code	CapEx (MSEK)	% of CapEx	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of CapEx 2023	Category (Enabling activities)	Category (Alignment activities)
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure for rail transport	CCM 6.14			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Taxonomy-aligned (A.1), total		92	28.9	28.9													27.2		
Of which enabling activities		92	100														100	E	
Of which alignment activities		0	0																T
A.2 Not Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19			NA			NA												
Infrastructure for rail transport	CCM 6.14			NA			NA												
Not Taxonomy-aligned (A.2), total		7	2.3	2.3													2.9		
Taxonomy-eligible activities, total (A.1+A.2)		99	31.2														30.1		
B. Taxonomy non-eligible activities		218	68.8																
TOTAL (A+B)		**317**	**100.0**																

Contents

3. OpEx

		2024		Criteria for significant contribution,%						Criteria for do no significant harm (DNSH)									
Economic activities	Code	OpEx (MSEK)	% of OpEx	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of OpEx 2023	Category (Enabling activities)	Category (Alignment activities)
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure for rail transport	CCM 6.14			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Taxonomy-aligned (A.1), total		71	48.0	48.0													43.5		
Of which enabling activities		71	100														100	E	
Of which alignment activities		0	0																T
A.2 Not Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19			NA			NA												
Infrastructure for rail transport	CCM 6.14			NA			NA												
Not Taxonomy-aligned (A.2), total		6	3.8	3.8													4.6		
Taxonomy-eligible activities, total (A.1+A.2)		77	51.8														48.1		
B. Taxonomy non-eligible activities		72	48.2																
TOTAL (A+B)		**148**	**100.0**																

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

United Nations
Global Compact

Ependion joined the UN Global Compact in June 2018. Before joining, the Group was already using the Global Compact as its basis for systematic sustainability work. The group's Code of Conduct for suppliers is already based on the Global Compact's ten principles, which all suppliers must sign before any business relationship can commence.

The UN Global Compact is a voluntary initiative intended to promote sustainable development and responsible business. By joining, companies demonstrate their support for ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand members from some 170 countries, the UN Global Compact has become a global initiative with a strong presence in the northern and southern hemispheres.

Read more about the UN Global Compact at: https://unglobalcompact.org

ependion

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Ependion AB (publ), corporate identity number 556025-1851

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2024 on pages 33-81 and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö 27 March 2025
KPMG AB

Jonas Nihlberg
Authorized Public Accountant

Financial information

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

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

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

Directors' Report

The Board of Directors and Chief Executive Officer of Ependion AB, corporate identity number 556025-1851, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2024. The information in brackets is for the previous year. The group is referred to as Ependion below.

Group operations

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

Ependion provides the market with digital solutions for secure control, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. Its offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, and interconnecting a raft of applications.

Ependion's solutions are robust, with an emphasis on efficiency, reliability and IT security. The market segments it focuses on are train, trackside, energy, manufacturing and marine. Products feature high technology content, quality and user-friendliness.

Proprietary technology and product development is a critical precondition for the group's competitiveness. Ependion has development centers in Sweden, Germany, Taiwan, Switzerland and Ireland.

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

Products and solutions from Ependion are sold through proprietary sales units in 21 countries, and via a network of independent distributors in a further total of some 60 countries. See also Note 14 for more information on the group's subsidiaries. Parent company Ependion AB is a holding company with central functions like strategic development, accounting and finance, IT, human resources, quality and environment, sustainability and communications.

The group is divided into two business entities: Westermo and Beijer Electronics. These business entities have proprietary product development and manufacture as well as global sales responsibility.

Operations in the year

Ependion has a strong presence on expansive markets and segments featuring digitalization. With digitalization as its primary underlying driver, the group is growing organically with investments in infrastructure, transportation and energy, for example. The need for more resource-efficient control and optimization of processes for more sustainability is another contributor to its growing business. For the long term, markets are expanding by 7-15% per year.

2024 was a year of transition for Ependion on a market featuring geopolitical uncertainty and a deteriorated business cycle, causing customer hesitancy and slower demand for the business entities' products and solutions. Westermo's and Beijer Electronics ' order intake and sales reduced compared to a strong 2023.

Five-year summary, group

SEK 000	2024	2023	2022	2021	2020
Order intake	2,038,885	2,306,956	2,551,984	2,030,594	1,448,957
Revenues	2,258,125	2,470,647	2,128,386	1,618,797	1,437,747
EBITDA	427,473	473,955	354,810	217,981	164,284
Depreciation and amortization	-176,565	-152,271	-153,683	-149,709	-148,470
EBIT	250,907	321,684	201,127	68,272	15,814
EBIT margin, %	11.1	13.0	9.4	4.2	1.1
Investments in tangible and intangible assets	224,217	173,663	121,432	75,726	81,977
of which capitalized development expenses	183,656	141,936	105,336	67,181	58,318
Product development expenditure, %	13.9	11.4	10.5	12.6	13.1

Order intake, sales and profit

The group's order intake amounted to 2,039 MSEK (2,307) in 2024. Sales were 2,258 MSEK (2,471), with the Nordics representing 18% (19), the rest of Europe 48% (44), Asia 20% (21), and North America 14% (15). Proprietary products represented some 90% (90) of the group's total sales.

The group's EBITDA was 427.5 MSEK (474.0). Depreciation and amortization was 176.6 MSEK (152.3). EBIT reduced to 250.9 MSEK (321.7), equivalent to an EBIT margin of 11.1% (13.0). Net financial income/expense was SEK -44.5 MSEK (-46.4). Profit before tax was 206.4 MSEK (275.3). Profit after estimated tax was 157.0 MSEK (200.4). Earnings per share after estimated tax were 5.45 SEK (6.93).

Significant events

Group

During 2024, Ependion worked on preparing the group to satisfy the EU standards on sustainability reporting that come into effect in 2025, and defined targets for its own emissions. In September, Ependion extended its finance agreement with Danske Bank and SEK, on the same terms and conditions as previously.

Westermo

In January 2024, Westermo opened a sales office in Denmark focusing on the expansive energy market. In May, the business entity purchased a minority stake in UK technology enterprise Blu Wireless, which has developed novel technology for enhanced connectivity on board trains. Westermo secured its first train order on the Indian market in June.

Beijer Electronics

In March 2024, Beijer Electronics adopted a new strategy focusing on three customer segments: marine, industrial OEMs and applications for rugged environments. The new production unit in Malmö, Sweden started serial production. In November 2024, the business entity launched X3 web, the first member of its new family of HMIs.

Westermo business entity

Westermo develops robust and secure communication solutions for harsh environments, with its main focus on train networks, where the business entity is the global market leader in its niche of trackside and the energy sector.

In 2024, Westermo was impacted by projects being deferred and a temporarily more hesitant attitude from customers, which was a contributor to lower order intake of 1,237 MSEK for the full year. Westermo's sales were also affected by this slower market, decreasing to 1,317 MSEK. EBIT was down to 199 MSEK because of lower sales, simultaneous with the business entity being very cautious regarding all costs not related to key future-oriented initiatives.

In 2024, Westermo created a legal entity for sales, support and some production in Bangalore, India.

The business entity also invested in product development, with its main focus on even better cybersecurity functionality. Production in Bubikon, Switzerland, was relocated to Stora Sundby in Sweden.

Order intake, sales and profit

Westermo's order intake declined by 13% to 1,237 MSEK (1,422). Sales decreased by 9% to 1,317 MSEK (1,444). EBITDA was 288.7 MSEK (316.9). Depreciation and amortization was 89.9 MSEK (79.2). EBIT decreased to 198.9 MSEK (237.7), equivalent to an EBIT margin of 15.1% (16.5).

Beijer Electronics business entity

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

Beijer Electronics' order intake stabilized progressively in the year, even if progress still featured weakness in Asia and a poor manufacturing cycle. The business entity's order intake was down by 9% in 2024. The business entity's sales decreased by 8% to 946 MSEK due to a continued poor market. EBIT was down 106 MSEK for 2024, being charged with amortization of capitalized development expenses, simultaneous with the business entity's cost savings continuing.

Beijer Electronics continued developing the next generation of HMIs, with X3 Webb launched in November 2024. Other members of the X3 family will follow progressively in 2025. Implementation of the business entity's new strategy has resulted in centralized sales and support functions. Serial production at the new plant in Malmö began. A part-owned subsidiary with a smaller-scale production unit in Taiwan was divested.

Order intake, sales and profit

Beijer Electronics' order intake decreased by 9% to 806.9 MSEK (891.5). Sales reduced by 8% to 946.3 MSEK (1,032.9). EBITDA was 182.9 MSEK (198.6). Depreciation and amortization were 76.9 MSEK (64.8). EBIT was 106.0 MSEK (133.7), equivalent to an EBIT margin of 11.2% (12.9).

Investments, cash flow and financial position

The group's investments including capitalized development expenses and acquisitions amounted to 275.6 MSEK (232.2) for the full year 2024, which includes the acquisition of a minority stake in Blu Wireless. Smart HMI was acquired in the previous year. Cash flow from operating activities was 459.5 MSEK (334.6). Equity amounted to 1,332 MSEK (1,159) as of 31 December 2024. The equity/assets ratio was 48.3% (45.2). Cash and cash equivalents were 178 MSEK (142). Net debt was 682 MSEK (713).

Profitability

Return on equity was 12.6% (18.6). Return on capital employed and net operating assets were 12.1% (16.6) and 16.2% (23.1) respectively.

Personal

The average number of employees was 861 (869).

Product development

Ependion's product development is conducted by both business entities, Westermo and Beijer Electronics. Development projects are regularly executed to extend the range of new products and solutions, and enhance the existing offering. The group develops hardware and software. It has development centers in Malmö, Stora Sundby and Västerås, Sweden, Dublin, Ireland, Mainz, Germany, Bubikon, Switzerland, Nürtingen, Germany and Taipei, Taiwan. Total product development expenditure amounted to 313.4 MSEK (282.8), which corresponded to 13.9% (11.4) of group sales.

Currencies

Ependion's sales are global and in different currencies. Sales in euro represented 1,134 MSEK (1,212), or 50.2% (49.1) of total. Sales in Swedish kronor were 191 MSEK (204), 438 MSEK (511) in US dollars, 57 MSEK (55) in Norwegian kroner, 19 MSEK (22) in Danish kroner, 143 MSEK (162) in UK sterling, 132 MSEK (137) in Chinese yuan and 144 MSEK (168) in other currencies.

Environmental impact and sustainability
Ependion's environmental work focuses on both the environmental impact of its products and the footprint of its organization. Operations at the units Sweden, Ireland and Taiwan are ISO 14001 certified to ensure compliance with applicable standards, and work on environmental issues is structured and contributes to continuous improvement. During 2024, work on preparing the group to satisfy the new EU standards on sustainability reporting that come into effect in 2025 continued. A double materiality analysis was conducted, and targets have been set for the group's own limited Scope 1 and Scope 2 emissions.

Risks
Ependion does business with customers and suppliers across a range of segments and in many countries, which helps enable acceptable risk diversification. Nevertheless, the capability to identify, evaluate, manage and monitor risks is an important component of governance and control of the group's business activities. The intention is that Ependion will achieve its targets through well-considered and limited risk-taking. The following risks are the main identified specific risks for the group and its business entities:

- *Geopolitical risk:* the risk that sanctions, for example, on sales to China, tariffs to the US and China and other trade barriers affect the group's business can partly be managed through the group being established on over 20 markets.
- *Cyclical risk:* the risk of major recessions having serious consequences for the business entities' sales performance and results of operations is balanced by focus segments having differing cyclical phases and differing sensitivities to cyclical variations, and through in-house adaptations and high cost consciousness.
- *Cybersecurity risk:* the risk of computer systems being hacked, the theft of business-critical data or sabotage of critical computer systems through cyberattacks is countered with the aid of rigorously designed security processes and regular training.
- *Customer dependency:* the risk of changes for individual customers having a significant negative impact on sales and results of operations is balanced by the business entities having differing exposure and business logic between the five focus segments.
- *Disruptions and damage impacting production and supply chains:* the risk of significant delays and problems when starting up new product series, during high growth or in supplier-related disruptions is managed using well-established processes for technology and skills transfer, a process-oriented working method that assures quality and through initiatives conducted to strengthen the supply chain and ensure redundancy.
- *Product liability risk:* the risk that faults in a product developed and manufactured by the group could trigger significant financial damages is managed by working in close partnership with customers, using thorough testing and ISO certification. Additionally, the group has comprehensive insurance cover.
- *Product development risk:* the risk that because of rapid technological progress on its market, the group loses competitiveness is minimized by continuously developing technology in house based on thorough knowledge of customers' operations and needs, and strategic partnerships and acquisitions giving access to new technology.
- *Customer credit risk:* the risk of a major customer encountering financial difficulty or becoming insolvent, and being unable to pay for goods already delivered is limited by the group's credit policy, and business entities having large customer bases active in several different segments on different markets.
- *Currency risk:* the risk that fluctuations in exchange rates between different currencies will have a negative impact on the group's sales and results of operations and the translation of different subsidiaries' assets and liabilities to the parent company's functional currency, which is managed by the group continuously evaluating its net exposure in each currency with the purpose of evaluating their impact on the group's results of operations. The group utilizes flow matching of currency exposure to some extent, implying fairly low value at risk (theoretical risk value).
- *Sustainability risks:* the risk of shortcomings and gaps in compliance with the variety of regulations that apply to the group resulting in lost trust, which is managed by integration of sustainability issues into the group's entities, collaboration, skills management initiatives and monitoring and early preparations for upcoming regulations.
- *Competence risk:* to ensure access to well-educated specialist technology skills in several critical segments, the business areas work proactively to attract and retain the right skills, and ensure skills management consistent with market demand. Close partnerships with academia are another contributor to increasing the potential to hire the right skills.

Shares and ownership structure

The parent company's share capital was 9,781,405 SEK as of 31 December 2024, divided between 29,050,025 ordinary shares and 294,189 class C shares. The minimum share capital is 5,000,000 SEK and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares have equal entitlement to the company's assets and earnings.

The largest shareholder of Ependion at year-end 2024 was Stena Adactum AB with 29.8% of the votes. Svolder held 15.3% and Nordea Fonder 14.4% of the votes.

In April 2024, the Board of Directors decided to issue 102,918 class C shares with a quotient value of 0.33 SEK, as authorized by the AGM 2023. The issue was to a financial institution and was immediately repurchased by the company. The repurchased class C shares are intended for conversion into ordinary shares on delivery to employees in 2026, pursuant to the terms and conditions of the LTI 2023/2026 incentive program.

In May 2024, as authorized by the AGM 2021, the Board of Directors decided to convert 108,809 class C treasury shares to the corresponding number of ordinary shares to execute the transfer of ordinary shares to the participants of LTI 2021/2024 and sell the ordinary shares on Nasdaq Stockholm for a cash flow hedge of social security contributions linked to LTI 2021/2024. After the repurchase of class C shares and conversion to ordinary shares is complete, the number of shares is 29,344,214, of which 29,050,025 ordinary shares, and 294,189 class C shares, corresponding to a total of 29,079,443.9 votes.

A share-based incentive program has been implemented in accordance with a resolution by the AGM 2024, called LTI 2024/2027. The estimated outcome means that consistent with the adopted program, the parent company intends to issue 53,000 class C shares in the first half-year 2025.

Guidelines for remuneration of senior executives

The Remuneration Committee is appointed by the Board of Directors each year. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer and decides on the remuneration of the rest of Management. The Remuneration Committee also prepares proposals for incentive programs. The principles governing the work of the Remuneration Committee are reviewed in more detail in the Corporate Governance Report on pages 132–135.

Basic salary, as well as customary employment benefits, plus pension benefits, are payable to Management. The guidelines for setting remuneration and other employment terms of senior executives for the financial year 2025 were approved by the AGM in May 2024. Remuneration to the Board of Directors and Management in 2024, and a review of incentive programs, is stated in Note 6 on pages 106–108.

Outlook for 2025

Ependion operates on attractive markets with healthy underlying growth and has good potential to achieve its growth and profitability targets in the medium term. Investments in fundamental social infrastructure like railways, shipping and energy are increasing. In the short term, uncertainty regarding progress is still substantial, both geopolitically and from an economic standpoint, but Ependion is cautiously optimistic about the outlook for the full year 2025.

Proposed appropriation of profit

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

SEK 000	
Retained profit	302,018
Net profit/loss	37,641
Total	**339,659**

The Board of Directors and Chief Executive Officer propose that these funds are appropriated as follows:
Dividends of 1.25 SEK per share to shareholders.

SEK 000	
Total dividend	36,313
Carried forward	303,346
Total	**339,659**

The Income Statement and Balance Sheet will be presented to the AGM on 13 May 2025 for adoption.

Consolidated Income Statement

SEK 000	2024	2023	Note
Revenues	2,258,125	2,470,647	2
Cost of goods sold	-1,110,418	-1,247,715	3
Gross profit	**1,147,707**	**1,222,932**	
Other operating income	35,684	50,182	4
Selling expenses	-341,299	-341,063	3
Administrative expenses	-341,181	-342,461	3, 5
Research and development expenses	-219,514	-213,366	3
Other operating expenses	-30,490	-54,540	4
EBIT	**250,907**	**321,684**	6, 7
Financial income	1,573	821	
Financial expenses	-46,038	-47,210	
Net financial income/expense	**-44,465**	**-46,389**	8
Profit/loss before tax	**206,442**	**275,295**	
Tax	-49,439	-74,918	10
Net profit/loss	**157,003**	**200,377**	
Attributable to equity holders of the parent	*158,009*	*200,508*	
Attributable to non-controlling interests	*-1,006*	*-131*	
Basic earnings per share, SEK	*5.45*	*6.93*	31
Diluted earnings per share, SEK	*5.38*	*6.86*	

Statement of Comprehensive Income

SEK 000	2024	2023
Net profit/loss	**157,003**	**200,377**
Other comprehensive income:		
Items not reclassifiable to profit or loss		
Revaluation of net pension obligation	-21,720	8,822
Tax related to above items	4,490	-1,812
Items reclassifiable to profit or loss		
Translation differences for the year when translating foreign operations	63,430	-31,500
Translation differences transferred to net profit/loss	203	–
Changes in fair value of shareholdings	-3,176	–
Effects of hedging net investment	-9,748	-1,720
Tax related to above items	509	990
Total other comprehensive income	**33,987**	**-25,220**
Comprehensive income for the year	**190,990**	**175,157**
attributable to equity holders of the parent	*191,996*	*175,418*
attributable to non-controlling interests	*-1,006*	*-261*

Consolidated Balance Sheet

SEK 000	31 Dec. 2024	31 Dec. 2023	Note
ASSETS			
Fixed assets			
Intangible assets	1,374,111	1,257,203	11
Property, plant and equipment	105,150	85,797	12
Right-of-use assets	144,502	99,119	13
Long-term receivables	5,531	6,045	15
Other long-term securities holdings	46,365	–	25
Surplus in pension plan	7,936	–	21
Deferred tax asset	47,835	35,650	22
Total fixed assets	**1,731,430**	**1,483,814**	
Current assets			
Inventories	396,301	486,628	17
Accounts receivable	381,599	407,004	18
Income taxes recoverable	27,763	13,703	
Other receivables	9,901	16,263	18
Prepaid expenses and accrued income	31,684	22,512	18
Cash and cash equivalents	178,053	142,486	
Total current assets	**1,025,301**	**1,088,596**	
Total assets	**2,756,731**	**2,572,410**	

SEK 000	31 Dec. 2024	31 Dec. 2023	Note
EQUITY AND LIABILITIES			
Equity			
Share capital	9,781	9,746	
Other paid-up capital	264,767	258,098	
Reserves	234,014	179,783	19
Accumulated profit or loss	823,333	711,455	
Equity attributable to equity holders of the parent	**1,331,895**	**1,159,082**	
Equity attributable to non-controlling interests	–	4,611	
Total equity	**1,331,895**	**1,163,693**	

SEK 000	31 Dec. 2024	31 Dec. 2023	Note
Long-term liabilities			
Liabilities to credit institutions	430,476	462,631	20
Lease liabilities	97,497	59,766	13
Pension provisions	156,974	125,777	21
Deferred tax liabilities	106,902	88,830	22
Other provisions	38,689	41,577	23
Total long-term liabilities	**830,538**	**778,581**	
Current liabilities			
Liabilities to credit institutions	126,697	167,668	20
Lease liabilities	48,212	39,319	13
Customer advances	4,175	2,740	
Accounts payable–trade	154,411	194,650	
Tax liabilities	24,480	11,466	
Other liabilities	49,264	30,981	29
Accrued expenses and deferred income	187,059	183,312	24
Total current liabilities	**594,298**	**630,136**	
Total liabilities	**1,424,836**	**1,408,717**	
Total equity and liabilities	**2,756,731**	**2,572,410**	

Information on the group's pledged assets and contingent liabilities is in Note 26.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent					Non-controlling interests	
SEK 000	**Share capital**	**Other paid-up capital**	**Reserves**	**Accumulated profit or loss** [a]	**Total**		**Total equity**
Opening equity equity 1 Jan. 2023	9,683	238,859	225,292	515,407	989,241	4,872	994,113
Change of presentation principle for IFRS 2 expenses	–	13,505	-13,505	–	–	–	0
Net profit/loss	–	–	–	200,508	200,508	-131	200,377
Revaluation of net pension obligation	–	–	–	6,914	6,914	96	7,010
Hedging of net investment	–	–	-730	–	-730	–	-730
Translation differences	–	–	-31,274	–	-31,274	-226	-31,500
Comprehensive income	**9,683**	**252,364**	**179,783**	**722,829**	**1,164,659**	**4,611**	**1,169,270**
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	63	-132	–	–	-69	–	-69
Re-purchase of treasury shares	–	–	–	-63	-63	–	-63
Sale of treasury shares	–	–	–	3,108	3,108	–	3,108
Dividend	–	–	–	-14,419	-14,419	–	-14,419
Share-based payment	–	5,866	–	–	5,866	–	5,866
Closing equity 31 Dec. 2023	**9,746**	**258,098**	**179,783**	**711,455**	**1,159,082**	**4,611**	**1,163,693**

	Attributable to equity holders of the parent					Non-controlling interests	
SEK 000	Share capital	Other paid-up capital	Reserves	Accumulated profit or loss [a]	Total		Total equity
Opening equity equity 1 Jan. 2024	9,746	258,098	179,783	711,455	1,159,082	4,611	1,163,693
Net profit/loss	–	–	–	158,009	158,009	-1,006	157,003
Revaluation of net pension obligation	–	–	–	-17,230	-17,230	–	-17,230
Hedging of net investment	–	–	-9,401	–	-9,401	–	-9,401
Change in fair value of shareholdings	–	–	–	-3,015	-3,015	–	-3,015
Translation differences	–	–	63,633	–	63,633	–	63,633
Comprehensive income	**9,746**	**258,098**	**234,014**	**849,219**	**1,351,078**	**3,605**	**1,354,683**
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	34	-311	–	–	-276	–	-276
Re-purchase of treasury shares	–	–	–	-34	-34	–	-34
Sale of treasury shares	–	–	–	3,089	3,089	–	3,089
Dividend	–	–	–	-28,941	-28,941	–	-28,941
Share-based payment	–	6,979	–	–	6,979	–	6,979
Sale of part-owned subsidiary	–	–	–	–	–	-3,605	-3,605
Closing equity 31 Dec. 2024	**9,781**	**264,767**	**234,014**	**823,333**	**1,331,895**	**0**	**1,331,895**

No. of shares 1 Jan. 2023	29,051,688
New class C shares issued	189,608
No. of shares 31 Dec. 2023	29,241,296
New class C shares issued	102,918
No. of shares 31 Dec. 2024	29,344,214
Ordinary shares	29,050,025
Class C shares, 1/10 vote	294,189
Total	29,344,214

a Including net profit/loss

Consolidated Cash Flow Statement

SEK 000	2024	2023	Note
Operating activities			
Profit/loss before tax	206,442	275,295	
Adjustments for non-cash items, etc.	214,476	195,218	28
Tax paid	-40,952	-41,762	
Cash flow from operating activities before changes in working capital	**379,966**	**428,751**	
Cash flow from changes in working capital			
Increase(-)/Decrease(+) of inventories	84,484	-67,357	
Increase(-)/Decrease(+) in trade receivables	31,463	-2,885	
Increase(+)/Decrease(-) in trade liabilities	-36,407	-23,891	
Cash flow from operating activities	**459,506**	**334,618**	
Investing activities			
Investments in intangible assets	-184,285	-147,122	
Investments in property, plant and equipment	-39,932	-26,542	
Acquisitions of subsidiaries	0	-58,560	
Investments in other companies	-49,565	–	
Sale of subsidiaries	-2,550	–	
Sale of other financial assets	715	22	
Cash flow from investing activities	**-275,617**	**-232,202**	

SEK 000	2024	2023	Note
Financing activities			
Proceeds from share issue	34	63	
Transaction expenses for share issues and re-purchase	-311	-132	
Purchase of treasury shares	-34	-63	
Sale of treasury shares	3,089	3,108	
Change in overdraft facility	-39,328	-99,704	
Borrowings	3,285	155,986	
Loan amortization	-49,025	-112,822	
Amortization of lease liability	-48,632	-43,404	
Dividend paid to equity holders of the parent	-28,941	-14,419	
Cash flow from financing activities	**-159,863**	**-111,387**	
Cash flow for the year	24,026	-8,971	
Cash and cash equivalents at beginning of year	142,486	159,864	
Exchange difference in cash and cash equivalents	11,541	-8,407	
Cash and cash equivalents at end of year	**178,053**	**142,486**	28
Free cash flow	**187,372**	**117,573**	

Parent Company Income Statement

SEK 000	2024	2023	Note
Revenues	40,189	35,723	27
	40,189	35,723	
Operating expenses			
Administrative expenses	-92,637	-84,435	5,6,7
Earnings before interest and taxes	**-52,448**	**-48,712**	
Profit/loss from financial items			
Profit/loss from participations in group companies	47,401	66,000	8
Financial income	37,563	29,896	8
Financial expenses	-47,798	-50,396	8
Profit/loss after financial items	**-15,282**	**-3,212**	
Appropriations	54,931	112,805	9
Profit/loss before tax	**39,649**	**109,593**	
Tax on net profit/loss	-2,008	-9,952	10
Net profit/loss, and comprehensive income for the year	**37,641**	**99,641**	

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Parent Company Balance Sheet

SEK 000	31 Dec. 2024	31 Dec. 2023	Note
ASSETS			
Fixed assets			
Intangible assets	6,597	7,441	11
Property, plant and equipment	3,168	827	12
Participations in group companies	573,854	568,793	14
Receivables from group companies	627,147	561,497	16
Deferred income taxes recoverable	4,977	4,782	22
Total fixed assets	**1,215,743**	**1,143,340**	
Current assets			
Receivables from group companies	113,375	144,455	
Income taxes recoverable	3,335	1,965	
Other receivables	1,345	255	
Prepaid expenses and accrued income	16,091	9,071	18
Cash and bank balances	66	66	
Total current assets	**134,212**	**155,812**	
Total assets	**1,349,955**	**1,299,152**	
EQUITY AND LIABILITIES			
Restricted **equity**			
Share capital	9,781	9,746	
Statutory reserve	1,244	1,244	
Reserve for development expenditure	4,982	6,510	
Total restricted equity	**16,007**	**17,500**	

SEK 000	31 Dec. 2024	31 Dec. 2023	Note
Non-restricted equity			
Retained earnings	302,018	219,022	
Net profit/loss	37,641	99,641	
Total non-restricted equity	**339,659**	**318,663**	32
Total equity	**355,666**	**336,163**	
Long-term liabilities			
Liabilities to credit institutions	430,476	462,631	20
Pension provisions	23,647	22,335	21
Liabilities to group companies	409,674	318,897	
Total long-term liabilities	**863,797**	**803,863**	
Current liabilities			
Liabilities to credit institutions	92,861	131,443	20
Accounts payable–trade	16,040	3,828	
Liabilities to group companies	–	545	
Tax liabilities	290	615	
Other liabilities	509	2,244	
Accrued expenses and deferred income	20,792	20,451	24
Total current liabilities	**130,492**	**159,126**	
Total liabilities	**994,289**	**962,989**	
Total equity and liabilities	**1,349,955**	**1,299,152**	

Information on the parent company's pledged assets and contingent liabilities is in Note 26.

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Parent Company Statement of Changes in Equity

	Restricted equity			Non-restricted equity		
SEK 000	**Share capital [a]**	**Statutory reserve**	**Reserve for development expenditure**	**Accumulated profit or loss**	**Net profit/loss**	**Total equity**
Opening equity equity 1 Jan. 2023	**9,683**	**1,244**	**3,795**	**255,646**	**-29,374**	**240,994**
Transfer of previous year's profit/loss	–	–	–	-29,374	29,374	–
Change in reserve for development expenditure	–	–	2,715	-2,715	–	–
Net profit/loss	–	–	–	–	99,641	99,641
Total changes to net worth, excl. transactions with the company's shareholders	**9,683**	**1,244**	**6,510**	**223,557**	**99,641**	**340,635**
Paid-up capital less transaction expenses	63	–	–	-132	–	-69
Re-purchase of treasury shares	–	–	–	-63	–	-63
Sale of treasury shares	–	–	–	3,108	–	3,108
Dividend	–	–	–	-14,419	–	-14,419
Share-based payment	–	–	–	6,971	–	6,971
Closing equity 31 Dec. 2023	**9,746**	**1,244**	**6,510**	**219,022**	**99,641**	**336,163**

	Restricted equity			Non-restricted equity		
SEK 000	**Share capital [a]**	**Statutory reserve**	**Reserve for development expenditure**	**Accumulated profit or loss**	**Net profit/loss**	**Total equity**
Opening equity equity 1 Jan. 2024	**9,746**	**1,244**	**6,510**	**219,022**	**99,641**	**336,163**
Transfer of previous year's profit/loss	–	–	–	99,641	-99,641	–
Change in reserve for development expenditure	–	–	-1,528	1,528	–	–
Net profit/loss	–	–	–	–	37,641	37,641
Total changes to net worth, excl. transactions with the company's shareholders	**9,746**	**1,244**	**4,982**	**320,191**	**37,641**	**373,804**
Paid-up capital less transaction expenses	34	–	–	-311	–	-277
Re-purchase of treasury shares	–	–	–	-34	–	-34
Sale of treasury shares	–	–	–	3,089	–	3,089
Dividend	–	–	–	-28,941	–	-28,941
Share-based payment	–	–	–	8,024	–	8,024
Closing equity 31 Dec. 2024	**9,781**	**1,244**	**4,982**	**302,018**	**37,641**	**355,666**

a	***2024***	***2023***
No. of ordinary shares	*29,050,025*	*28,941,216*
Quotient value (SEK)	*0.33*	*0.33*
Votes per share	*1*	*1*
No. of class C shares	*294,189*	*300,080*
Quotient value (SEK)	*0.33*	*0.33*
Votes per share	*0.10*	*0.10*

Parent Company Cash Flow Statement

SEK 000	2024	2023	Note
Operating activities			
Profit/loss after financial items	-15,282	-3,212	
Adjustments for non-cash items, etc.	-1,771	6,112	28
Tax paid	-3,898	-821	
Cash flow from operating activities before changes in working capital	**-20,951**	**2,079**	
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in trade receivables	77,743	-971	
Increase (+) / Decrease (-) in trade liabilities	10,547	-1,955	
Cash flow from operating activities	**67,339**	**-846**	
Investing activities			
Investments in intangible assets	-593	-4,043	
Investments in property, plant and equipment	-2,693	-375	
Investments/amortization of financial assets	-46,922	-88,976	
Cash flow from investing activities	**-50,208**	**-93,394**	

SEK 000	2024	2023	Note
Financing activities			
Proceeds from share issue	34	63	
Transaction expenses for share issues and re-purchase	-311	-132	
Purchase of treasury shares	-34	-63	
Sale of treasury shares	3,089	3,108	
Change in overdraft facility	-39,328	-99,704	
Borrowings	–	118,784	
Increase/decrease in financial liabilities	90,777	188,337	
Loan amortization	-42,417	-101,736	
Dividend paid	-28,941	-14,419	
Cash flow from financing activities	**-17,131**	**94,238**	
Cash flow for the year	0	-2	
Cash and cash equivalents at beginning of year	66	68	
Cash and cash equivalents at end of year	**66**	**66**	28

Note 1

Accounting policies

(A) General information
Ependion AB and its subsidiaries form a multinational group that develops, markets and sells products and solutions in industrial automation and data communication. Ependion AB is registered in Sweden and has its registered office in Malmö. The address of the head office is Box 426, Stora Varvsgatan 13 A, 201 24 Malmö, Sweden. The company is listed on Nasdaq Stockholm Main Market's Mid Cap List with the ticker EPEN.

The most important accounting policies applied when preparing the Consolidated Accounts for 2024 are stated below. These policies have been applied consistently for all years presented, unless otherwise stated.

Basis of preparation of the financial statements
The Consolidated Accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups and IFRS® Accounting Standards, as well as IFRIC interpretations as endorsed by the EU. The Consolidated Accounts have been prepared in accordance with the cost method with the exception of financial assets and liabilities measured at fair value through profit or loss.

Introduction of new and revised accounting policies
(i) New and amended standards not yet applied by the group
No new standards, amendments and interpretations that come into effect for the financial year beginning 1 January 2024 had any material impact on the consolidated financial statements.

(ii) New and amended standards not yet applied by the group
A number of new standards and interpretations come into effect for financial years beginning after 1 January 2025 or later and have not been applied in the preparation of these financial statements. These new standards and interpretations are not expected to have any material impact on the consolidated financial statements in current or future periods, nor on future transactions.

(B) Basis of preparation of the parent company and consolidated accounts
The parent company's functional currency is Swedish krona (SEK), which is also the presentation currency of the parent company and the group. This implies that the financial statements are presented in SEK. All amounts, unless otherwise indicated, have been rounded to the nearest SEK 000.

The group's accounting policies outlined below have been applied consistently to all periods presented in the Consolidated Accounts, unless otherwise indicated below. The group's accounting policies have been applied consistently to reporting and the consolidation of the parent company and subsidiaries. The Annual Accounts and Consolidated Accounts were approved for issuance by the Board of Directors on 25 March 2025. The Consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet will be subject to adoption at the Annual General Meeting (AGM) on 13 May 2025.

(C) Estimates and judgements
Preparing the financial statements in accordance with IFRS® Accounting Standards requires the company's Management to make judgments and estimates as well as assumptions that influence the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that appear reasonable in the prevailing circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that would otherwise not be clearly apparent from other sources. Actual outcomes may differ from these estimates and judgments.

The estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period the change was made if the change affects this period only, or in the period the change is made and future periods if the change affects both the relevant period and future periods.

The estimates and assumptions that imply a material risk of material restatements of carrying amounts of assets and liabilities in the following financial year are summarized below.

(i) Pension obligations
The present value of pension obligations is dependent on a number of factors that are measured on an actuarial basis with the aid of a number of assumptions. The assumptions used when determining the net cost (revenue) of pensions include the discount rate. Any changes in these assumptions will impact the carrying amounts of pension obligations.

The group determines the applicable discount rate at the end of each reporting period. This is the interest rate applied to determine the present value of estimated future payments that are expected to be required to settle the group's pension obligations. When determining an appropriate discount rate for the group's Swedish pension obligations, the group obtains a yield curve based on average mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The group computes the discount rate from this information. For defined benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. For more information and a sensitivity analysis, see Note 21 Provisions for pensions and similar obligations.

(D) Segment reporting
Operating segments are reported in a manner that is consistent with internal reporting as submitted to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the results of operating segments. In the group, this function has been identified as the Management team.

(E) Classification, etc.
Essentially, parent company and consolidated fixed assets and long-term liabilities are amounts expected to be recovered or paid after more than 12 months from the reporting date only. Essentially, parent company and consolidated current assets and current liabilities are amounts expected to be recovered or paid within 12 months of the reporting date only.

(F) Principles of consolidation

(i) Subsidiaries

Subsidiaries are companies that Ependion AB exerts a controlling influence over. The group has a controlling influence over a company when it is exposed, or entitled, to variable returns on its holdings in the company and can influence these returns through its controlling influence over the company.

Subsidiaries are reported in accordance with acquisition accounting, which means that the acquisition of a subsidiary is treated as a transaction whereby the group indirectly acquires a subsidiary's assets and takes over its liabilities and contingent liabilities. The consolidated cost is determined through an acquisition analysis related to the acquisition. This analysis partly determines the cost of the shares or operation, partly the fair value of the acquired identifiable assets at the acquisition date, and liabilities and contingent liabilities taken over. Non-controlling interests in the acquired company are recognized at fair value.

The cost of the subsidiary shares and operations is the fair value at the transfer date of assets, liabilities that have arisen or have been taken over, and issued equity instruments submitted as payment in exchange for the acquired net assets. Transaction expenses are recognized in profit or loss. For business combinations where the cost exceeds the net value of the acquired assets and liabilities taken over and contingent liabilities, the difference is reported as goodwill. The group applies the full goodwill valuation method for the reporting of goodwill. When negative, the difference is recognized directly in profit or loss.

Subsidiary financial statements are included in the Consolidated Accounts from acquisition date to the date the controlling influence ceases.

The accounting policies for subsidiaries have, where applicable, been amended to guarantee the consistent application of the group's policies.

(ii) Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenues or expenses and unrealized profits or losses that arise from intra-group transactions between group companies are wholly eliminated when preparing the Consolidated Accounts.

(G) Foreign currency

(i) Transactions and balance sheet items

Foreign currency transactions are translated to functional currency at the rate of exchange ruling on the transaction date. The functional currency is the currency in the primary economic environments where the company conducts business. Foreign currency monetary assets and liabilities are translated to functional currency at the closing day rate. The exchange rate differences occurring from translation of trade assets and liabilities, such as accounts receivable and accounts payable, are recognized in EBIT. Other exchange rate differences are recognized as a financial income or financial expense in profit or loss.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surplus values and deficits, are translated from the functional currency of the foreign operations to the group's presentation currency, Swedish kronor, at the closing day rate. Income and expenses of foreign operations are translated to Swedish kronor at an average rate of exchange, which is an approximation of the rates of exchange at each transaction date. Translation differences occurring coincident with translation of foreign operations are reported directly against other comprehensive income as a translation reserve.

(iii) Subsidiaries in high-inflation countries

The subsidiary Beijer Elektronik ve Tic. A.Ş in Turkey has a high-inflation currency as its functional currency. For the sake of materiality, inflation adjustment has only been applied to goodwill in its financial statements.

(H) Revenue

Sale of goods and performing service assignments

The group's revenue mainly consists of the sale of goods, and a small share of services. For more information on the allocation of revenue, see Note 2. Revenues are measured at the fair value of what has been received or will be received and correspond to the amount received for goods and services sold after deducting for discounts, returns and value-added tax. Revenue is recognized in the Income Statement when control over the goods and services has transferred to the buyer. Revenues are not recognized if it is likely that the economic benefits will not flow to the group. If there is significant uncertainty regarding payment, the associated costs or risk of returns, and if the seller retains an obligation in ongoing management usually associated with ownership, revenue is not recognized.

(I) Financial income and expenses

Financial income and expenses are interest income on bank balances, interest expenses on loans, credit and lease liabilities, dividend income and realized and unrealized exchange rate differences on finance or investments in foreign currency.

(J) Financial instruments

(i) Holdings of unlisted shares

In 2024, the group acquired shares in unlisted UK company Blu Wireless Technology Ltd. This holding is measured at fair value through other comprehensive income.

(ii) Other financial assets

Financial assets other than those reviewed above are measured at amortized cost.

(iii) Financial liabilities

Financial liabilities are either classified as measured at amortized cost or fair value through profit or loss. Financial liabilities recognized at fair value consist only of liabilities for contingent considerations. All other liabilities are recognized at amortized cost.

(iv) Impairment

The group measures expected future credit losses related to investments in debt instruments recognized at amortized cost based on future-oriented information. The group designates its reserve method based on whether a material increase in credit risk has occurred or not.

Pursuant to the provisions of IFRS 9, the group applies a practical expedient for impairment tests of accounts receivable. This practical expedient means that the reserve for expected credit losses is computed based on the loss risk for the whole receivable's term and recognized on first-time recognition of the receivable.

(K) Property, plant and equipment

Property, plant and equipment are reported as assets in the Balance Sheet if it is likely that future economic rewards will flow to the group, and the cost of the asset can be reliably measured.

Property, plant and equipment are reported at cost in the group less accumulated depreciation and any impairment. The purchase price and costs directly attributable to the asset to bring it to the place and condition to be utilized in accordance with the purpose of the acquisition are included in the cost. Examples of directly attributable expenses included in costs are expenses for delivery and processing, installation, registration, consulting and legal services. The accounting policies for impairment are stated below.

Property, plant and equipment that consist of components with differing useful lives are treated as separate components of property, plant and equipment.

The carrying amount of property, plant and equipment is derecognized from the Balance Sheet on obsolescence or disposal, or when no future economic rewards are expected from usage or obsolescence/disposal of the asset.

(i) Additional expenditure

Additional expenditure is added to cost only if it is likely that the future economic rewards associated with the asset will flow to the company, and the cost can be reliably measured. All other additional expenditure is reported as an expense in the period it occurs.

When additional expenditure is added to cost, it is decisive whether this expenditure relates to the exchange of identifiable components, or parts of components, whereupon such expenditure is capitalized. In those cases when new components are created, expenditure is also added to cost. Any un-depreciated carrying amounts of exchanged components, or parts of components, are subject to obsolescence and expensed at exchange. Repairs are expensed as they occur.

(ii) Depreciation principles

Depreciation is on a straight-line basis over the estimated useful life of an asset; land is not depreciated. The group utilizes component depreciation, which means that the assessed useful lives of components are the basis for depreciation. Estimated useful lives;

buildings, real estate used in business operations	5–60 years
machinery and other plant	3–12 years
equipment, tools, fixtures and fittings	2–8 years

Real estate used in business operations has a number of components with differing useful lives. The main division is between buildings and land. No depreciation is affected on the land component, whose useful life is considered indefinite. However, buildings have several components whose useful lives vary.

The useful lives of these components have been assessed to vary between 5 and 60 years.

The following main groups of components have been identified and form the basis for depreciation on buildings:

building decorations	5 years
other real estate components	25–60 years

The residual value and useful life of an asset is estimated yearly.

(L) Right-of-use assets and Leases

Most of the group's leased assets relate to sales offices and vehicles with shorter contract terms. There is also a small number of significant leases within the group on production sites and the head office.

Leases are normally signed for predetermined periods of between 2 and 7 years, although there may be extension options, as described below.

Assets and liabilities that arise from lease arrangements are initially recognized at present value. Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed), after deducting for any benefits that will be received on signing the lease
- variable lease payments due to indexation or pricing, initially measured using indexation or a price on the start date
- amounts expected to be paid by the lessee according to residual value guarantees
- the exercise price of an option to purchase if the group is reasonably certain of exercising such option
- penalties payable on cancelling the lease, if the lease term reflects the group exercising an option to cancel the lease.

Lease payments that will be made for reasonably certain extension options are also included in measurement of the liability. Lease payments are discounted by the implicit interest rate of the lease. If this interest rate cannot be determined simply, as is normally the case for the group's leases, the lessee's incremental borrowing rate should be applied, which is the interest rate that the individual lessee would pay to borrow the necessary funds to purchase an asset of similar value as the right of use in a similar economic environment with similar terms and security.

The group determines the incremental borrowing rate by applying the group's current borrowing rate, pursuant to applicable credit agreements, for the currency in which the lease has been arranged.

The group is exposed to any future increases of variable lease payments based on indexation or an interest rate that are not included in the lease liability prior to the lease coming into effect. When adjustments of lease payments based on an index or interest rate come into effect, the lease liability is remeasured and restated against the right of use. The risk of unreported future cash flows in the group is considered limited.

Lease payments are allocated between amortization of the principal and interest. Interest is recognized in profit or loss over the lease term in a manner that corresponds to a fixed interest rate for the recognized lease liability during the relevant period.

Assets with right of use are measured at cost and include the following:

- the amount the lease liability was initially measured at
- lease payments made at or prior to the start date, after deducting for any benefits received in tandem with signing the lease
- initial direct expenditure
- expenditure to restore the asset to the condition prescribed by the terms of the lease.

Rights of use are usually amortized on a straight-line basis over the shorter of the useful life and the lease term. If the group is reasonably certain of exercising a purchase option, the right of use is amortized over the useful life of the underlying asset.

Payments for shorter contracts and all leases of low value are expensed on a straight-line basis in the Income Statement. Short leases have terms of 12 months or less. Leases of low value include IT equipment and various items of office furniture, as well as the short-term lease on a number of premises.

(M) Intangible assets

(i) Goodwill

Goodwill is the difference between the cost of a business combination and the fair value of the acquired assets, liabilities taken over and contingent liabilities.

Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units and is subject to yearly impairment tests. Impairment tests compare carrying amounts with estimated recoverable amounts. If the carrying amount exceeds the recoverable amount, the item is impaired. Impairment of goodwill is not reversed.

(ii) Development

Expenditure for development, where research results or other knowledge are used to achieve new products, is reported as an asset in the Balance Sheet, if the product is technically and commercially usable and the group has sufficient resources to complete development, and use or sell the intangible asset later. The carrying amount includes expenditure for materials, direct expenditure for salaries and indirect expenditure that can be attributed to the asset in a reasonable and consistent way. Other expenditure for development is recognized in profit or loss as an expense when it occurs. Development expenditure is reported in the Balance Sheet at cost less accumulated depreciation and any impairment.

(iii) Additional expenditure

Additional expenditure for capitalized intangible assets is reported as an asset in the Balance Sheet only when it increases the future economic rewards for the specific asset to which it is attributable. All other expenditure is expensed as it occurs.

(iv) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, providing such useful lives are not indefinite. Goodwill is subject to impairment tests yearly or as soon as there is any indication of impairment. Intangible assets with determinable useful lives are amortized from the date they become available for use.

The estimated useful lives are:

trademarks & brands	5–20 years
patents	3–5 years
customer contracts	10 years
development expenditure	3–5 years
IT expenditure	5 years
technology platforms	10 years

(N) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is estimated using the FIFO method. The net realizable value is the estimated sales price in operating activities, less estimated expenses for completing and achieving a sale. The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

(O) Impairment

The carrying amounts of the group's assets are subject to impairment tests at each reporting date. An exemption is made for inventories and deferred tax assets. If there is an indication of value impairment, the assets' recoverable amount is calculated. For assets subject to the above exemption, valuations are tested according to the relevant standard.

Recoverable amounts of goodwill and intangible assets not yet ready for use are calculated yearly.

If it is impossible to determine significant independent cash flows of an individual asset, when conducting impairment tests, assets should be grouped at the lowest level it is possible to identify significant independent cash flows (cash-generating unit). Impairment is recognized when an asset's or cash-generating unit's carrying amount exceeds recoverable amount. Impairment is recognized in the Income Statement.

Impairment of assets attributable to a cash-generating unit (group of units) is primarily assigned to goodwill. Later, proportional impairment of other assets included in the unit is effected (group of units).

(i) Measuring recoverable amount

The recoverable amount of assets in the loan receivables and accounts receivable categories should be reported at amortized cost, calculated as the present value of future cash flows, discounted by the effective interest prevailing when the asset was reported for the first time. Assets with short maturities are not discounted.

The recoverable amount of other assets is the greater of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted by a discount factor that considers risk-free interest, and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is measured.

(ii) Reversal of impairment

Impairment of loan receivables and accounts receivable reported at amortized cost are reversed if a subsequent increase in recoverable amount can be objectively attributed to an event that has occurred after the impairment was effected.

(P) Share capital

(i) Re-purchase of treasury shares

Holdings of treasury shares and other equity instruments are reported as a reduction in equity. Acquisitions of such instruments are reported as a deduction from equity. Payment from the sale of equity instruments is reported as an increase in equity. Any transaction expenses are reported directly against equity.

(ii) Dividends

Dividends are reported as a liability after AGM approval.

(Q) Employee benefits

(i) Defined-contribution plans

A defined-contribution plan is a pension plan where the group pays fixed contributions to a separate legal entity. The group is under no legally enforceable or constructive obligation to make any further contributions if such legal entity does not hold sufficient assets to pay all employee benefits that are associated with the employee's service in present or previous periods. Commitments relating to fees for defined-contribution plans are reported as an expense in the Income Statement as they occur.

(ii) Defined-benefit plans

A defined-benefit plan is a pension plan that is not defined contribution. The distinguishing feature of defined-benefit plans is that they designate an amount for the pension benefit an employee will receive after retirement, usually based on one or several factors like age, length of service and salary. The group has defined-benefit plans in the parent company, one subsidiary in Sweden and one subsidiary in Taiwan.

The group's net commitments regarding defined-benefit plans are calculated separately for each plan by estimating the future benefits the employee would have accrued through his/her service in present and previous periods; these benefits are discounted to present value, and the fair value of any plan assets is deducted.

When determining an appropriate discount rate for the group's Swedish pension obligations, the group obtains a yield curve based on all mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The group computes the discount rate from this information. For defined-benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. The computation is conducted by a qualified actuary using the projected credit method.

When the benefits of a plan improve, the proportion of the increased benefit attributable to employee service in previous periods is reported as an expense on a straight-line basis in the Income Statement allocated over the average period until the benefits are fully vested. If the benefits are fully vested, an expense is recognized directly in profit or loss.

Actuarial gains and losses resulting from judgments based on experience and changes to actuarial assumptions are recognized in other comprehensive income in the period they occur.

Expenses regarding services rendered in previous periods are recognized immediately in profit or loss.

(iii) Bonus plans

There are bonus plans in the group. The bonus plans are based on operational and financial targets and are payable if a predetermined target is achieved or exceeded. The expenses for bonus plans are charged in the year when there is a legally enforceable obligation.

(iv) Share-based payment

Expenses for share-based payments are reported allocated over the period employees render services. In the current share-based incentive programs, within the terms of the plans, participants will be able to receive shares based on the achievement of performance targets. This assumes that at the time of disbursement, the participant remains an employee of the group and has not resigned employment, and has undertaken to hold shares of the company him/herself. The expense for this including social security contributions is allocated evenly over the period until the time when the shares are received. This expense, measured based on the market value of shares of the company on the record date of each year's incentive program, is reported directly in equity. Social security expenses, measured based on the fair market value of shares of the company, are recognized as a liability.

(R) Provisions

A provision is reported in the Balance Sheet when the group has an existing legally enforceable or constructive obligation ensuing from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to settle the commitment, and the amount can be reliably estimated. When the impact of the timing of the payment is significant, the provisions are calculated by discounting the expected future cash flow by an interest rate before tax that reflects the relevant market valuation of the time value of money and, if applicable, the risks associated with the liability.

(S) Tax

Income tax consists of current tax and deferred tax. Income tax is recognized in profit or loss apart from when the underlying transaction is reported directly against other comprehensive income and equity respectively, whereupon the associated tax impact is reported in against other comprehensive income and equity respectively.

Current tax is tax paid or received for the present year, applying the tax rates that are enacted or substantively enacted as of the reporting date, which also include adjustments of current tax attributable to previous periods.

Deferred tax is computed in accordance with the balance sheet method, proceeding from temporary differences between carrying amounts and taxable values of assets and liabilities. The following temporary differences are not considered: for temporary differences occurring on first-time accounting of goodwill, first-time accounting of assets and liabilities that are not business combinations and neither influence reported nor taxable earnings at the time of the transaction. Nor are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future considered. The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying those tax rates and tax regulations that are enacted or substantively enacted as of the reporting date.

Deferred tax assets regarding deductible temporary differences and loss carry-forwards are only reported to the extent that it is likely that they will be utilized. The value of deferred tax assets reduces when it is no longer considered likely that they can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to tax debited by one and the same tax authority and either relate to the same taxpayer or different taxpayer, where there is an intent to settle the balances through net payments.

(T) Cash Flow Statement

The Cash Flow Statement has been prepared in accordance with the indirect method. Cash and cash equivalents are made up of cash funds and immediately available balances with banks and corresponding institutions, and short-term, liquid investments with a term of less than three months from the time of acquisition, exposed to only insignificant risk of value fluctuations.

(U) Hedge accounting

(i) Hedging of net investment

The group hedges net investments in selected foreign operations. The share of profit or loss on a hedging instrument classified as an effective hedge is recognized in other comprehensive income and accumulated in equity. The profit or loss relating to the ineffective portion is recognized directly in profit or loss as other income or other expenses.

(V) Parent company accounting policies

(V) Parent company accounting policies

The parent company has prepared its Annual Accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that in its Annual Accounts for the legal entity, the parent company applies all the IFRS® Accounting Standards and statements endorsed by the EU, if this is possible within the framework of the Swedish Annual Accounts Act, and considering the relationship between accounting and taxation. The recommendation states the exemptions from, and supplements to, IFRS® Accounting Standards.

Differences between the group's and parent company's accounting policies

Differences between the group's and parent company's accounting policies are stated below. The following accounting policies of the parent company have been applied consistently for all periods published in the parent company's financial statements.

Subsidiaries and associated companies

In the parent company, shares in subsidiaries and associated companies are reported in accordance with the cost method. Dividends from subsidiaries are recognized as revenue.

Financial instruments

The parent company does not apply the measurement provisions of IFRS 9. In the parent company, financial assets are measured at cost less any impairment, and financial current assets at the lower of cost or market.

Leased assets

The parent company does not apply IFRS 16, but recognizes lease payments from leases as an expense on a straight-line basis over the lease term providing no other systematic method better reflects the user's economic benefit over time.

Employee benefits

Defined-benefit plans

The parent company uses a different basis for calculating defined-benefit plans than stipulated by IAS 19. The parent company follows the stipulations of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's instructions, because this is a pre-requisite for tax deductions. The most significant differences compared to IAS 19 are determining the discount rate, calculating the defined-benefit obligation on the basis of present salary levels excluding assumptions of future salary increases, and that all actuarial gains and losses are recognized in profit or loss when they occur.

Group contributions for legal entities

In accordance with the alternative rule of RFR 2, group contributions received and paid are recognized as appropriations. The tax impact of group contributions received and paid is recognized in the Income Statement in accordance with IAS 12.

Note 2

Segment reporting

Management has decided that operating segments are used to reach strategic decisions. Management evaluates operations from a product perspective, where operating segments are divided into the Beijer Electronics and Westermo business entities.

Beijer Electronics delivers innovative solutions for visualizing, automating and digitalizing industrial applications for the marine sector, OEMs and manufacturers, and for applications in rugged environments.

Westermo develops robust and secure communication solutions for harsh environments, with its main focus on rail networks, with the business entity being the global market leader in its niche of trackside, and the energy sector.

Management evaluates operating segments based on EBIT.

Management also evaluates sales from a geographical perspective divided between the Nordic region, rest of Europe, North America, Asia and rest of world. The information presented for operating segment revenue is for the geographical regions grouped according to the location of customers.

2023, SEK 000	Westermo	Beijer Electronics	Parent company	Group eliminations	Total
Revenues*	1,443,994	1,032,867	–	-6,214	2,470,647
EBITDA	316,930	198,565	-38,791	-2,749	473,955
Depreciation and amortization	-79,208	-64,819	-8,244	–	-152,271
EBIT	237,722	133,746	-47,035	-2,749	321,684
EBIT margin, %	16.5%	12.9%	–	–	13.0%
Net financial income/expense	–	–	–	–	-46,389
Profit/loss before tax	–	–	–	–	275,295
Tax	–	–	–	–	-74,918
Profit after tax	–	–	–	–	200,377
Investments in tangible and intangible assets	77,606	91,639	4,418	–	173,663
of which capitalized development expenses	*63,673*	*78,263*	–	–	*141,936*
Product development expenditure, %	12.1%	10.2%	–	–	11.4%

2024, SEK 000	Westermo	Beijer Electronics	Parent company	Group eliminations	Total
Revenues*	1,316,635	946,320	–	-4,830	2,258,125
EBITDA	288,734	182,861	-41,372	-2,750	427,473
Depreciation and amortization	-89,860	-76,850	-9,855	–	-176,565
EBIT	198,874	106,010	-51,227	-2,750	250,907
EBIT margin, %	15.1%	11.2%	–	–	11.1%
Net financial income/expense	–	–	–	–	-44,465
Profit/loss before tax	–	–	–	–	206,442
Tax	–	–	–	–	-49,439
Profit after tax	–	–	–	–	157,003
Investments in tangible and intangible assets	108,200	112,731	3,286	–	224,217
of which capitalized development expenses	*82,944*	*100,712*	–	–	183,656
Product development expenditure, %	14.3%	12.9%	–	–	13.9%

The segments' accounting policies conform to the group's accounting policies.

*Parent company revenues consist of group-wide services and are excluded from this table.

Internal pricing between the group's segments is determined on the basis of the arm's length principle, i.e. between parties that are mutually independent, well-informed and with an interest in the transactions.

The parent company Ependion AB is a holding company with central functions like strategic development, accounting and finance, IT, human resources, quality and environment, sustainability and communications.

The Westermo business entity has sales to a group representing some 19% (19) of the business entity's and 11% (11) of Ependion's revenues. This customer makes its main contribution to the Train segment, but also has significant volumes in Trackside, both in the Network Equipment category. Sales to this customer are mainly in the Rest of Europe geographical market, although there are also high volumes in the Nordics.

The Beijer Electronics business entity does not have any single customer comprising more than 10% of the business entity's revenues.

Essentially, the timing of revenue recognition of the group and segments is at the date of sale. There are no significant contract assets to report. See Note 24 for the group's contractual liabilities.

Revenue by geographical market

SEK 000	2024	2023
Nordics	416,245	477,834
Rest of Europe	1,077,199	1,096,413
North America	313,480	376,724
Asia	446,676	511,223
Rest of world	4,525	8,453
Total	**2,258,125**	**2,470,647**

240 MSEK (300) of the group's revenues are from customers on the Swedish market, and 279 MSEK (340) are from customers in the USA.

Revenue per category

SEK 000	2024	2023
HMIs and accessories	746,690	795,251
Network equipment	1,192,667	1,284,113
Software licenses	35,699	27,294
Servicing and other services	57,865	61,365
Third-party products	225,204	302,624
Total	**2,258,125**	**2,470,647**

Fixed assets, geografisk fördelning

SEK 000	2024	2023
Sweden	574 436	465 486
Ireland	204 463	198 691
Rest of Europe	372 036	340 160
USA	172 476	159 367
Taiwan	283 275	273 386
Rest of world	17 077	5 029
Total	**1 623 763**	**1 442 119**

Revenue by segment

2023, SEK 000	Westermo	Beijer Electronics	Group adjustments	Total
Train	495,082	–	–	495,082
Trackside	190,120	–	–	190,120
Energy	233,420	241,375	–	474,795
Manufacture	45,331	385,725	–	431,056
Marine	53,490	190,940	–	244,430
Infrastructure/Water	163,992	163,537	–	327,529
Other	262,559	51,289	-6,214	307,634
Total	**1,443,994**	**1,032,867**	**-6,214**	**2,470,647**

2024, SEK 000	Westermo	Beijer Electronics	Group adjustments	Total
Train	449,428	–	–	449,428
Trackside	190,019	–	–	190,019
Energy	225,195	222,315	–	447,510
Manufacture	38,986	331,539	–	370,525
Marine	65,034	210,102	–	275,136
Infrastructure/Water	95,120	135,477	–	230,597
Other	252,853	46,887	-4,830	294,910
Total	**1 316 635**	**946 320**	**-4 830**	**2 258 125**

Note 3

Nature of expenses

The Consolidated Income Statement classifies expenses by function. Information on the significant cost types follows.

	2024	2023
Cost of materials	830,659	966,489
Salaries, benefits and social security expenses	765,707	744,117
Depreciation and amortization of intangible assets and property, plant and equipment and right-of-use assets	176,565	152,271
Other expenses	239,480	281,728
	2,012,411	**2,144,605**

Note 4

Other operating income and operating expenses

Other operating income

SEK 000	2024	2023
Exchange gains on trade receivables/liabilities	34,688	49,294
Other	996	888
	35,684	**50,182**

Other operating expenses

SEK 000	2024	2023
Exchange loss on trade receivables/liabilities	-30,490	-54,540
	-30,490	**-54,540**

Note 5

Fees and reimbursement to auditors

Group, SEK 000	2024	2023
KPMG (PricewaterhouseCoopers)		
Auditing	3,480	3,426
Tax consultancy	478	917
Other services	225	119
Total	**4,183**	**4,462**
Other auditors		
Auditing	969	991
Tax consultancy	1,347	1,264
Other services	1,003	693
Total other auditors	**3,318**	**2,948**

Parent company, SEK 000	2024	2023
KPMG (PricewaterhouseCoopers)		
Auditing	1,075	1,065
Tax consultancy	–	447
Other services	225	120
Total	**1,300**	**1,632**

Note 6

Employees and personnel expenses

Average number of employees

	2024	of which men,%	2023	of which men,%
Parent company				
Sweden	13	59	13	59
Total, parent company	**13**	**59**	**13**	**59**
Subsidiaries				
Australia	10	79	9	77
Denmark	4	75	3	64
France	13	70	12	75
India	3	84	0	0
Ireland	51	82	46	82
China	34	65	36	67
Norway	10	100	11	100
Netherlands	3	100	0	0
Switzerland	27	87	26	89
Singapore	8	35	7	29
Spain	3	85	3	70
UK	21	83	21	86
Sweden	338	76	321	76
South Korea	4	67	4	76
Taiwan	198	42	238	42
Turkey	18	61	19	63
Germany	65	80	63	80
USA	38	80	38	79
Total, subsidiaries	**848**	**69**	**856**	**67**
Group total	**861**	**68**	**869**	**67**

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Gender division in Management

	31 Dec. 2024	31 Dec. 2023
	Prop., women	Prop., women
Parent company		
Board of Directors	20%[a]	33%
Other senior executives	33%	33%
Group total		
Board of Directors	20%[a]	33%
Other senior executives	60%	60%

a Charlott Samuelsson left the Board of Directors at the AGM 2024, resulting in one less woman on the Board. Her directorship has not been replaced.

Salaries, other benefits and social security expenses

SEK 000	2024		2023	
	Salaries and benefits	Social security expenses	Salaries and benefits	Social security expenses
Parent company	20 220	16 245	19 613	19 134
(of which pension expense)		*(4 436)*		*(5 392)*
Subsidiaries	560 401	168 841	552 099	153 271
(of which pension expense)		*(42 098)*		*(38 768)*
Group total	**580 621**	**185 086**	**571 712**	**172 405**
(of which pension expense)		*(46 534)*		*(44 160)*

The parent company meets all social security expenses of the group's LTI programs.

Remuneration and other benefits to the CEO, EVP and other senior executives under the year

Expenses for remuneration and benefits to the CEO, EVP and senior executives were as follows:

SEK 000	2024			2023		
	CEO	EVP	Other senior executives [a]	CEO	EVP	Other senior executives [a]
Basic salary	4,587	2,483	6,607	4,211	2,395	7,188
Variable compensation	1,254	675	915	1,772	829	1,311
Long-term incentive programs	887	592	1,321	611	542	1,455
Other benefits	209	22	323	120	24	235
Pension expense	1,350	618	1,835	1,232	589	1,863
Salaries and benefits, total	**8,287**	**4,390**	**11,001***	**7,946**	**4,379**	**12,052****

a There are 3 (3) other senior executives who are members of Ependion AB's Group Management.
* Of which 2.1 MSEK is severance pay to a senior executive.
** Of which 3.8 MSEK is severance pay to a senior executive.

Remuneration to the Board of Directors in the year

Directors' fees were SEK 2,070,000 (2,070,000), allocated as follows:

Board of Directors, SEK 000	2024	2023
Bo Elisson, Chairman of the Board	650	650
Ulrika Hagdahl	–	300
Johan Wester	330	280
Karin Gunnarsson	340	340
Lars Eklöf	250	250
Jonas Hård	250	250
Charlotte Samuelsson	250	–
Total	**2 070**	**2 070**

Bo Elisson received SEK 50,000 for service on the Remuneration Committee, and Johan Wester received SEK 50,000 for service on the Audit Committee and SEK 30,000 for service on the Remuneration Committee, included in the above table. Karin Gunnarsson received SEK 90,000 for service on the Audit Committee, included in the above table. Bo Elisson left the Board of Directors and his position as Chairman at the AGM 2024, and he was replaced by Peter Nilsson (who accordingly did not receive fees paid in 2024). Charlott Samuelsson left the Board of Directors at the AGM 2024. Her directorship has not been replaced.

The expense for Directors' fees was, SEK 2,037,000 (2,037,000) excluding social security contributions.

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Chief Executive Officer

Apart from contracted basic salary, the Chief Executive Officer is also entitled to variable compensation. Variable compensation is based on operational and financial performance and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 30% of gross salary excluding bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 12 months, which cannot be claimed for termination initiated by the CEO. The notice period from the CEO's side is six months. No other remuneration upon termination has been agreed.

Executive Vice President

Apart from contracted basic salary, the Executive Vice President is also entitled to variable compensation. Variable compensation is based on operational and financial performance and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 25% of gross salary excluding bonus is provisioned as pension assurance for the EVP. This pension is defined contribution and becomes payable at age 65. According to agreement, the EVP has a notice period from the company's side of 12 months, which cannot be claimed for termination initiated by the EVP. The notice period from the EVP's side is six months. No other remuneration upon termination has been agreed.

Other senior executives

Other senior executives receive basic salary with a variable component. The variable component is based partly on the group's, and partly on each business entity's volume, profitability and cash flow performance. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives. The notice period from the senior executive's side is six months.

Incentive programs

The AGM 2024 resolved on the introduction of a share-based incentive program, "LTI 2024/2027" for the CEO, EVP other senior executives and a further number of key individuals within the group. For entitlement in the plan, participants have undertaken to own shares of the company themselves. This plan measures performance in the period January to December 2024, and providing employment continues, the participants will receive shares in 2027 based on the outcome of performance targets in 2024. The performance targets defined in January 2024 were as follows (i) order intake 30%, (ii) EBIT 30%, (iii) free cash flow 30% and (iv) implementation of internal pricing on CO2 10% The outcome computed for 2024 is for granting of approx. 52,634 shares, or 40% of the maximum.

The Board of Directors' proposed guidelines for 2025

The Board of Directors proposes that the AGM adopt the following guidelines for remunerating senior executives: senior executives means the Group Management including the CEO and EVP.

Total compensation covers basic salary and variable remuneration, consisting of a yearly and a long-term portion. Pension and other customary benefits are additional. The variable portion will be based on the satisfaction of predetermined targets related to the company's earnings growth and other important change targets. The maximum variable portion for the CEO, EVP and other senior executives is six months' salary.

If the CEO's or EVP's employment is terminated from Ependion AB's side, they have a 12-month notice period. No other compensation on termination has been agreed. If other senior executives are terminated from the company's side, and termination does not depend on gross negligence, maximum notice periods of 12 months have been agreed.

The Board of Directors is proposing the introduction of a share-based incentive program for the CEO, EVP, other senior executives, and a number of other key individuals of the group. This program should measure performance in the financial year 2025 but has a term of three years, in which participants in the program undertake to hold shares in the company themselves, to then receive what are termed performance shares in 2028 on satisfying or exceeding performance targets.

Decision-making process

The Remuneration Committee consults on the Board of Directors' decisions on remuneration to the Chief Executive Officer and decides on remuneration to the Executive Vice President and other senior executives. Directors' fees are resolved by the AGM.

Note 7

Depreciation, amortization and impairment of property, plant and equipment and intangible assets

Group, SEK 000	2024	2023
Capitalized development expenditure n	90,258	73,710
Capitalized expenditure for software	1,958	1,525
Customer contracts, brands and similar rights	14,895	13,291
Buildings and land	1,841	951
Machinery and other plant	7,566	8,949
Equipment, tools, fixtures and fittings	11,124	9,419
Right-of-use assets	48,923	44,426
	176,565	**152,271**

Parent company, SEK 000	2024	2023
Capitalized expenditure for software	1,437	1,089
Equipment, tools, fixtures and fittings	352	285
	1,789	**1,375**

Note 8

Net financial income/expense

Group, SEK 000	2024	2023
Interest income	634	663
Exchange difference	932	60
Other financial income	7	98
Financial income	**1,573**	**821**
Interest expenses	-41,826	-43,815
Other financial expenses	-4,212	-3,395
Financial expenses	**-46,038**	**-47,210**
Net financial income/expense	**-44,465**	**-46,389**

Parent company, SEK 000	2024	2023
Dividend	47,401	66,000
Profit/loss from participations in group companies	**47,401**	**66,000**
Exchange difference	5,861	–
Interest income, group companies	31,702	29,896
Financial income	**37,563**	**29,896**
Exchange difference	–	-3,589
Interest expenses, group companies	-12,919	-8,067
Interest expenses, other	-31,400	-35,379
Other financial expenses	-3,479	-3,361
Financial expenses	**-47,798**	**-50,396**

Note 9

Appropriations

Parent company, SEK 000	2024	2023
Group contributions, received	54,931	112,805
	54,931	**112,805**

Note 10

Tax on net profit/loss

Group, SEK 000	2024	2023
Current tax		
Tax expense for the period	-32,858	-37,507
Withholding tax	-6,203	-6,674
Adjustment of tax attributable to previous year	-576	-909
	-39,637	**-45,090**
Deferred tax (Note 22)		
Occurrence and reversal of temporary differences	-16,920	-9,116
Deferred tax in the deductible value of loss carry-forwards changed in the year	7,118	-20,712
	-9,802	**-29,828**
Total reported tax expense, group	**-49,439**	**-74,918**

Parent company, SEK 000	2024	2023
Current tax		
Withholding tax	-2,342	-947
Adjustment of tax attributable to previous year	139	–
	-2,203	**-947**
Deferred tax		
Occurrence and reversal of temporary differences	195	708
Deferred tax in the deductible value of loss carry-forwards changed in the year	–	-9,713
	195	**-9,005**
Total reported tax expense, parent company	**-2,008**	**-9,952**

For the group, tax of 4,490,000 SEK (-1,812,000) attributable to actuarial revaluation of pension obligations and tax of 509,000 SEK (990,000) attributable to other provisions was reported in other comprehensive income.

In addition, tax of -1,043,000 SEK (1,100,000) attributable to long-term incentive programs was recognized in equity.

Reconciliation of actual tax

Group, SEK 000	2024	%	2023	%
Profit/loss before tax	206,442	–	275,295	–
Tax at applicable rate, parent company (20.6%)	-42,527	-20.6	-56,711	-20.6
Tax effect of:				
- Other tax rates for foreign subsidiaries	-539	-0.3	-6,273	-2.3
- Non-deductible expenses	-2,909	-1.4	-6,684	-2.4
- Non-taxable revenue	2,734	1.3	4,439	1.6
- Increase in remaining negative net interest income without corresponding capitalization of deferred tax	-4,761	-2.3	-3,436	-1.2
- Increase in loss carry-forwards without corresponding capitalization of deferred tax	-1,361	-0.7	-2,882	-1.0
- Use of previously uncapitalized lost carry-forwards	3,803	1.8	3,387	1.2
- Capitalization of previous year's deficit	2,956	1.4	–	–
- Tax attributable to previous year	-526	-0.3	-202	-0.1
- Withholding tax	-6,203	-3.0	-6,674	-2.4
- Other	-107	-0.1	119	0.0
Reported effective tax	**-49,439**	**-23.9**	**-74,918**	**-27.2**

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Parent company, SEK 000	2024	%	2023	%
Profit/loss before tax	39,649		109,593	
Tax at applicable rate, parent company (20.6%)	-8,168	-20.6	-22,576	-20.6
Tax effect of:				
- Non-deductible expenses	-1,324	-3.3	-1,702	-1.6
- Non-taxable revenue	2,250	5.7	2,219	2.0
- Non-taxable dividend from subsidiaries	9,765	24.6	13,596	12.4
- Increase in remaining negative net interest income without corresponding capitalization of deferred tax	-2,428	-6.1	-2,119	-1.9
- Use of previously uncapitalized lost carry-forwards	533	1.3	1,185	1.1
- Remaining negative net inerest income	-434	-1.1	-315	-0.3
- Tax attributable to previous year	139	0.4	707	0.6
- Withholding tax	-2 342	-5,9	-947	-0,9
Reported effective tax	**-2 008**	**-5,1**	**-9 952**	**-9,1**

Note 11

Intangible assets

2023, SEK 000	Goodwill	Develop-ment expenditure	IT expen-diture	Patents	Trademarks & brands	Customer contracts	Technology platforms	Total
Purchases								
Opening balance, 1 Jan. 2023	879,694	614,741	96,275	3,093	85,803	199,938	31,314	1,910,859
Internally developed assets	–	141,936	–	–	–	–	–	141,936
Acquisitionsat via business combinations	61,089	–	–	–	278	5,410	9,451	76,228
Acquisitionsade assets	–	–	5,180	6	–	–	–	5,186
Exchange differences for the year	-10,711	-166	-1,625	149	-1,723	-2,848	-864	-17,789
Closing balance, 31 Dec. 2023	**930,072**	**756,511**	**99,830**	**3,248**	**84,358**	**202,500**	**39,901**	**2,116,420**
Accumulated amortization and impairment								
Opening balance, 1 Jan. 2023	-96,755	-362,910	-90,524	-2,253	-68,988	-132,723	-24,677	-778,830
Årets avskrivningar	–	-73,710	-1,525	-431	-2,984	-8,967	-908	-88,526
Exchange differences for the year	–	244	2,022	-111	1,497	3,644	843	8,139
Closing balance, 31 Dec. 2023	**-96,755**	**-436,376**	**-90,027**	**-2,795**	**-70,475**	**-138,046**	**-24,742**	**-859,217**
Carrying amounts								
As of 1 Jan. 2023	782,939	251,831	5,751	840	16,816	67,215	6,637	1,132,029
As of 31 Dec. 2023	833,317	320,135	9,803	453	13,883	64,454	15,159	1,257,203

2024, SEK 000	Goodwill	Develop-ment expenditure	IT expen-diture	Patent	Trademarks & brands	Customer contracts	Technology platforms	Total
Purchases								
Opening balance, 1 Jan. 2024	930,072	756,511	99,830	3,248	84,358	202,500	39,901	2,116,420
Internally developed assets	–	183,656	–	–	–	–	–	183,656
Acquisitionsade assets	–	–	630	–	–	–	–	630
Exchange differences for the year	37,183	2,006	1,450	82	3,029	7,135	1,858	52,743
Closing balance, 31 Dec. 2024	**967,255**	**942,173**	**101,910**	**3,330**	**87,387**	**209,635**	**41,759**	**2,353,449**
Accumulated amortization and impairment								
Opening balance, 1 Jan. 2024	-96,755	-436,376	-90,027	-2,795	-70,475	-138,046	-24,742	-859,216
Amortization for the year	–	-90,258	-1,958	-438	-3,026	-9,551	-1,880	-107,111
Exchange differences for the year	–	-1,872	-1,703	-77	-2,877	-5,148	-1,334	-13,011
Closing balance, 31 Dec. 2024	**-96,755**	**-528,506**	**-93,688**	**-3,310**	**-76,378**	**-152,745**	**-27,956**	**-979,338**
Carrying amounts								
As of 1 Jan. 2024	833,317	320,135	9,803	453	13,883	64,454	15,159	1,257,202
As of 31 Dec. 2024	870,500	413,666	8,222	20	11,009	56,890	13,803	1,374,111

The group reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method	Functions where the amortization is reported
Goodwill	Indefinite	Impairment test	
Development expenditure	3-5 years	Straight-line amortization method	Research and development expenses
IT expenditure	5 years	Straight-line amortization method	Administrative expenses
Patent	3-5 years	Straight-line amortization method	Administrative expenses
Varumärken	5-20 years	Straight-line amortization method	Administrative expenses
Customer contracts	10 years	Straight-line amortization method	Administrative expenses
Technology platforms	10 years	Straight-line amortization method	Administrative expenses

The parent company reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method	Functions where the amortization is reported
IT expenditure	5 years	Straight-line amortization method	Administrative expenses

Parent company 2023	SEK 000
Accumulated cost	
Opening balance, 1 Jan. 2023	76,706
Other investments	4,043
Closing balance, 31 Dec. 2023	**80,749**
Accumulated amortization	
Opening balance, 1 Jan. 2023	-72,219
Amortization for the year	-1,089
Closing balance, 31 Dec. 2023	**-73,308**
Carrying amounts	
As of 1 Jan. 2023	4,487
As of 31 Dec. 2023	7,441

Parent company 2024	SEK 000
Accumulated cost	
Opening balance, 1 Jan. 2024	80,749
Other investments	593
Closing balance, 31 Dec. 2024	**81,342**
Accumulated avskrivningar	
Opening balance, 1 Jan. 2024	-73,308
Amortization for the year	-1,437
Closing balance, 31 Dec. 2024	**-74,745**
Carrying amounts	
As of 1 Jan. 2024	7,441
As of 31 Dec. 2024	6,597

Impairment tests of cash-generating units containing goodwill

The following cash-generating units—consisting of the business entities Beijer Electronics and Westermo—constitute the group's total reported goodwill values:

SEK 000	2024	2023
Westermo	467,431	459,393
Beijer Electronics	403,069	373,924
Totala goodwill value, group	**870,500**	**833,317**

Measurement of recoverable amount

The group analyzes whether goodwill is impaired at least yearly, in accordance with the accounting policies stated in Note 1. The basis for these analyses is financial budgets, forecasts and business plans presented to the Board of Directors and approved by Group Management. Estimates and measurements are made on this basis.

Ependion conducted its most recent analysis of the potential impairment of goodwill as of 30 November 2024. The recoverable amount of the two cash-generating units are based on measurements of estimated value in use. These estimates are based on estimated future cash flows before tax based on financial budgets and forecasts, founded on the business entities' growth

strategies, as well as additive assessments for each entity for the period until 2029. Material assumptions applied in the measurement of value in use are expected sales growth, gross margins, the discount rate, and assumptions regarding growth after the end of the forecast period.

To forecast sales growth and gross margin, material assumptions were made regarding sales volume, general market growth, and in certain cases, the increased market share enabled by the business entities' planned launches of new products and solutions, as well as materials pricing and rationalizations of production and logistics over the period. These are based on previous historical performance and assessments of future progress.

The discount rate was estimated based on the weighted average cost of capital (WACC) before tax at 11.9% (12.9). The change in the discount rate on 2023 relates primarily to the progress of the risk-free interest component.

Expected future cash flow beyond 2029 has been extrapolated using an estimated average long-term terminal growth rate of 2.0% (2.0).

The outcome of the impairment test conducted was that Management did not identify any impairment relating to any cash-generating unit.

Sensitivity analysis

To support the impairment test conducted on goodwill in the group, an overarching analysis of sensitivity to the variables applied in the model was conducted. All sensitivity analyses indicate a good margin above impairment.

Impairment tests of cash-generating units including capitalized development expenditure

The following operating segments and cash-generating have significant carrying amounts of capitalized development expenditure.

Capitalized development expenditure has a determinable useful life. This expenditure is amortized over a period of 3-5 years.

The book value of capitalized development expenditure amounts to:

SEK 000	2024	2023
Westermo	223 753	180 969
Beijer Electronics	189 913	139 166
Total value of capitalized development expenditure, group	**413 666**	**320 135**

	Type of asset
Westermo	Hard and software solutions for robust and secure data communication in harsh environments.
Beijer Electronics	Hard and software solutions for digitalized data control, connect and present.

Sensitivity analysis of cash-generating units including capitalized development expenditure

The company performs regular analysis of the impairment of capitalized development expenditure through a sensitivity analysis of expected sales growth and gross margin of underlying products.

The sensitivity analyses indicate that there is no impairment for these adjustments of computation variables.

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Property, plant and equipment

	Group				Parent company
2023, SEK 000	**Buildings and land**	**Machinery and other plant**	**Equipment, tools, fixtures and fittings**	**Total**	**Equipment, tools, fixtures and fittings**
Cost					
Opening balance, 1 Jan. 2023	63,702	88,339	153,296	305,337	2,702
Reclassifications	–	–	-67	-67	10
Purchases via business combinations	–	–	11	11	–
Purchases	7,625	4,323	14,594	26,542	375
Sales/retirements	–	–	-486	-486	–
Exchange differences	-1,554	-812	-1,975	-4,341	–
Closing balance, 31 Dec. 2023	**69,773**	**91,850**	**165,373**	**326,996**	**3,087**
Depreciation					
Opening balance, 1 Jan. 2023	-29,594	-62,490	-132,858	-224,942	-1,964
Reclassifications	–	–	67	67	-10
Depreciation for the year	-951	-8,949	-9,419	-19,318	-286
Sales/retirements	–	–	196	196	–
Exchange differences	549	672	1,578	2,799	–
Closing balance, 31 Dec. 2023	**-29,996**	**-70,767**	**-140,436**	**-241,199**	**-2,260**
Carrying amounts					
As of 1 Jan. 2023	34,108	25,849	20,438	80,395	738
As of 31 Dec. 2023	39,777	21,083	24,937	85,797	827

	Group				Parent company
2024, SEK 000	**Buildings and land**	**Machinery and other plant**	**Equipment, tools, fixtures and fittings**	**Total**	**Equipment, tools, fixtures and fittings**
Cost					
Opening balance, 1 Jan. 2024	69,773	91,850	165,373	326,996	3,087
Reclassifications	-2,108	-2,363	4,471	–	–
Purchases	10,762	11,098	18,072	39,932	2,693
Sales/retirements	–	-11,500	-3,821	-15,321	–
Exchange differences	1,141	350	3,618	5,109	–
Closing balance, 31 Dec. 2024	**79,568**	**89,435**	**187,713**	**356,716**	**5,780**
Depreciation					
Opening balance, 1 Jan. 2024	-29,996	-70,767	-140,436	-241,199	-2,260
Depreciation for the year	-1,841	-7,566	-11,124	-20,531	-352
Sales/retirements	–	10,060	3,727	13,787	–
Exchange differences	-432	-276	-2,916	-3,624	–
Closing balance, 31 Dec. 2024	**-32,269**	**-68,549**	**-150,749**	**-251,566**	**-2,612**
Carrying amounts					
As of 1 Jan. 2024	39,777	21,083	24,937	85,797	827
As of 31 Dec. 2024	47 299	20 886	36 964	105 150	3 168

Note 13

Leases

2023, SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
Cost				
Opening balance, 1 Jan. 2023	199,659	3,649	17,841	221,148
Purchases & changes	54,599	279	10,178	65,056
Sales	-37,580	–	-6,835	-44,415
Exchange differences	-2,405	-13	-226	-2,644
Closing balance, 31 Dec. 2023	**214,273**	**3,915**	**20,958**	**239,145**
Depreciation and amortization				
Opening balance, 1 Jan. 2023	-128,224	-1,855	-8,743	-138,822
Depreciationand amortization for the year	-36,238	-1,015	-7,173	-44,426
Sales	35,550	–	6,638	42,188
Exchange differences	914	11	110	1,035
Closing balance, 31 Dec. 2023	**-127,999**	**-2,859**	**-9,168**	**-140,026**
Carrying amounts				
As of 1 Jan. 2023	71,435	1,794	9,098	82,326
As of 31 Dec. 2023	86,274	1,056	11,790	99,119

2024, SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
Cost				
Opening balance, 1 Jan. 2024	214,273	3,915	20,958	239,145
Purchases & changes	80,285	504	12,102	92,891
Sales	-14,387	-370	-7,003	-21,760
Exchange differences	4,483	31	348	4,862
Closing balance, 31 Dec. 2024	**284,654**	**4,080**	**26,405**	**315,139**
Depreciation and amortization				
Opening balance, 1 Jan. 2024	-127,999	-2,859	-9,168	-140,026
Depreciationand amortization for the year	-39,489	-720	-8,714	-48,923
Sales	13,943	369	6,450	20,762
Exchange differences	-2,326	-9	-115	-2,450
Closing balance, 31 Dec. 2024	**-155,871**	**-3,219**	**-11,547**	**-170,637**
Carrying amounts				
As of 1 Jan. 2024	86,274	1,056	11,790	99,119
As of 31 Dec. 2024	128,783	861	14,858	144,502

SEK 000	31 Dec. 2024	31 Dec. 2023
Lease liabilities		
Long-term	97,497	59,766
Short-term	48,212	39,319
Total	**145,709**	**99,085**

The following table illustrates the contracted terms of lease liabilities.

2023, SEK 000	Contracted terms				
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
Payments	41,105	28,173	36,072	5,132	110,482

2024, SEK 000	Contracted terms				
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
Payments	48,803	39,883	63,652	5,864	158,202

Income Statement

Pursuant to IFRS 16, lease payments should partly be charged to financial income/expense. Accordingly, IFRS 16 meant the group's EBIT for 2024 increased by 5,116 KSEK (3,461) the group's net financial income/expense decreased by the corresponding amount.

SEK 000	2024	2023
Amortization of capitalized leases	48,923	44,426
Lease payments for non-capitalized short-term leases and leases of low-value assets	2,044	1,247
Interest expenses	5,116	3,461
Total lease payments in Income Statement	**56,083**	**49,134**

Cash flow

Amortization of lease liabilities is recognized under financing activities in cash flow and interest expenses, short-term leases and leases of low-value assets are recognized under operating activities.

SEK 000	2024	2023
Amortization of lease liabilities	48,632	43,404
Interest expenses	5,116	3,461
Lease payments for non-capitalized short-term leases and leases of low-value assets	2,044	1,247
Total cash flow	**55,792**	**48,112**

Note 14

Participations in group companies

SEK 000	31 Dec. 2024	31 Dec. 2023
Accumulated cost		
At beginning of year	568 793	563 431
Increase via share-based payment	5 061	5 362
Carrying amount at end of period	**573 854**	**568 793**

In 2023, during an intra-group restructuring, and in accordance with GAAP, Ependion AB reallocated the book value between Korenix Technology Co., Ltd, Taipei and Beijer Electronics AB in its Balance Sheet. In 2024, Ependion AB divested its indirect holding in Jen Hsiang Electronics Co., Ltd.

Specification of parent company and group holdings of participations in group companies

			31 Dec. 2023
Subsidiary/Corp. ID no./Reg. office	*No. of shares*	*Holding, %* [a]	*Carrying amount i SEK 000*
Westermo Network Technologies AB, 556361-2604, Västerås	**100 000**	**100,0**	**262 942**
Westermo Data Communications AB, 556687-8962, Eskilstuna	1 000	100,0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10 000	100,0	
Westermo Data Communications Ltd., 3059742, Southampton	50 000	100,0	
Westermo Data Communications GmbH, HRB 250621, Waghäusel	50 000	100,0	
Westermo Data Communications SARL, 4333142590001, Champlan	7 624	100,0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100,0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10 000	100,0	
Westermo Data Communications SL, B06811046, Malaga	1	100,0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100,0	
Westermo Neratec AG, CHE-107.669.950, Bubikon	516	100,0	
Virtual Access Holdings Ltd., 353755, Dublin	4 250 000	100,0	
Westermo Ireland Limited, 253172, Dublin	1 000 000	100,0	
Virtual Acces Technology Ltd., 370589, Dublin	1 000 000	100,0	
Westermo Eltec GmbH, HRB 7038, Mainz	850 853	100,0	
Beijer Electronics AB, 556701-4328, Malmö	**1 000**	**100,0**	**155 751**
Brodersen Automation AB, 556288-8650, Jönköping	3 000	100,0	
Beijer Electronics AS, 912965058, Drammen	1 117	100,0	
Beijer Electronics A/S, 56162712, Roskilde	1 000	100,0	
Beijer Electronics GmbH, HRB 22383, Nürtingen	1	100,0	
Smart-HMI GmbH, HRB 71278, Meerbusch	570 000	100,0	
Beijer Electronics Trading (Shanghai) Co, Ltd, 9131000079453912XD, Shanghai	1	100,0	
Beijer Electronics Corp., 05027350, Taipei	116 534	100,0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	83 759	100,0	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	100 000	100,0	
Beijer Electronics UK Ltd, 9863522, London	50 000	100,0	
Beijer Electronics B.V., 91073030 0000, Amsterdam	100	100,0	
Beijer Electronics Automation AB, 556701-3965, Malmö	**1 000**	**100,0**	**100**
Korenix Technology Co., Ltd, Taipei [b]	**18 467 000**	**100,0**	**0**
Jen Hsiang Electronics Co., Ltd, Taiwan	2 300 000	50,5	
Beijer Group Holding Inc., 36-4027234, Chicago	**1 000**	**100,0**	**150 000**
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100,0	
Westermo Data Communications Inc., 20-4447643, Elgin	100	100,0	
			568 793

a Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.
b Of the group's total holdings, 52.5% is held by Ependion AB.

Specification of parent company and group holdings of participations in group companies

			31 Dec. 2024
Subsidiary/Corp. ID no./Reg. office	*No. of shares*	*Holding, %*[a]	*Carrying amount, SEK 000*
Westermo Network Technologies AB, 556361-2604, Västerås	**100,000**	**100.0**	**266,525**
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo Data Communications A/S, 44591278, Köge	4,000	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, HRB 250621, Waghäusel	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Westermo Data Communications SL, B06811046, Malaga	1	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Westermo Neratec AG, CHE-107.669.950, Bubikon	516	100.0	
Virtual Access Holdings Ltd., 353755, Dublin	4,250,000	100.0	
Westermo Ireland Limited, 253172, Dublin	1,000,000	100.0	
Virtual Access Technology Ltd., 370589, Dublin	1,000,000	100.0	
Westermo Eltec GmbH, HRB 7038, Mainz	850,853	100.0	
Westermo India Private Ltd, 29AADCW8566B1Z0, Bangalore	158,400	100.0	
Beijer Electronics AB, 556701-4328, Malmö	**1,000**	**100.0**	**157,229**
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics GmbH, HRB 22383, Nürtingen	1	100.0	
Smart-HMI GmbH, HRB 71278, Meerbusch	570,000	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, 9131000079453912XD, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	83,759	100.0	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	100,000	100.0	
Beijer Electronics UK Ltd, 9863522, Nottingham	50,000	100.0	
Beijer Electronics B.V., 91073030 0000, Amsterdam	100	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	**1,000**	**100.0**	**100**
Korenix Technology Co., Ltd, Taipei [b]	**18,467,000**	**100.0**	**0**
Beijer Group Holding Inc., 36-4027234, Elgin	**1,000**	**100.0**	**150,000**
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
Westermo Data Communications Inc., 20-4447643, Elgin	100	100.0	
			573,854

a Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.
b Of the group's total holdings, 52.5% is held by Ependion AB.

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Note 15

Long-term receivables

SEK 000	31 Dec. 2024	31 Dec. 2023
Accumulated cost		
At beginning of year	6,045	6,265
Additional receivables	2,050	668
Reclassifications for the year	-5	108
Amortization for the year	-2,762	-798
Exchange differences for the year	203	-198
Carrying amount at end of period	**5,531**	**6,045**

All long-term receivables accrue variable interest and the effect of discounting is marginal. Fair value is judged largely to correspond to book value.

Note 16

Long-term receivables from group companies

Parent company, SEK 000	31 Dec. 2024	31 Dec. 2023
Accumulated cost		
At beginning of year	561,497	471,656
Additional receivables	46,922	91,586
Amortization for the year	–	-2,610
Exchange differences for the year	18,728	865
Carrying amount at end of period	**627,147**	**561,497**

The fair value of loans to related parties is measured at cost, and in those cases where denominated in foreign currency, at the closing day rate.

The effective interest on long-term receivables to related parties is 2.82–6.66% (2.95-6.58).

Note 17

Inventories

SEK 000	31 Dec. 2024	31 Dec. 2023
Raw materials and consumables	287,960	326,444
Finished goods and goods for resale	46,367	83,295
Work in progress	39,513	61,586
Advance payments to suppliers	4,903	3,210
Goods in transit	17,558	12,093
	396,301	**486,628**

The group's expense for finished goods and goods for resale includes 25.8 MSEK (9.2) of impairment of inventories.

Note 18

Accounts receivable and andra current receivables

SEK 000	31 Dec. 2024	31 Dec. 2023
Accounts receivable	389,990	412,321
Allowance for doubtful debt	-8,391	-5,317
Accounts receivable - net	**381,599**	**407,004**
Other receivables	9,901	16,263
Prepaid expenses and accrued income	31,684	22,512
	423,185	**445,779**

The fair value of accounts receivable and other receivables is consistent with book value.

Change in allowance for doubtful debt

SEK 000	31 Dec. 2024	31 Dec. 2023
Opening balance	-5 317	-3 360
Recognized in profit or loss:		
- additional allowances	-5 829	-4 148
- reversed unused allowances	2 211	1 087
Used in the year	777	1 067
Exchange differences	-233	37
Closing balance	**-8 391**	**-5 317**

Accounts receivable are judged individually at each reporting date. The individually judged receivables subject to impairment mainly relate to customers that have experienced unexpected financial difficulties.

The expense for doubtful and bad debt is included in the Selling expenses item in the Income Statement. The maximum exposure to credit risk on the reporting date is the fair value of each category of receivable stated above. The group has no assets pledged as collateral. See Note 25 for more information on the group 'credit risk.

The group is not dependent on major customers. In 2024, the group had one customer representing more than 10% of the group's total sales. For more information, see Note 2.

Carrying amounts, by currency, of the group's accounts receivable and other receivables are as follows:

SEK 000	31 Dec. 2024	31 Dec. 2023
SEK	51,482	44,508
EUR	197,139	206,281
USD	79,705	93,742
TWD	21,630	15,589
GBP	20,894	23,329
CNY	25,334	23,388
NOK	4,487	7,935
DKK	2,677	3,220
TRY	333	1,058
Other currencies	19,504	26,729
	423,185	**445,779**

Prepaid expenses and accrued income

Group, SEK 000	31 Dec. 2024	31 Dec. 2023
Rent	1,915	2,554
Insurance	3,359	2,820
Lease payments	499	586
Licenses	14,231	3,577
Other items	11,680	12,975
	31,684	**22,512**

Parent company, SEK 000	31 Dec. 2024	31 Dec. 2023
Rent	2,433	2,595
Insurance	1,794	1,755
Licenses	10,848	1,854
Other items	1,016	2,867
	16,091	**9,071**

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Note 19

Hedging of net investments in a foreign operation

Group SEK 000	31 Dec. 2024	31 Dec. 2023
Hedging instruments		
Carrying amount of hedging instruments that are liabilities	294 372	306 247
Change in fair value used as the basis for measuring ineffectiveness for the year	-7 740	-1 365
Change in fair value recognized in other comprehensive income for the year	-7 740	-1 365
Nominal amount after tax*	233 731	255 934
Hedged items		
Change in fair value used as the basis for measuring ineffectiveness for the year	7 740	1 365
Balance in exchange rate reserve for current hedges	-25 223	-17 483

*Ependion has decided to measure hedging effectiveness after tax.

Hedging instruments are included in current and long-term liabilities to credit institutions in the Balance Sheet and relate to Virtual Access Holdings Ltd., Smart-HMI GmbH (EUR) and Nera Management AG. (CHF).

Note 20

Liabilities to credit institutions

This note contains information on the group and parent company's contractual terms relating to liabilities to credit institutions. For more information on the group's exposure to interest risk and the risk of exchange rate fluctuations, see Note 25.

On 1 November 2022, Ependion AB's new finance agreement with Danske Bank and Swedish Exportkredit came into effect. This agreement involves a 1,000 MSEK loan with an option to borrow a further 200 MSEK, with a three-year term and extension option of up to two years. In fall 2024, this finance agreement was extended by a further one year, and thus runs until 23 October 2027inclusive.

Book value is judged to be a close approximation of fair value. Bank borrowing is renegotiated every three months with new interest rates on market terms.

The overdraft facility amounts to 250 MSEK.

Group, SEK 000	31 Dec. 2024	31 Dec. 2023
Long-term liabilities to credit institutions		
Bank loans	430,476	462,631
	430,476	**462,631**
Current liabilities to credit institutions		
Bank loans	75,797	77,441
Overdraft facility	50,900	90,227
	126,697	**167,668**

Covenants

The group's bank loans in Sweden are subject to covenants in the form of two key financial ratios according to the definitions below.

Total leverage

Total leverage according to this covenant is defined as interest-bearing liabilities, excluding provisions for pension obligations less cash and cash equivalents and investments in securities, etc. in relation to rolling 12-month EBITDA adjusted for restructuring costs and acquired EBITDA. Total leverage may not exceed 3.50 (3.50).

Interest coverage ratio

Interest coverage ratio is defined as rolling 12-month EBITDA adjusted for restructuring costs and acquired EBITDA in relation to net interest income/expense (interest expenses less interest income).

The interest coverage ratio may not be less than 3.50 (3.50).

Compliance with covenants

Each quarter, the company reports the quantitative outcome of both loan covenants to lenders based on the financial information stated in quarterly reports. The company satisfied all covenants in its 2024 and 2023 annual financial statements by a good margin.

Parent company, SEK 000	31 Dec. 2024	31 Dec. 2023
Long-term liabilities to credit institutions		
Bank loans	430,476	462,631
	430,476	**462,631**
Current liabilities to credit institutions		
Bank loans	41,961	41,216
Overdraft facility	50,900	90,227
	92,861	**131,443**

Note 21

Pension provisions, etc.

Defined-benefit obligations

SEK 000	31 Dec. 2024	31 Dec. 2023
Defined-benefit obligations		
Present value of funded obligations	23,969	25,522
Fair value of plan assets	-31,905	-31,122
Deficit in funded plans	**-7,936**	**-5,600**
Present value of unfunded plans	156,974	131,377
Net liability for pension obligations	**149,038**	**125,777**
of which recognized as asset	*-7,936*	*-5,600*
of which recognized as provision	*156,974*	*131,377*
Net amount is divided between plans in the following countries:		
Sweden	156,974	131,377
Taiwan	-7,936	-5,600
Net amount in Balance Sheet	**149,038**	**125,777**

%	2024	2023
Plan assets are divided into the following components:		
Shares	46	46
Bonds and fixed-income funds	23	23
Bank balances	21	21
Other	10	10
Total plan assets	**100**	**100**

100% (100) of plan assets relate to funded obligations in Taiwan. Under Taiwanese legislation, the state pension authority manages all such assets.

Pension expense

SEK 000	2024	2023
Defined-benefit plans		
Expense for pensions vested in the year	2,860	3,075
Return on plan assets	-356	-442
Interest expense	5,616	5,351
Payroll tax	1,971	1,931
Expense, defined-benefit plans	**10,091**	**9,915**
Expense, defined-contribution plans	43,612	41,073
Payroll tax and tax on profits	6,522	9,964
Total expense, defined-contribution plans	**50,134**	**51,037**
Total expense for benefits after terminated employment	**60,225**	**60,952**

Reconciliation of net amounts for pensions in the Balance Sheet

The following table illustrates how the net amount in the Balance Sheet changed in the period:

SEK 000	31 Dec. 2024	31 Dec. 2023
Amount at beginning of year	125,777	127,033
Expense, defined-benefit plans	8,476	8,426
Return on plan assets	-356	-442
Contributions from employees	-150	-278
Payment of benefits	-2,072	-2,126
Actuarial revaluations, financial assumptions	16,978	-7,100
Discontinued operation	592	–
Translation difference	-207	264
Amount at end of year	**149,038**	**125,777**

Actuarial assumptions

The following material actuarial assumptions were applied when calculating obligations (weighted averages):

	31 Dec. 2024	31 Dec. 2023
Discount rate,%	3.28	3.55
Future salary increases,%	2.89	2.75
Inflation,%	2.03	1.91
Staff turnover,%	5.21	5.02
Expected remaining lifespan after pensionable age 65, years	23.32	23.36

For more information on the method for determining the discount rate: see Note 1, section (Q) Employee benefits, section (ii) Defined benefit plans. A sensitivity analysis of the effect of the discount rate on the scale of defined benefit obligations is stated below in the sensitivity analysis section.

Book value is considered a close approximation of fair value. Provisions for pensions are discounted at a satisfactory market interest rate for their term.

Sensitivity analysis

The value of defined-benefit obligations consists of the present value of expected future pension disbursements. Accordingly, measurements of the defined-benefit obligations are materially dependent on the applied discount rate in the computation of present value. Adjustments of the discount rates are a change in actuarial assumptions, and accordingly, the effects of these restatements are reported in actuarial gain or loss.

The effect of restatements of certain assumptions on the present value of obligations as of 31 December 2024 is stated below.

Adjusted discount rate (% point)	-0.5	+0.5
Present value of obligation (+ increase / - decrease)	15,933	-14,177
Adjusted salary growth rate (% point)	-0.5	+0.5
Present value of obligation (+ increase / - decrease)	-3,562	4,120
Adjusted inflation expectation (% point)	-0.5	+0.5
Present value of obligation (+ increase / - decrease)	-12,231	13,510
Adjusted lifespan (years)	-1	+1
Present value of obligation (+ increase / - decrease)	-5,117	5,040

Forecast for forthcoming financial year

SEK 000	
Defined-benefit obligations	
Expense for pensions vested in the year	3,341
Return on plan assets	-472
Interest expense	6,000
Total	**8,869**

The group does not wish to present any quantified estimate of the coming financial year's income statement item of actuarial profit/loss because this amount is materially dependent on the value of the discount rate, which in turn, is dependent on macroeconomic factors. The group refers the reader to the section on the sensitivity analysis and progress of the discount rate in this section on actuarial assumptions in order for the reader to obtain a view of possible progress.

Defined-contribution plans

The group judges that the expense for defined contribution plans will be at a level that is comparable with recent years.

Parent company

The employees of Ependion AB are covered by one of two occupational pension plans, ITP 1 or ITP 2 (Supplementary Pensions for Salaried Employees). ITP 2 is a defined-benefit occupational pension plan, which means that the individual is guaranteed pension amounts calculated as a percentage of salary.

All employees born in 1979 or later are covered by ITP 1. The following table illustrates how pension provisions in the Parent Company Balance Sheet changed in the period:

SEK 000	2024	2023
Amount at beginning of year	22,335	19,954
of which defined-benefit plans	*19,463*	*17,407*
Expense, defined-benefit plans	1,418	2,056
Provision to long-term payroll tax on direct pensions	-106	325
Amount at end of year	**23,647**	**22,335**

Pension expense

SEK 000	2024	2023
Defined-benefit plans		
Expense for pensions vested in the year	813	1,503
Interest expense	605	553
Payroll tax	344	499
Expense, defined-benefit plans	**1,762**	**2,554**
Expense, defined-contribution plans	3,561	3,889
Payroll tax	864	944
Total expense, defined-contribution plans	**4,425**	**4,833**
Total expense for benefits after terminated employment	**6,187**	**7,387**

Note 22

Deferred tax

	Group			Parent company
31 Dec. 2023, SEK 000	**Deferred tax asset**	**Deferred tax liability**	**Net**	**Deferred tax asset**
Tangible assets	2,710	2,596	114	–
Right-of-use assets	590	–	590	–
Intangible assets	4,178	84,129	-79,951	–
Financial assets	339	–	339	–
Inventories	6,600	–	6,600	–
Pension provisions	6,083	1,256	4,827	3,030
Untaxed reserves	–	597	-597	–
Other provisions	3,393	252	3,141	–
Loss carry-forwards	11,758	–	11,758	–
Other	–	–	–	1,752
Net deferred tax liability	**35,650**	**88,830**	**-53,180**	**4,782**

Group, SEK 000 31 Dec. 2023	**Amount at beginning of year**	**Recognized in profit or loss**	**Recognized against other comprehensive income**	**Recognized in equity**	**Acquisitions**	**Reclassification**	**Exchange differences**	**Amount at end of year**
Tangible assets	1,219	158	–	–	–	-1,254	-9	114
Right-of-use assets	693	-91	–	–	–	–	-12	590
Intangible assets	-67,055	-8,007	–	–	-4,772	–	-117	-79,951
Financial assets	728	-388	–	–	–	–	-1	339
Inventories	4,682	725	–	–	–	1,254	-61	6,600
Pension provisions	9,485	-2,907	-1,812	–	–	–	60	4,826
Untaxed reserves	-597	–	–	–	–	–	–	-597
Other provisions	1,904	1,392	990	-1,100	–	–	-45	3,141
Loss carry-forwards	32,527	-20,712	–	–	–	–	-58	11,758
	-16,415	**-29,829**	**-822**	**-1,100**	**-4,772**	**0**	**-243**	**-53,180**

	Group			Parent company
31 Dec. 2024, SEK 000	**Deferred tax asset**	**Deferred tax liability**	**Net**	**Deferred tax asset**
Tangible assets	2,634	2,457	177	–
Right-of-use assets	829	–	829	–
Intangible assets	3,782	101,602	-97,820	–
Financial assets	1,205	34	1,171	–
Inventories	7,035	–	7,035	–
Pension provisions	9,446	1,587	7,859	2,918
Untaxed reserves	–	597	-597	–
Other provisions	4,030	625	3,405	–
Loss carry-forwards	18,874	–	18,874	–
Other	–	–	–	2,059
Net deferred tax liability	**47,835**	**106,902**	**-59,067**	**4,977**

Group, SEK 000 31 Dec. 2024	**Amount at beginning of year**	**Recognized in profit or loss**	**Recognized against other comprehensive income**	**Recognized in equity**	**Discontinued operation**	**Reclassification**	**Exchange differences**	**Amount at end of year**
Tangible assets	114	93	–	–	–	–	-31	177
Right-of-use assets	590	116	–	–	–	–	123	829
Intangible assets	-79,951	-17,326	–	–	–	–	-544	-97,821
Financial assets	339	821	–	–	–	-34	45	1,171
Inventories	6,600	361	–	–	–	–	74	7,035
Pension provisions	4,826	-1,672	4,490	–	257	–	-44	7,859
Untaxed reserves	-597	–	–	–	–	–	–	-597
Other provisions	3,141	685	509	-1,043	–	34	79	3,405
Loss carry-forwards	11,758	7,118	–	–	-357	–	356	18,875
	-53,180	**-9,802**	**4,999**	**-1,043**	**-101**	**0**	**59**	**-59,067**

Contents

Parent company, SEK 000 31 Dec. 2023	Amount at beginning of year	Recognized in profit or loss	Amount at end of year
Pension provisions	3,353	-323	3,030
Other provisions	721	-721	–
Loss carry-forwards	9,713	-9,713	–
Other	–	1,752	1,752
	13,787	**-9,005**	**4,782**

Parent company, SEK 000 31 Dec. 2024	Amount at beginning of year	Recognized in profit or loss	Amount at end of year
Pension provisions	3,030	-112	2,918
Other	1,752	307	2,059
	4,782	**195**	**4,977**

Loss carry-forwards

The majority of the group's capitalized loss carry-forwards have no expiry. The group expects to be able to use those with an expiry date beforehand.

Loss carry-forwards for which no deferred tax liability has been capitalized total 114.8 MSEK (163.7), of which 0 MSEK (6) from business combinations.

SEK 000	
Expiry	
2029	16,549
after 2029	25,811
no expiry	72,424
Total	**114,784**

Note 23

Other provisions

SEK 000	31 Dec. 2024	31 Dec. 2023
Opening balance	41 577	15 622
Recognized in profit or loss:		
– additional provisions*	27 390	30 455
– reversed unused provisions	-1 905	-221
Reclassification to current liability	-13 870	–
Used in the year	-14 724	-4 217
Exchange differences	221	-62
Closing balance	**38 689**	**41 577**

** 0,000 SEK (13,870) is a contingent consideration for the acquisition of Smart HMI GmbH*

Of the year's closing balance, 34,671,000 SEK (24,574,000) are provisions for guarantees.

Note 24

Accrued expenses and deferred income

Group, SEK 000	31 Dec. 2024	31 Dec. 2023
Accrued salaries and social security contributions	100,532	98,694
Accrued social security contributions	53,265	42,542
Accrued consulting expenses	11,438	14,583
Deferred income	4,662	4,963
Other items	17,162	22,530
	187,059	**183,312**

Parent company, SEK 000	31 Dec. 2024	31 Dec. 2023
Accrued salaries and social security contributions	7,389	7,916
Accrued social security contributions	8,188	8,295
Other items	5,215	4,240
	20,792	**20,451**

Note 25

Financial risks and finance policy

Net debt

The group's net debt as of 31 December 2024 and 2023 respectively was as follows:

SEK 000	31 Dec. 2024	31 Dec. 2023
Cash and cash equivalents	178,053	142,486
Liabilities to credit institutions–due within one year	126,697	167,668
Liabilities to credit institutions - maturing after one year	430,476	462,631
Pension provisions–due after one year	156,974	125,777
Lease liabilities–due within one year	48,212	39,319
Lease liabilities–due after one year	97,497	59,766
Net debt	**681,803**	**712,675**

SEK 000	31 Dec. 2024	31 Dec. 2023
Cash and cash equivalents	178,053	142,486
Bruttoskuld - rörlig ränta	861,790	857,561
Net debt	**683,737**	**715,075**

Gross debt excludes capitalized financing expenses on loan liabilities.

SEK 000	Cash and cash equivalents	Loan liabilities maturing within 1 year	Loan liabilities maturing after 1 year	Pension provisions maturing after 1 year	Lease liabilities maturing within 1 year	Lease liabilities maturing after 1 year	Net
Net debt as of 1 Jan. 2023	159,864	241,590	443,775	127,033	22,703	58,959	734,195
Additional liabilities to credit institutions	–	97,202	58,784	–	–	–	155,986
Additional lease liabilities	–	–	–	–	19,517	45,540	65,057
Amortization of liabilities to credit institutions	–	-212,527	–	–	–	–	-212,527
Amortization of lease liabilities	–	–	–	–	-43,404	–	-43,404
Net cash flow	-8,971	–	–	–	–	–	8,971
Exchange differences	-8,407	-1,936	1,808	–	-672	-1,021	6,586
Other non-cash items	–	43,339	-41,736	-1,256	41,175	-43,711	-2,189
Net debt as of 31 Dec. 2023	**142,486**	**167,668**	**462,631**	**125,777**	**39,319**	**59,766**	**712,675**
Net debt as of 1 Jan. 2024	142,486	167,668	462,631	125,777	39,319	59,766	712,675
Additional liabilities to credit institutions	–	3,283	–	–	–	–	3,283
Additional lease liabilities	–	–	–	–	30,736	62,155	92,891
Amortization of liabilities to credit institutions	–	-88,353	–	–	–	–	-88,353
Amortization of lease liabilities	–	–	–	–	-48,631	–	-48,631
Net cash flow	24,026	–	–	–	–	–	-24,026
Exchange differences	11,541	1,782	10,162	–	911	1,843	3,157
Other non-cash items	–	42,317	-42,317	31,197	25,877	-26,267	30,808
Net debt as of 31 Dec. 2024	**178,053**	**126,697**	**430,476**	**156,974**	**48,212**	**97,497**	**681,803**

Other non-cash items relating to liabilities to credit institutions and lease liabilities consist of re-classification between liabilities maturing after one year to liabilities maturing within one year. The line also includes some cash operations related to provisions to pensions and a re-classification of a deficit in funded plans reported as an asset, see Note 21.

Loan, interest and maturity structure

The following table illustrates the maturity structure of borrowing by original currency, and the maturity structure and renegotiation dates on the reporting date.

SEK 000	Interest rate, %	Fixed-interest period	Remaining duration, fixed-interest period	Currency	Nominal amount, original currency	Nominal amount, presentation currency
Bank loans:						
Bank loans	4.05	90 days	90 days	SEK	180,000	180,000
Bank loans	4.22	90 days	90 days	EUR	22,448	257,849
Bank loans	1.95	90 days	90 days	CHF	3,000	36,523
Bank loans	2.14	30 days	30 days	TWD	101,000	33,835
Checkkredit	3.55	90 days	90 days	SEK/EUR/USD/NOK/DKK/ GBP/SGD/CHF/AUD		50,900
						559,107

The final maturity of bank loans is 23 October 2027.
The revolving credit facility accrues contractual interest of 35% of the applicable margin on unused credit and amounts to 0.525% for the current fixed-interest period.

Financial assets and financial liabilities

The group holds the following financial instruments:

Financial assets

SEK 000	31 Dec. 2024	31 Dec. 2023
Financial assets measured at amortized cost		
- Accounts receivable	381,599	407,004
- Cash and cash equivalents	178,053	142,486
	559,652	**549,490**

Accounts receivable are amounts relating to customers for goods sold or services rendered in operating activities. Generally, accounts receivable become due for payment within 30-90 days, and accordingly, all accounts receivable are classified as current assets. The fair value of accounts receivable corresponds to carrying amounts, because the discounting effect is not considered material.

5% (8) of the group's accounts receivable on the reporting date were more than 61 days overdue, and 35% (12) of these are provisioned. Additionally, 17% (23) are between 1 and 60 days overdue .

The group's customer base mainly consists of large corporations, with Beijer Electronics and Westermo products often embedded in customers' product specifications. This implies that customers need to make repeat purchases of products, and the risk of non-payment of accounts receivable reduces. Historically, the group has incurred insignificant bad debt. There is also a credit policy with credit checks regularly conducted. Customers that do not pass credit checks or where no credit check is conducted pay in advance.

Financial assets measured at fair value through other comprehensive income

SEK 000	31 Dec. 2024	31 Dec. 2023
Opening balance		
Investments	49,380	–
Recognized i other comprehensive income	-3,015	–
Closing balance	**46,365**	**-**

The group's financial assets, in the form of long-term securities holdings of unlisted shares, are recognized at fair value in level 3, i.e. measured based on input data that is not observable on the market.

The above table illustrates a reconciliation between opening and closing balances of the assets in level 3.

Fair value measurement is conducted by discounting future cash flows with a discount rate based on comparable required returns on comparable companies and financial instruments.

Financial liabilities

SEK 000	31 Dec. 2024	31 Dec. 2023
Financial liabilities measured at amortized cost		
- Borrowing	557,173	630,299
- Accounts payable-trade	154,411	194,650
	711,584	**824,949**

The fair value of borrowing corresponds to carrying amount because interest on this borrowing is on a par with current market interest rates or due to borrowing being short term.

Accounts payable are unsecured and normally paid within 30 days. The fair value of accounts payable are considered to correspond to carrying amount, because they are inherently short term.

The following table states the contracted maturities of financial liabilities.

	Contracted terms			
SEK 000	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Total
Borrowing	126,697	42,317	388,159	557,173
Accounts payable-trade	154,411	–	–	154,411
	281,108	**42,317**	**388,159**	**711,584**

The contracted terms of lease liabilities are stated in Note 13.

SEK 000	31 Dec. 2024	31 Dec. 2023
Financial liabilities measured at fair value through profit or loss		
- Other provisions	–	13,870
- Other liabilities	14,358	–
	14,358	**13,870**

Financial liabilities measured at fair value through profit loss consists only of a liability for a contingent consideration. The contingent consideration was paid out in January 2025.

Transaction exposure

The group's transaction exposure for 2024 is divided between the following currencies:

SEK 000	Sales		EBIT	
Currency		%		%
EUR	1,134,060	50.2	64,803	25.8
USD	438,044	19.4	17,812	7.1
NOK	56,812	2.5	5,750	2.3
DKK	19,025	0.8	649	0.3
GBP	143,378	6.3	9,840	3.9
CHF	18,932	0.8	7,523	3.0
TRY	4,473	0.2	495	0.2
TWD	50,091	2.2	51,458	20.5
CNY	132,244	5.9	-18,299	-7.3
SGD	23,719	1.1	1,209	0.5
AUD	28,218	1.2	-2,663	-1.1
INR	-3,667	-0.2	-887	-0.4
SEK	190,658	8.4	128,081	51.0
Other currencies	22,138	1.0	-14,864	-5.9
	2,258,125	**100.0**	**250,907**	**100.0**

Translation exposure

The group's foreign net assets are divided between the following currencies:

Currency/000s	Foreign currency	Swedish currency	%
TWD	875,559	293,312	28.5
USD	23,912	262,984	25.5
EUR	22,869	262,686	25.5
CNY	46,469	70,016	6.8
TRY	86,488	26,932	2.6
GBP	660	9,137	0.9
SGD	1,939	15,721	1.5
DKK	21,171	32,600	3.2
AUD	1,655	11,345	1.1
CHF	1,012	12,316	1.2
NOK	844	818	0.1
INR	188,124	24,212	2.3
OTH	–	8,212	0.8
		1,030,291	**100.0**

Finanspolicy

Through its operations, the group is exposed to various types of financial risk. Financial risk means fluctuations in the company's profits and cash flow ensuing from variations in rates of exchange, interest levels and credit risks. The Board of Directors decides on currency hedging and additional new long-term funding.

Interest risks

The group's net financial income/expense and profit or loss are affected by fluctuations in interest rates. The group's average interest fixing period is some 90 days. Interest rates at year-end vary between 2.2 and 5.2% (2.2 and 5.7%). The average interest factor for the year is approximately 5.0% (5.0). An interest rate fluctuation of 1% would affect consolidated profit before tax by some 6.1 MSEK (6.3) with the loan exposure at the end of the financial year.

Credit risks

Group cash and cash equivalents are divided between the parent company and its subsidiaries, with no single entity holding more than 18% (15) of group total cash and cash equivalents. The group's policy is to invest cash and cash equivalents in regionally reputable and leading banks with a high credit rating.

The group is exposed to credit risks in accounts receivable. The group's customers are subject to credit checks involving the collection of information on customers' financial positions from various credit agencies. The group has prepared a Credit Policy for managing customer credit, which continuously monitors customers' progress and solvency.

Advance payments, bank guarantees or other collateral are necessary for customers with low credit ratings or insufficient credit history. In the group, accounts receivable more than 120 days overdue are generally 100% provisioned. However, consideration should be taken to the incidence of credit insurance, etc.

Additionally, individual assessments are made where necessary. Net profit was charged with 5.8 MSEK (4.1) for credit losses occurring in the group's receivables, equivalent to 0.26% (0.17) of group sales. The conclusion is that the group has well-functioning credit monitoring, which to date, means the company has not been impacted by any significant credit losses.

The parent company finances most of its subsidiaries with intra-group loans. The parent company measures its loss reserve for lending to its subsidiaries by measuring expected credit losses that could occur within 12 months. Any impairment can be adjusted by management if there is information justifying such adjustment. These adjustments consider prospective information. There were no material losses in the parent company in 2024 and 2023.

Currency risks

The group operates internationally and is exposed to various types of currency risk. The primary exposure relates to purchases and sales in foreign currencies, where the risk may be in fluctuations in the currency of the financial instrument, customer's or supplier's invoice, and the currency risk in expected or contracted payment flows, termed transaction exposure. Currency fluctuations also occur in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency (translation exposure). In the financial year, the group did not apply currency hedging to its payment flows or exposure in foreign subsidiaries, in accordance with the group's policy.

The largest procurement currencies for the group are the USD, EUR and SEK. The largest invoicing currencies are EUR, USD, SEK, CNY and GBP. The group has some flow matching of its currency exposure, implying relatively low value at risk (theoretical risk value). The policy is for the group subsidiaries to manage their currency risk by controlling revenues and expenses against functional currency, and allow the parent company to conduct netting of various currencies.

The parent company evaluates its net exposure to each purchasing and sales currency on an ongoing basis with the aim of judging the effect on consolidated profit. 10% depreciation/appreciation of the Swedish krona against all transaction currencies would increase/decrease sales by some 211 MSEK and EBIT by some 15 MSEK, given year-2024 levels and mix of sales and earnings. 92% (92) of group sales are in foreign currency.

The group has significant net assets denominated in TWD, USD and EUR. A 10% depreciation/appreciation in the value of the SEK against the TWD, USD and EUR would increase/decrease equity by an estimated 29 MSEK, 26 MSEK and 26 MSEK respectively.

Liquidity risks

Ependion AB has loans that become due for payment at different times. An overdraft facility represents a portion of these loans, which has a contracted one-year term, and can be renewed for 12 months at the end of its term after renewed evaluation. The group's other finance accrues variable interest with straight-line amortization. The group is within the limits of the terms of credit issued by lenders as guarantees for credit issuance.

Ependion AB's current bank facility expires on 23 October 2027.

Capital risk

Capital risk means the risk of the group's capability of continuing its operations reducing because of a capital shortage. The group's target for its capital structure is to ensure the group can continue its operations, so it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimal capital structure to limit the cost of capital. The group continuously assesses this risk on the basis of the equity/assets ratio, computed as reported equity as a percentage of total assets. The target is a minimum equity/assets ratio of 30%. Over the most recent five-year period, the average equity/assets ratio has been 40.5%.

To maintain or adjust its capital structure, the group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

Note 26

Pledged assets, contingent liabilities, and contingent assets

	Group		Parent company	
SEK 000	**31 Dec. 2024**	**31 Dec. 2023**	**31 Dec. 2024**	**31 Dec. 2023**
Pledged assets	**13,383**	**11,988**	**None**	**None**
Contingent liabilities				
Guarantee commitments, FPG/PRI	2,661	2,404	418	389
Guarantee commitments in favor of subsidiaries:				
- rent guarantees	–	–	1,997	1,991
- customs guarantees	–	–	722	678
Other guarantee commitments	3,751	1,626	–	–
Total contingent liabilities	**6,412**	**4,030**	**3,137**	**3,058**

Note 27

Related parties

The parent company has related party relationships with its subsidiaries, see Note 14. The pricing of deliveries between group companies is on an arm's length basis and at market prices. Intragroup earnings generated on sales between group companies have been eliminated. Parent company sales wholly consist of sales to group companies, see the table to right for more information on the parent company's transactions with its subsidiaries.

Remuneration to the CEO, Directors and senior executives is illustrated in Note 6. The group did not have any transactions with the CEO, Directors and senior executives or companies where these individuals or their related parties have a significant influence, apart from those illustrated in Note 6.

Stena Adactum AB controls approximately 30% of the votes of Ependion AB. In the financial year, the group sold goods and memberships worth 76,000 SEK to companies where Stena Adactum AB has a significant ownership influence. All transactions were on an arm's length basis and at market prices.

Summary of transactions with related parties

SEK 000	Year	Sale of services to related parties	Purchase of services from related parties	Receivable from related parties as of 31 december	Liability to related parties as of 31 december
Subsidiaries	2024	40,189	-3,062	740,522	409,674
Subsidiaries	2023	35,723	-4,087	705,952	319,442

Note 28

Cash flow

Group, SEK 000	31 Dec. 2024	31 Dec. 2023
Cash and cash equivalents		
Cash and cash equivalents include the following components:		
Cash	30	62
Checks	513	484
Bank balances	177,510	141,940
Total, Balance Sheet	**178,053**	**142,486**
Total, Cash Flow Statement	**178,053**	**142,486**

Parent company, SEK 000	31 Dec. 2024	31 Dec. 2023
Cash and cash equivalents		
Cash and cash equivalents include the following components:		
Bank balances	66	66
Total, Balance Sheet	**66**	**66**
Total, Cash Flow Statement	**66**	**66**

Interest paid and dividend received

	Group		Parent company	
SEK 000	2024	2023	2024	2023
Dividend received	–	–	47,401	66,000
Interest received	3,876	2,932	28,586	19,935
Interest paid	-45,357	-45,968	-47,547	-45,733
	-41,481	**-43,036**	**28,440**	**40,202**

Adjustments for non-cash items

	Group		Parent company	
SEK 000	2024	2023	2024	2023
Depreciation, amortization and impairment	176,565	152,271	1,789	1,375
Profit/loss from sale of property, plant and equipment	38	292	–	–
Pension provisions	5,287	2,206	1,418	2,056
Other provisions	28,652	19,604	–	–
Unrealized exchange gains/losses	-1,263	14,012	-8,584	1,075
Other	5,197	6,833	3,606	1,606
	214,476	**195,218**	**-1,771**	**6,112**

Unutilized credit facilities

	Group		Parent company	
SEK 000	2024	2023	2024	2023
Unutilized credit facilities amount to	424,651	384,759	402,273	365,572

Note 29

Other liabilities

SEK 000	31 Dec. 2024	31 Dec. 2023
Other current liabilities		
VAT liability	21,438	18,293
Contingent consideration*	14,358	–
Other current liabilities	13,468	12,688
	49,264	**30,981**

** Reclassification from other provisions.*

Note 30

Subsequent events

There were no significant events to report after the end of the year until the signing of this Annual Report.

Note 31

Earnings per share

SEK 000	2024	2023
Net profit/loss	158,009	200,508
Weighted no. of shares	29,005	28,941
Basic earnings per share	**5.45**	**6.93**
Weighted no. of outstanding shares after dilution	29,345	29,241
Diluted earnings per share	**5.38**	**6.86**
Dividend paid per share, SEK [a]	**1.25**	**1.00**

a The proposed dividend for the AGM 2025 is 1.25 SEK per share.

Note 32

Proposed appropriation of profit

Parent company, SEK 000	2024	2023
Retained profit	302,018	219,022
Net profit/loss	37,641	99,641
total	**339,659**	**318,663**
Total dividend	36,313	28,941
Carried forward	303,346	289,722
Total	**339,659**	**318,663**

Note 33

Parent company

Ependion AB is a Swedish-registered limited company with its registered office in Malmö, Sweden. The parent company's shares are quoted on Nasdaq Stockholm Main Market's Mid Cap List, under the ticker EPEN. The address of the head office is: Box 426, 201 24 Malmö, Sweden.

The Consolidated Accounts for 2024 include the parent company and its subsidiaries, collectively termed the group.

Note 34

Alternative performance measures

Alternative performance measures are used to describe the progress of underlying operations and to improve comparability between periods. They are not defined on the basis of IFRS® Accounting Standards but are consistent with how Group Management and the Board of Directors measures the company's financial performance. These performance measures should not be viewed as substitutes for financial information presented in accordance with IFRS® Accounting Standards, but rather, as a complement.

For definitions, see page 148.

Corporate Governance Report 2024

Ependion AB is a Swedish public limited company quoted on the Nasdaq Stockholm Main Market's Mid Cap List, with the ticker EPEN. Ependion applies the Swedish Code of Corporate Governance. The complete Code is available at www.bolagsstyrning.se.

The Corporate Governance Report for the financial year 2024 has been prepared in accordance with the Code's recommendations. Ependion has no instances of non-compliance to report.

Ependion's Auditors have performed a statutory review of this Corporate Governance Report.

Shareholders and Articles of Association

There were 4,641 (5,438) shareholders at the end of the year. The largest shareholder was Stena Adactum AB with 29.5% of the votes. Of total share capital at year-end, just over 17% (17) was held by foreign investors. Ependion has two share classes, ordinary shares and class C shares, and the maximum permitted issue of class C shares is 5% of all Ependion shares, which carry 1/10 of a vote per share. The share capital amounts to 9,781,405 SEK, divided between 29,344,214 shares, of which 29,050,025 ordinary shares each carrying 1 vote, corresponding to 29,050,025 votes, and 294,189 class C shares each carrying 1/10 vote, corresponding to 29,418.9 votes. Each ordinary share has a quotient value of approx. 0.33 SEK. For more information on the share and shareholders, see pages 13-14. Information on shareholders is updated quarterly, and is also available at the group's website, www.ependion.com.

Ependion's Articles of Association contain no special provisions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Companies Act apply.

Annual General Meeting 2024

The AGM was held on 14 May 2024. Shareholders were able to participate at the Meeting in Malmö in person, or by postal voting, and the Meeting was streamed on the Internet. 62 shareholders representing some 70% of the votes of Ependion attended the Meeting. Departing Chairman of the Board Bo Elisson was elected Chairman of the Meeting.

Ependion's President & CEO Jenny Sjödahl reviewed the group's operating activities over the past year and the first quarter of 2024, the operations of the two business entities through a number of summaries on different parts of the world where the group is active. The auditors reported on their review of Ependion's accounting records and administration at the Meeting and reviewed their work over the past year.

The minutes of the Meeting are available from Ependion and have been uploaded to ependion.com. Some of the resolutions of the Meeting follow:

- Dividend of 1.00 SEK per ordinary share.
- That the Board of Directors shall consist of five members with no deputies.
- To re-elect the Board members Johan Wester, Karin Gunnarsson, Lars Eklöf and Jonas Hård.
- To elect Peter Nilsson as a new Board member.
- To elect Peter Nilsson as Chairman of the Board in accordance with the Nomination Committee's proposal.
- To appoint registered public accounting firm KPMG AB as Ependion's auditor for the period until the end of the AGM 2025.
- Fees of 650,000 SEK to the Chairman of the Board and 270,000 SEK to each of the other Board members.
- Unchanged fees for service on the Board of Directors' Audit Committee of 100,000 SEK to the Chairman of the Committee, and 55,000 SEK to other members.
- Fees for service on the Board of Directors' Remuneration Committee of 50,000 SEK to the Chairman of the Committee and 30,000 SEK to other members.
- Fees to auditors would be payable according to approved account.
- To approve the remuneration report for 2024.
- To authorize the Board of Directors to decide on the new issue of a maximum of 2,890,000 ordinary shares on one or more occasions in the period until the next AGM 2025.
- To adopt a long-term share-based incentive program for 2024 (LTI 2024/2027) covering up to 25 employees of the Ependion group. This resolution also included the resolution to authorize the Board of Directors to decide on a private placement of class C shares, authorization for the Board to re-purchase issued class C shares and the transfer of ordinary treasury shares to participants in LTI 2024/2027.
- To authorize the Board of Directors on one or more occasions in the period until the following AGM to reach decisions on transferring ordinary treasury shares, a maximum of 27,000 ordinary shares, on Nasdaq Stockholm at a price per share in the share price interval recorded at the time.

Nomination Committee for the AGM 2025

The Nomination Committee was presented on 22 October 2024 and has four members, with one representative of each of the four largest shareholders before publication (holdings on the last business day of August 2024). The Chairman of the Board is co-opted to the Nomination Committee. Anders Wassberg, representing Stena Adactum AB, leads the work of the Nomination Committee. The Nomination Committee's duty is to consult on proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held six meetings where minutes were taken. A number of informal telephone and email discussions were also held. All Board members have been interviewed by the Nomination Committee and responded to a survey on the Board's work.

Nomination Committee Name	Owner's representative of	Votes,% 31 Aug. 2024
Anders Wassberg	Stena Adactum AB	29.78
Fredrik Carlsson	Svolder AB	15.29
Bengt Belfrage	Nordea Fonder	14.56
Lovisa Runge	Fourth AP Fund	8.45
Peter Nilsson, Chairman of the Board, co-opted		
Total		**68.08**

In its work on proposing a Board of Directors for the forthcoming term of office, the Nomination Committee appraised the work of the Board. The findings of this appraisal included the Board members being very committed, and their attendance was high. Generally, the Nomination Committee was able to conclude that Board work was effective, and that the members of the Board of Directors represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international trading conditions and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the stipulations of rule 4.1 of the Swedish Code of Corporate Governance, i.e. that the Board of Directors should have an expedient composition in terms of Ependion's operations, developmental phase and other circumstances, featuring diversity and breadth in terms of members' competence, experience and backgrounds, and that an even gender balance should be pursued. The Nomination Committee applied the relevant provision of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal and the Nomination Committee will continue to pursue an improved gender division on the Board over time.

The Nomination Committee's proposal for the Board of Directors to the AGM was presented on 26 February 2025.

The Nomination Committee proposes that the Board of Directors consists of six members. The Nomination Committee is proposing re-election of the Board members Peter Nilsson, Johan Wester, Karin Gunnarsson, Lars Eklöf and Jonas Hård, and the election of Per Allmér. The Committee also proposes that Peter Nilsson is re-appointed Chairman.

The proposed Board members represent broad-based skills, including thorough industrial and financial know-how, as well as knowledge of international trading conditions and markets.

Per Allmér, the proposed new Board member, brings broad-based sector knowledge. He possesses especially valuable experience in the rail segment both domestically and internationally, which the company prioritizes.

In its reasoned statement regarding its proposal to the Board, the Nomination Committee stated that the Board has an expedient composition, featuring versatility and breadth in terms of Directors' skills, education, age, experience, background and length of service. Even gender division remains one of the Nomination Committee's highest priorities, and the Committee will continue to endeavor to improve gender division on the Board of Directors over time.

The rules stipulating Board member independence in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members apart from Johan Wester are independent of Ependion's major shareholders. All Board members are independent of Ependion.

Work of the Board of Directors in 2024

			Attendance				Dependent on	
Board member	**Elected**	**Position**	**Audit Committee**	**Remuneration Committee**	**Board meetings**	**Fee*, SEK**	**Ependion**	**Major shareholders**
Bo Elisson [1)]	2013	Chairman		2/3	6/12	650,000	no	no
Peter Nilsson	2024	Chairman		1/3	6/12		no	no
Johan Wester [2)]	2015	Member	3/3	3/3	12/12	330,000	no	yes
Karin Gunnarsson [3)]	2018	Member	3/3		12/12	340,000	no	no
Lars Eklöf	2018	Member			12/12	250,000	no	no
Jonas Hård	2022	Member	2/3		12/12	250,000	no	no
Charlott Samuelsson	2023	Member			6/12	*250,000*	no	no
Total						**2,070,000**		

1 Fee includes compensation of 50,000 SEK for committee work.

2 Fee includes compensation of 50,000 SEK for service on the Audit Committee and 30,000 SEK on the Remuneration Committee.

3 Fee includes compensation of 90,000 SEK for service on the Remuneration Committee.

** Fees paid in arrears and the above fees were approved by the AGM 2023. Bo Elisson and Charlott Samuelsson left the Board at the AGM 2024. Peter Nilsson was elected at the AGM 2024 (and accordingly has not received any compensation). Bo Elisson was replaced by Peter Nilsson on the Remuneration Committee in 2024. Jonas Hård joined the Audit Committee in 2024.*

Board of Directors

The Board of Directors bears ultimate responsibility for Ependion's organization and administration and taking decisions on Ependion's overall goals and strategy. The duties of the Board of Directors also include identifying how sustainability issues impact Ependion's risks and business opportunities. In the financial year 2024, the company's Board of Directors had five members appointed by the AGM.

Ependion has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see ependion.com and pages 137-138.

The role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the group on ownership-related matters.

The Board of Directors' working methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. Ependion's Chief Financial Officer, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election.

Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, Ependion's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted.

The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work, and that of the Chief Executive Officer, on an ongoing basis. In addition, a formal appraisal is conducted led by the Chairman of the Board. In 2024, the appraisal was completed in the form of a survey presented to each Board member. Board members sent their responses to an external party, independent of the Board of Directors and Ependion, who collated the responses. The appraisal was then presented to the Chairman and to other Board members at the Board meeting in December 2024.

Work of the Board in 2024

In the financial year 2024, the Board of Directors held 12 (11) Board meetings including the Board meeting following election. Extensive contact was maintained between Ependion, the Chairman of the Board and other members between Board meetings. Ependion's Auditors attended the first Board meeting of the year, reporting their observations on the group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on two other occasions.

Remuneration Committee

The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, decides on remuneration to other senior executives and consults on proposals for potential incentive programs. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2024, the members of the Remuneration Committee were Peter Nilsson and Johan Wester, with Peter Nilsson serving as Chairman. In the financial year 2024, the Remuneration Committee held 3 (3) meetings. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting 2024.

Audit Committee

The Audit Committee members are Karin Gunnarsson, Johan Wester and Jonas Hård, with Karin Gunnarsson serving as Chairman. The duty of the Committee is to analyze, discuss and supervise Ependion's risk management, governance and internal controls, and financial reporting. The Committee maintains contact with Ependion's Auditors to stay informed on the audit of the accounts, reviewing and supervising auditor impartiality, and to discuss the orientation and Scope of audit work. The Audit Committee has adopted guidelines for other services apart from auditing Ependion can purchase from its auditors. The complete guidelines are available at ependion.com. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting 2024.

Remuneration to the Board and Management in 2024

In 2024, the Chief Executive Officer of Ependion, also President of the Group, and other senior executives drew basic salary and other benefits that are reported in Note 6, pages106-108. Other senior executives mean the five people that made up Group Management in 2024 including the Chief Executive Officer. For more information on remuneration pursuant to the guidelines approved by the AGM, see the presentation of the Board of Directors in the remuneration report.

Remuneration to the CEO

Apart from contracted basic salary, for the financial year 2024, the Chief Executive Officer is also entitled to variable remuneration. Variable remuneration is based on the group's EBIT, order intake and free cash flow, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 30% of gross salary excluding bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from Ependion's side of 12 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Remuneration to other senior executives

Other senior executives have basic salary with a variable component. The variable component is based partly on the group's and partly on each business entity's EBIT, order intake and cash flow. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from Ependion's side have been agreed for other senior executives.

Incentive programs

The purpose of incentive programs is to promote senior management's commitment to the group's progress and thus increase value for the group's shareholders. In accordance with a resolution by the AGM 2023, the AGM 2024 resolved to create a long-term share-based incentive program, LTI 2024/2027 for Management and a number of key individuals within the group. The plan measures performance in 2024, but has a three-year term, and involves up to 25 employees of the group. Participants in the plan undertake to hold Ependion shares themselves, to then receive what are termed performance shares on satisfying or exceeding performance targets for 2024.

Directors' fees

Directors' fees, including fees for committee work, resolved by the AGM 2023, were 2,070,000 (2,070,000) SEK, which were disbursed in 2024, and allocated as in the above table. The AGM in May 2024 resolved on Directors' fees including fees for committee work, of 2,020,000 SEK for 2024, to be disbursed in 2025.

Management and corporate structure

The Chief Executive Officer is responsible for Ependion's ongoing administration, which covers all matters that are not reserved for the Board and administered by Management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters.

Senior executives currently consist of the President and CEO of Ependion, also CEO of the Westermo business entity, the

EVP/CFO, Head of Sustainability and CEO of the Beijer Electronics Business entity. Group Management meetings are held regularly to discuss the group's strategic and operational progress and to monitor results of operations. For more information on the members of Group Management, see Ependion's website and page 144.

Business entities

The group's operations are organized into two business entities. The CEOs of each business entity are members of Group Management, and are responsible for the Income Statement and Balance Sheet of each entity.

Internal controls over financial reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, Ependion's Auditors report their observations from auditing and evaluating the company's internal controls. Ependion's Auditors participate in Board meetings and special meetings with the Audit Committee, which enables Board members to ensure that internal control is satisfactory and that reporting to the Board is effective.

According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing annual financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to assure quality. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies.

The CEO presents a financial report to the Board of Directors at least once monthly, presented in a manner specified by the Board of Directors in advance. This enables the Board of Directors to monitor any divergences in terms of reporting or content.

Control environment, risk assessment and control structures

Ependion structures and organizes its operating activities proceeding from decentralized responsibility for profitability. The base of internal controls in a decentralized operation consists of a well-secured process intended to define targets and strategies for each business.

Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The group's primary financial policy documents are its accounting policies, finance policy and a reporting manual, including instructions for each financial statement. Ependion has an established control structure to manage the risks the Board of Directors and Management consider significant to internal controls regarding the group's accounting organization.

Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against targets set, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's provisions, the Board of Directors has taken a view on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within the group. Coincident with its evaluation of this need, the Board of Directors considered the group's size, risk outlook and the control functions already established within the group, which include regular internal audits operated by the central finance function.

Financial reporting and information

The company's communication processes are intended to provide the market with relevant, reliable, accurate and up-to-date information on the group's progress and financial position. Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the group's website and intranet.

Insider Policy

Ependion's Board of Directors has adopted an Insider Policy supplementing the Swedish Market Abuse Act. This Policy states the rules on registering insiders, their holdings and reporting, alerts and black-out periods for trading in financial instruments. The complete insider policy is available from ependion.com.

Code of Conduct

Ependion's operations should be conducted with high standards of integrity and ethics. The group has adopted a number of values that function as a framework for employees and promote good judgment and consistent decision-making. Ependion's Board of Directors approves the Code of Conduct each year for the group's operations, which also includes guidelines for the group's conduct in society in order to ensure its long-term value-creating ability. The document is available in full at ependion.com.

Staff can anonymously report grievances like discrimination and harassment to their first-line managers, direct to HR or via a whistleblower function that is also available to external stakeholders. The group works systematically in the segment using a whistleblower policy, communicated as part of its Code of Conduct. No situations of discrimination and harassment were reported in 2024.

Values

The overarching values and principles of the Code of Conduct adopted in October 2023 apply to the group and all group companies. The group's operations are based on autonomous business entities with their own values, with Ependion's role being to support these operations and invest in people, technologies and products for a secure and connected world.

Board of Directors' certification

The Board of Directors and Chief Executive Officer certify that the Consolidated Accounts have been prepared in accordance with IFRS® Accounting Standards as endorsed by the EU, and give a true and fair view of the group's financial position and results of operations. The parent company's accounts have been prepared in accordance with generally accepted accounting policies in Sweden and give a true and fair view of the parent company's financial position and results of operations.

The Directors' Report of the group and parent company give a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors affecting the parent company and companies within the group.

The Consolidated Income Statement and Consolidated Balance Sheet and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the AGM on 13 May 2025.

Malmö, Sweden, 25 March 2025

Peter Nilsson
Chairman

Johan Wester

Karin Gunnarsson

Lars Eklöf

Jonas Hård

Jenny Sjödahl
Chief Executive Officer

Our Audit Report was presented on 27 March 2025.
KPMG AB

Jonas Nihlberg
Authorized Public Accountant
Key Audit Partner

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Investor and shareholder information

Board of Directors

Peter Nilsson
Born in 1966.
Chairman of the Board since 2024.

Main occupation: CEO of Trelleborg AB.

Other directorships: Chairman of Cibes Lift Group, Board member of Sydsvenska Industri & Handelskammaren and Svenska Handbollslandslaget AB.

Education: M.Sc. (Eng.), the Institute of Technology at Linköping University, Sweden, honorary doctorate, Lund University.

Professional experience: CEO of listed company Trelleborg AB since 2005. Prior to that, Business Area Manager with Trelleborg and other positions in the Trelleborg group, as well as organizational consultant at BSI.

Holdings in Ependion AB:
100,000 call options.

Johan Wester
Born in 1966.
Board member since 2015.

Main occupation: Senior Vice President of Stena Adactum AB.

Other directorships: Chairman of Stiftelsen Torslandaldrott, NGC AB, Alpegro AS and SR Energy AB. Board member of Midsona AB, Matchday AS, S-Invest Trading AB and Stockholm Digital Media Centre AB.

Education: M.Sc. (Eng.), Industrial Engineering & Management, Chalmers University of Technology, Gothenburg, Sweden.

Professional experience: Previous experience with Arthur D. Little, Accenture and Flexlink, mainly in supply chain management, strategy and business development.

Holdings in Ependion AB:
30,976 shares.

Karin Gunnarsson
Born in 1962.
Board member since 2018.

Main occupation: Directorships.

Other directorships: Board member of companies including Bulten AB and Cibes Lift Group AB.

Education: M.Sc. (Econ.), Stockholm School of Economics, Sweden.

Professional experience: Previous experience of various finance and controlling positions including Telelogic, the Trelleborg group and Hexpol. Most recently CFO & IR Manager of Hexpol AB.

Holdings in Ependion AB:
11,000 shares.

Cont. over.

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Lars Eklöf
Born in 1964. Board member since 2018.

Main occupation: President of Atlas Copco's Motor Vehicle Industry division.

Other directorships: None.

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm, Sweden, Bachelor of Engineering, Dartmouth College, US.

Professional experience: international industrial background with Atlas Copco, including experience of various sales/ marketing, product management and general management positions based in Sweden, and previously, France. President of Atlas Copco's Motor Vehicle Industry division since 2015, previously President of the Industrial Technique Service division.

Holdings in Ependion AB:
5,178 shares.

Jonas Hård
Born in 1971. Board member since 2022.

Main occupation: Industry Advisor.

Other directorships: Board member of Bulten AB and a number of start-ups.

Education: MBA from Henley Business School, UK, and General Management Program from Harvard Business School, US.

Professional experience: Most recently Chief Digital Officer of the Autoliv group. Further industry experience from companies including Electrolux and the Nobia group.

Holdings in Ependion AB:
4,000 shares.

Auditor

KPMG AB

Jonas Nihlberg, born in 1973.
Authorized Public Accountant, Key Audit Partner.
Auditor of Ependion AB since 2024.

Information on Board members' affiliation to the company and major shareholders is in the Corporate Governance Report on page 133.

Audit Report

To the general meeting of the shareholders of Ependion AB (publ), *corp. ID no. 556025-1851*

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ependion AB (publ) for the year 2024, except for the corporate governance statement on pages 132-135. The annual accounts and consolidated accounts of the company are included on pages 85-136 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. Our opinions do not cover the corporate governance statement on pages 132-135. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Other matter

The audit of the annual accounts for year 2023 was performed by another auditor who submitted an auditor´s report dated 28 March 2024, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill

See disclosure 11 and accounting principles on page 101 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As at December 31, 2024, the Group recognize goodwill of SEK 870 million, representing 33% of total assets. IFRS accounting standards requires that intangible assets with indefinite useful lives shall be tested for impairment annually. Such tests contains both complexity and significant features of assessments from the Group management.

The impairment testing is performed using a method where management makes future assumptions about internal and external factors. Examples of such assessments are future receipts and payments (future cashflows), which also requires assumptions about future market conditions, among other things. An another important assumption is the discount rate that should be used to adjust for the fact that future receipts are subject to risk and are thus worth less than the cash and cash equivalents that are directly available to the Group.

Response in the audit

We have obtained management's impairment tests to assess whether they were performed in accordance with the technique prescribed. We have also assessed the reasonableness of the future receipts and payments and the assumed discount rates by obtaining and evaluating management's written documentation and plans. We have also interviewed management and reviewed previous years' assessments in relation to actual outcomes. We have consulted our own valuation specialists in order to ensure experience and expertise in this matter.

It has also been an important part of our work to examine management's sensitivity analysis i.e. the assessment of how changes in assumptions may affect the valuation.

Finally we have checked the information in the annual report and assessed whether the disclosures are accurate in relation to the assumptions applied by management in their impairment tests and whether the disclosures are complete enough to understand the assessments made by management.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-84, 137-138 and 144-150. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ependion AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ependion AB (publ) for year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Ependion AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 132-135 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 227, 201 22, Malmö, was appointed auditor of Ependion AB (publ) by the general meeting of the shareholders on the 14 May 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2024.

Malmö 27 March 2025
KPMG AB

Jonas Nihlberg
Authorized Public Accountantr

Senior executives

Group Management

From left

Lena Westerholm

Group Head of Sustainability.

Born in 1973.

Employee since 2023.

Holdings in Ependion AB: 3,750 shares. Further conditional entitlement to 4,125 shares through benefits program.

Jenny Sjödahl

President & CEO of Ependion AB.

CEO of the Westermo business entity.

Born in 1973.

Employee since 2016.

Other directorships: Board member of Piab Group AB.

Holdings in Ependion AB: 24,637 shares and 100,000 call options. Further conditional entitlement to 26,613 shares through benefits program.

Kristine Lindberg

CEO of the Beijer Electronics business entity.

Born in 1974.

Employee since April 2023.

Holdings in Ependion AB: 3,750 shares. Further conditional entitlement to 4,125 shares through benefits program.

Joakim Laurén

EVP/CFO of Ependion AB.

Born in 1963.

Employee since 2016.

Holdings in Ependion AB: 43,225 shares. Further conditional entitlement to 18,363 shares through benefits program.

Tim Webster, SVP Human Resources, left the group at the end of 2024.

Contents

Westermo business entity

Top from left:
Jenny Sjödahl, CEO
Andreas Eriksson, VP Strategy & Services
Erik Danielsson, VP Sales

Middle from left:
Henrik Jerregård, VP Products & Marketing
Linda Kärreby, VP HR
Johan Inestam, CFO

Bottom from left:
Patrik Wall, VP Operations
Mikaela Näslund, VP R&D
Lena Westerholm, Group Head of Sustainability

Beijer Electronics business entity

Top from left:
Kristine Lindberg, CEO
Sven Knutsson, SVP Supply Chain
Ali Rezaei, VP Global Sales & Marketing

Bottom from left:
Anna Tillman Ohrås, CFO
Tobias Kjerrman, Head of R&D
Johanna Jonsson, VP Human Resources

Management also includes Michael Henriksson, Interim VP Product Management.

Five-year summary

Condensed Consolidated Income Statement

SEK 000	2024	2023	2022	2021	2020
Revenues	2,258,125	2,470,647	2,128,386	1,618,797	1,437,747
Cost of goods sold	-1,110,418	-1,247,715	-1,118,633	-852,168	-724,394
Gross profit	**1,147,707**	**1,222,932**	**1,009,753**	**766,629**	**713,353**
Selling expenses	-341,299	-341,063	-302,406	-249,738	-243,630
Administrative expenses*	-341,181	-342,461	-317,942	-259,076	-263,981
Research and development expenses	-219,514	-213,366	-191,129	-202,412	-187,292
Other operating income and expenses	5,194	-4,358	2,851	12,869	-2,636
EBIT	**250,907**	**321,684**	**201,127**	**68,272**	**15,814**
Net financial income/expense	-44,465	-46,389	-15,026	-18,580	-21,653
Profit/loss before tax	**206,442**	**275,295**	**186,101**	**49,692**	**-5,839**
Tax	-49,439	-74,918	-39,656	-13,688	-251
Net profit/loss	**157,003**	**200,377**	**146,445**	**36,005**	**-6,090**
attributable to equity holders of the parent	*158,009*	*200,508*	*146,080*	*35,760*	*-5,647*
attributable to non-controlling interests	*-1,006*	*-131*	*366*	*245*	*-443*
Corresponds to earnings per share, SEK	*5.44*	*6.93*	*5.07*	*1.24*	*-0.20*
**of which non-recurring items*					*-15,000*

Condensed Consolidated Balance Sheet

SEK 000	2024	2023	2022	2021	2020
Assets					
Fixed assets					
Intangible assets	1,374,111	1,257,203	1,132,029	1,058,725	1,033,016
Property, plant and equipment	105,150	85,797	80,395	85,251	96,110
Right-of-use assets	144,502	99,119	82,326	96,208	98,798
Financial assets	107,667	41,695	61,989	65,186	60,865
Total fixed assets	**1,731,430**	**1,483,815**	**1,356,739**	**1,305,370**	**1,288,789**
Current assets					
Inventories	396,301	486,627	435,695	327,645	212,601
Accounts receivable	381,599	407,004	417,393	296,992	208,382
Other current receivables	69,348	52,478	63,102	62,483	53,429
Cash and cash equivalents and Investments in securities, etc.	178,053	142,486	159,864	146,585	120,719
Total current assets	**1,025,301**	**1,088,596**	**1,076,054**	**833,705**	**595,131**
Total assets	**2,756,731**	**2,572,410**	**2,432,793**	**2,139,075**	**1,883,920**

SEK 000	2024	2023	2022	2021	2020
Equity and liabilities					
Equity attributable to equity holders of the parent	1,331,895	1,159,082	989,241	729,196	637,192
Non-controlling interests	0	4,611	4,872	4,289	3,577
Total equity	**1,331,895**	**1,163,693**	**994,113**	**733,485**	**640,769**
Long-term liabilities					
Liabilities to credit institutions	430,476	462,631	443,775	383,666	406,276
Lease liability	97,497	59,766	45,784	59,105	62,501
Other long-term liabilities/provisions	195,663	167,354	142,656	189,300	276,064
Deferred tax liabilities	106,902	88,830	72,139	65,204	59,044
Total long-term liabilities	**830,538**	**778,581**	**704,354**	**697,275**	**803,884**
Current liabilities					
Liabilities to credit institutions	126,697	167,668	241,590	298,596	118,951
Lease liability	48,212	39,319	35,877	36,396	37,408
Accounts payable–trade	154,411	194,650	215,053	159,912	105,548
Other current liabilities	264,978	228,499	241,807	213,411	177,360
Total current liabilities	**594,298**	**630,136**	**734,327**	**708,315**	**439,267**
Total equity and liabilities	**2,756,731**	**2,572,410**	**2,432,793**	**2,139,075**	**1,883,920**

Group key indicators

SEK 000	2024	2023	2022	2021	2020
EBIT margin,%	11.1	13.0	9.4	4.2	1.1
Profit margin,%	7.0	8.1	6.9	2.2	-0.4
Equity/assets ratio,%	48.3	45.2	40.9	34.3	34.0
Equity per share, SEK [a]	45.8	40.0	34.4	25.4	22.5
Basic earnings per share, SEK	5.45	6.93	5.07	1.24	-0.20
Diluted earnings per share, SEK	5.38	6.86	5.03	1.24	-0.20
Return on equity after tax,%	12.6	18.6	17.0	5.2	-0.9
Return on capital employed,%	12.1	16.6	11.8	4.6	1.3
Return on net operating assets,%	16.2	23.1	15.7	5.8	1.4
Financial net debt in relation to EBITDA	1.2	1.2	1.7	2.9	2.4
Average number of employees	861	869	827	802	790

a Based on equity attributable to equity holders of the parent.

Condensed Consolidated Cash Flow Statement

SEK 000	2024	2023	2022	2021	2020
Cash flow from operating activities before changes in working capital	379,966	428,751	312,301	192,532	149,588
Changes in working capital	79,540	-94,133	-111,362	-107,927	44,702
Cash flow from operating activities	**459,506**	**334,618**	**200,939**	**84,605**	**194,290**
Cash flow from investments	-223,502	-173,641	-124,609	-66,421	-81,931
Cash flow from acquisitions of subsidiaries and investments in other companies	-49,565	-58,560	–	-111,532	–
Cash flow from sale of subsidiaries	-2,550	–	–	–	–
Cash flow from financing activities*	-130,922	-96,969	-64,745	113,572	-101,286
Dividend paid	-28,941	-14,419	-14,384		
Cash flow for the period	**24,026**	**-8,971**	**-2,799**	**20,224**	**11,073**
Cash and cash equivalents and Investments in securities, etc. at beginning of period	142,486	159,864	146,585	120,719	121,903
Exchange rate fluctuations, cash and cash equivalents	11,541	-8,407	16,078	5,642	-12,257
Cash and cash equivalents and Investments in securities, etc. at end of period	**178,053**	**142,486**	**159,864**	**146,585**	**120,719**
Free cash flow	**187,372**	**117,573**	**34,997**	**-25,329**	**70,420**
**of which amortization lease liability*	*-48,632*	*-43,404*	*-41,333*	*-43,513*	*-41,939*

Definitions

Technical definitions

Automation
Automation means products and solutions that replace manual work and are intended to run, optimize and control various types of industrial process.

Ethernet switch
Interconnects different segments of an Ethernet network.

HMI
Human machine interface. See also operator panel. Collective term for products or systems developed to simplify the work of operators in monitoring and controlling machines or processes.

Industrial data communication
Industrial data communication is utilized where there are high standards for secure data transmission, on infrastructure projects, for example.

IO
Input and output signals.

Operator panel
Panel, see also HMI. A touchscreen or keyboard panel allowing operators to monitor and control the status of machinery or processes. Such panels are often co-located with equipment where operatives work.

Financial definitions

Ependion presents a number of financial measures in Annual and Interim Reports that are not defined according to IFRS, but are consistent with how investors and the company's management measure the company's financial performance. Ependion considers that these metrics offer valuable additional information to investors and the company's management as they enable evaluation of trends and the company's performance. These alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS, but rather as a complement. The supplementary alternative performance measures stated in this report may differ in their computation methods from similar measures used by other companies. Reconciliations of alternative performance measures can be found on Ependion's website: ependion.com/sv/investerare/alternativa-nyckeltal

Average
Average values are calculated as the mean value in the relevant reporting period and corresponding item in the comparative period 12 months earlier.

Average number of employees
Average number of employees during the year based on working hours. Excludes contracted staff.

Basic earnings per share
Net income after tax, attributable to the parent company's shareholders, in relation to the weighted number of outstanding shares.

Capital employed
Equity plus interest-bearing liabilities.

Earnings per share after dilution
Earnings per share after dilution is calculated by adjusting the weighted average number of shares by the estimated number of shares from incentive programs. Incentive programs are included in the dilution calculation from the end of each program.

EBIT
Net sales less operating expenses.

EBITDA
EBIT excluding depreciation and amortization on tangible assets (including right-of-use assets) and intangible assets.

EBIT margin
EBIT in relation to net sales.

Equity/assets ratio
Equity in relation to total assets.

Equity per share before dilution
Equity attributable to the parent company's shareholders divided by the number of shares.

Financial net debt in relation to EBITDA
Interest-bearing liabilities, excluding net provisions for pensions, less cash and cash equivalents and investments in securities, divided by rolling 12-month EBITDA, adjusted for restructuring costs and acquired EBITDA.

Free cash flow
Cash flow from operating activities, cash flow from investing activities excluding cash flow from acquisitions of subsidiaries and investments in other companies, as well as amortization of lease liability.

Net debt
Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Net operating assets
Equity plus interest-bearing liabilities less financial assets.

Operativt cash flow
Cash flow from operating activities.

Order backlog
The total value of customer orders received by the Group that have not yet been delivered.

Order intake
Net sales less the difference between opening and closing order backlog.

Product development expenditure
Expenditure related to product development work, such as personnel costs, external consultancy fees, and other external costs. This also includes expenses that are capitalized as assets in the balance sheet.

Product development expenditure in relation to net sales
Product development expenditure in relation to net sales.

Profit margin
Profit after tax in relation to net sales.

Return on capital employed
Profit before tax plus financial expenses for the past 12 months in relation to average capital employed.

Return on equity after tax
Profit after tax for the past 12 months in relation to average equity.

Return on net operating assets
EBIT for the past 12 months in relation to average net operating assets.

Working capital
Current assets less current liabilities.

Annual General Meeting

The AGM will be held at 3 pm CET on Tuesday **13 May 2025 at 3:00 p.m.** in Malmö, Sweden.

Shareholders can also exercise their rights via postal voting prior to the meeting. There will also be an option to view the Meeting online at the company's website ependion.com, although without being able to vote or submit questions. No special registration is required to view the Meeting online. For more information on participation and notification of attendance at the Meeting, see the Notice Convening the AGM.

The invitation to the AGM, including information on the time and location, will be through an announcement in the Swedish Official Gazette, and on the company's website ependion.com. Notices that the invitation has been sent will be placed in Swedish daily newspapers Dagens Industri and Sydsvenskan on 10 April 2025.

Financial information 2025

29 April 2025 .... **Three-month Interim Report**

13 May 2025 .... **Annual General Meeting**

15 July 2025 .... **Six-month Interim Report**

21 October 2025 .... **Nine-month Interim Report**

All financial information is uploaded to Ependion's website ependion.com, where an e-mail subscription list for press releases and financial information is also available.

Questions relating to Ependion should be addressed to Executive Assistant Annika Johnsson on tel +46 (0) 40 35 86 55, or via e-mail: info@ependion.com.

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Ependion AB

Ependion AB is an expansive global technology group delivering digital solutions for secure control, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. Its customer base includes some of the world's leading corporations. Ependion consists of autonomous business entities, had sales of SEK 2.3 billion in 2024 and some 1,000 staff. The company trades on Nasdaq Stockholm Main Market's Mid Cap List with the ticker EPEN.

More information

You can subscribe for financial information on Ependion via our email list. It's easy to join at our website **ependion.com**.

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