



The Board of Directors and the CEO of

Kährs BondCo AB (publ)

Corp. ID no. 559339–3621

hereby present the

Annual Report and Consolidated Financial Statements

for the 2025 financial year

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Unless otherwise stated, all amounts are in thousand Swedish kronor (SEK thousand).

This annual report has been prepared in both Swedish and English. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy between the versions.

Directors' Report

Information about the business

Kährs BondCo AB (publ) is a subsidiary of Saltri II Luxco SARL, which is the Group's parent company. The consolidated financial statements for 2025 are submitted by Kährs BondCo AB (publ).

The company Kährs was started in 1857 by Johan Kähr, who began manufacturing wooden kitchen utensils. In 1919, AB Gustaf Kähr was added with a focus on the manufacturing of wooden floors. In 2012, Kährs merged with Karelia-Upofloor to form Kährs Group, one of the world's leading floor manufacturers. The parent company, Kährs BondCo AB (publ), founded in 2021, has its registered office in Nybro, Sweden. The consolidated financial statements include Kährs Holding AB with the sub-groups AB Gustaf Kähr, Kährs Finland Oy, Oak Norge AS, and Scandinavian Floors AB. The head office is located in Malmö.

Kährs BondCo AB (publ) is a leading manufacturer and distributor of flooring, with an ambition to make the customer's flooring experience something beyond the expected. Kährs' innovations have shaped the industry throughout history, and the company offers flooring solutions for all rooms, environments, and needs. Kährs delivers sustainable flooring solutions to approx. 70 countries and is a market leader in wooden flooring in Sweden and Finland, and holds a strong position in other main markets such as Norway, the United Kingdom, the USA, Germany, and Switzerland. The Group has 771 employees and an annual turnover of SEK 2.0 billion. Production facilities are located in Sweden, Finland, Romania, and Poland, linked to a subcontractor structure in China, Belgium, and the United Kingdom. From 2025, net sales are reported for the following regions: Nordics, Europe, North America, and the APIM region (Asia Pacific India and Middle East). www.kahrsgroup.com

Kährs is one of the leading players in the European flooring market with a strong wooden flooring offering together with PVC-free floors and Luxury Tiles floors, not least within the growing segments of residential, healthcare, and schools. The position has been built up by strong brands based on design, quality, and sustainability within all segments. Kährs has a well-functioning raw material supply and an automated production capacity. The production combines proximity to attractive markets with speed and flexibility, and with production in low-cost countries where there is good access to raw materials for volume products.

Market

2025 has been challenging. Demand for flooring products, primarily within new construction, has been persistently low as a consequence of a turbulent global situation characterised by high uncertainty, which has hindered consumer investment in homes. Although inflation and interest rates have gradually decreased during the year, the recovery has been slower than expected. However, the number of building starts has begun to increase during the year from historically low levels, but this upturn has not yet affected flooring demand, which is late in the construction process. This is expected to have a positive effect in 2026. The renovation sector has slowly begun to grow again, primarily in Europe. In Sweden, stimuli such as temporarily increased ROT tax deductions have not had any major effect on floor renovations. In the USA, political turbulence has negatively affected demand within the residential segment, while the commercial segment, which is certainly significantly smaller, has performed better.

During 2025, we have seen a decrease in order intake of 6 percent organically. It is primarily new construction in the Nordics and North America that has affected order intake negatively, while order intake for retail in the Nordics and Europe has grown. Sales continued to decrease by 8 percent organically, which also has a strong connection to the weak new construction. Profitability on EBIT amounted to 1.0 percent (-2.3), and the weak result is to a large extent linked to under-absorption of fixed costs following the sales decrease and the historically low level of sales.

Kährs' net sales of SEK 2.0 billion (2.4), which was a decrease of 8 percent organically, was a result of the persistently weak demand in the housing segment during 2025. It is primarily in the Nordics and North America that the sharpest sales decrease has occurred. In the Nordics, it is mainly the weak new construction that has caused a continued sales decrease, while there is weak growth in sales to retail. Also in North America, a weak housing market is the main reason for the sales decrease. In Europe, which primarily sells to the renovation sector, we have seen a recovery in Germany, while it has been persistently challenging in the United Kingdom. On the whole, sales in Europe are in line with 2024.

In the APIM region, the Middle East, which had very strong growth in 2024, has had significantly lower demand, while at the same time we have a persistently weak demand in our other major market within APIM, China.

Kährs' Luxury Tiles product, which is primarily sold in the renovation segment, has continued to develop positively and continues to grow year on year. 2025 became a new record year for the Luxury Tiles (LVT) product with 6 percent growth against 2024.

Within the innovation area, 2025 was a year when we adapted to new conditions for the parquet market in Europe with introduced tariffs on products produced in China. This has meant that Kährs has partly moved sourcing to other countries in Southeast Asia, and partly moved production of these products to our own factory in Romania. Furthermore, Kährs has launched new and improved assortments within the veneer product family as well as within the LVT family.

Cash flow has been in continued focus during 2025, and in particular our operating working capital. We have continued to lower stocks, albeit significantly less than in 2024, and we have been cautious with non-necessary investments.

Significant events during the financial year

From 2025, Kährs has four geographical regions with a focus on sales of floors for residential and commercial use. The business areas, which also constitute the Group's regions, are divided: Nordics, Europe, North America, and the APIM region (Asia Pacific India and Middle East). Since Russia was divested on 3 December 2024, Russia's sales are only included up to this date in the comparison figures. The comparison figures regarding net sales per region, external customers for the previous year have been recalculated to ensure comparability between the years. The recalculation has been carried out in accordance with current accounting principles. For further information, see Note C5 "Revenue recognition".

Significant events after the balance sheet date

There have been no significant events after the balance sheet date.

Outlook for 2026

Our assessment is that demand will recover during 2026 and that we will see growth during the year after having had declines for 3 years in a row. New construction in the Nordics looks to be recovering, and renovations are beginning to increase. However, we believe that there will be a persistently tough situation in North America during 2026.

Kährs has during the period 2023–2025 adapted its capacity to changed market conditions and stands well-equipped for a market turnaround during 2026. During 2026, we may continue to have pressure on profitability linked to increased raw material costs and tough competition, which needs to be mitigated by price adjustments, productivity increases, as well as cost savings. However, increased construction, a focus on housing quality, and demand for sustainable flooring products with good design mean that we are long-term optimistic. The

consumer's increased interest in homes and the immediate environment is a clear trend, which further creates opportunities for Kährs.

Financial comments in brief

Information about the Group

Net sales

Net sales for the Group during the year amounted to SEK 1,972 million (2,391), which corresponds to an organic decrease of 8 percent. The largest explanation for the decrease in sales is the weak demand for new construction in the housing segment in the Nordics and North America.

Operating profit

Operating profit (EBIT) for 2025 amounted to SEK 20 million (-55), corresponding to a margin of 1.0 percent (-2.3). Operating profit before non-recurring items (operating EBIT) amounted to SEK 20 million (55), corresponding to an operating margin of 1.0 per cent (2.3). Operating profit before depreciation, amortisation and non-recurring items (adjusted EBITDA) amounted to SEK 143 million (210), corresponding to an EBITDA margin of 7.3 per cent (8.8). Non-recurring items amounted to SEK 0 million (109). Profit for the year amounted to SEK -96 million (-254). Consolidated depreciation on fixed assets was SEK 123 million (155).

Net sales per region

Nordics

Net sales for the region Nordics amounted to SEK 925 million for the full year 2025, compared with (1 029) million kronor for the same period the previous year. That gave a decrease of 10 percent, of which the organic sales decrease was 9 percent. During the year, demand has been persistently weak within the new construction area, which primarily affected Sweden. Renovation and retail have had a more positive development, and for the full year, we increased sales in that segment. Geographically, Finland is the country that developed most positively in the Nordics during 2025, where Kährs has grown and taken market shares in an otherwise weak market.

Europe

Net sales for the region Europe amounted to SEK 644 million during 2025, compared with (703) million kronor for the same period the previous year. This implies a decrease of 8 percent, of which the organic sales decrease was 4 percent. For the full year, Germany has been our best market, where we have successfully grown with new product innovations and taken market shares. Germany's growth during 2025 was 5 percent. Within Europe, the United Kingdom has been a weak market characterised by low consumption and financial problems among several large distributors. The United Kingdom decreased sales by 18 percent despite growth in the fourth quarter. Overall, sales in Europe are in line with 2024.

North America

Net sales for the region North America amounted to SEK 300 million during 2025, compared with (365) million kronor for the same period the previous year. This implies a decrease of 18 percent, of which the organic sales decrease was 8 percent. The first half of 2025 started well, while the second half has been characterised by low demand. Kährs has continued with the strategy to grow in retail and has gained new customers in priority states. This segment, excluding Floor & Decor, is the only one that grew in the USA during 2025. It accounts for 25 percent of sales, and the growth was 3 percent during the year.

APIM region

Net sales for the APIM region amounted to SEK 55 million (66) during 2025, which corresponds to a decrease of 17 percent compared to the previous year, of which 18 percent was organic. Demand has been weak in the APIM region during 2025. Also for the year as a whole, it is China and the Middle East that have been the contributing

reasons for the decrease in sales. During the year, Kährs has instead established new distribution channels together with strategic key customers in Oceania and China, as well as initiated new distribution in Africa. These establishments are in line with the company's long-term strategy for growth in priority regions and create a good foundation for growth moving forward.

Financial net costs

Financial net costs amounted to a total of 125 million kronor (210), of which external interest costs were 134 million kronor (153).

Tax

The tax income for the Group amounted to SEK 9 million (11), which corresponds to a tax rate of 9 percent (4). The low effective tax rate is mainly due to a positive effect from the revaluation of deferred tax assets. This revaluation affects the reported tax expense but not current tax. Deferred tax assets have been recognised in accordance with how they are likely to be utilised for set-off against future taxable profits.

Cash flow

Cash flow from operating activities during 2025 amounted to SEK -3 million (90). Adjusted for currency effects, working capital increased during the period by SEK 8 million (-143), which is primarily attributable to a decrease in other current liabilities. This is mainly due to inventories, which decreased by SEK 29 million (179).

Investments

Investments during the year amounted to SEK 28 million (37). These investments refer almost exclusively to investments in production equipment, primarily at the Group's production facility in Nybro, Sweden.

Financial position

The Group's total assets amounted to SEK 1,778 million as at 31 December 2025 (1,933), and the equity/assets ratio was -16.2 per cent (-6.5).

The Group's net debt, excluding lease liabilities, amounted to SEK 1,309 million as at 31 December 2025, compared with SEK 1,215 million as at 31 December 2024.

Cash and cash equivalents in the Group

Cash and cash equivalents in the Group as at 31 December 2025 amounted to SEK 106 million, compared with SEK 194 million as at 31 December 2024. As at 31 December, the Group had used SEK 0 million (0) of the existing RCF facility of SEK 550 million (550). This meant that available liquidity for the Group as at 31 December 2025 was 656 million (744), which provides good stability going forward.

The Group has a Cash Pool structure in place to ensure that it maintains effective cash management. The following countries are included in the Group's Cash Pool: Sweden, Norway, Finland, Denmark, Germany, the United Kingdom and France.

Employees

At the end of the financial year, the number of employees in the Group amounted to 771 (818), which includes 317 (373) employees outside Sweden. The reduction in the number of employees is mainly a consequence of the lower demand and production rate.

Information about the parent company

Kährs BondCo AB (publ)'s operations consist mainly of managing the Group's operations and shared functions, such as Group financing. The parent company's net sales amounted to SEK 0.0 million (0.0). Profit for the year

amounted to SEK -65 million (-129). No investments were made in property, plant and equipment or in intangible assets during the year (0.0).

Five-year overview

The consolidated financial statements of Kährs BondCo AB (publ) include Kährs Holding AB (publ) and its sub-groups, AB Gustaf Kähr, Kährs Finland Oy, Oak Norge AS, and the wholly owned subsidiary Scandinavian Floors AB.

Consolidated profit and financial position

Overview (SEK million)	2025	2024	2023	2022	2021
					(4 months)
Net sales	1,972	2,391	2,897	4,002	1,147
Operating profit before non-recurring items (Operating EBIT)	20	55	233	443	80
Operating profit (EBIT)	20	-55	182	411	75
Profit/loss for the year	-96	-254	30	226	34
Cash flow from operating activities	-3	90	107	217	216
Investments	38	37	62	49	48
Total cash flow	-83	-34	-122	80	-153
Cash and cash equivalents	106	194	224	356	268
Net debt	1,431	1,289	1,305	1,197	436
Net debt ¹	1,309	1,215	1,216	1,080	319
Net working capital	699	788	979	980	699
Equity/assets ratio	-16.2%	-6.5%	4.2%	8.2 %	35,1%
Return on capital employed	1.7 %	-2.9%	11.1 %	24.4 %	58 %
Employees at end of period	771	818	1 102	1 455	1 483

¹Net debt excluding effect of IFRS 16.

Parent Company profit and financial position

Overview (SEK million)	2025	2024	2023	2022	2021
					(4 months)
Operating profit (EBIT)	0	0	0	0	0
Profit/loss for the year	-65	-129	-13	-12	-12
Cash and cash equivalents	1	1	1	1	1 432
Net debt	1 433	1 428	1 438	1 434	0
Equity/assets ratio	8.8%	12.2%	18.0%	24.2 %	5.9 %
Number of shares	500 000	500 000	500 000	500 000	500 000
Employees at end of period	-	-	-	-	-

See definitions of alternative key performance indicators on pages 197–198.

Non-financial performance indicators – Personnel

The Group's employees are a key resource for ensuring long-term competitiveness, quality, and efficiency in operations. During the year, the focus has been on adapting the organisation to current market conditions and ensuring sustainable skills supply. The Group works continuously on work environment issues, skills development, and safety in order to reduce absenteeism, promote engagement, and ensure a safe and secure workplace.

Personnel-related key performance indicators, such as the number of employees, are monitored continuously by management and constitute important data in the follow-up of the business's development. For a more detailed description of the Group's personnel work, please read our full Sustainability Report on pages 11–128.

Intangible key resources

The Group's intangible key resources form a significant part of value creation and are central to Kährs' long-term competitiveness. These resources include brands, customer relationships, technical and commercial expertise, processes, system support, and organisational competence. Kährs' strong brand and long-standing customer relationships, combined with in-depth industry knowledge and established production- and distribution processes, enable a differentiated offering and effective market presence in the Group's main markets. Furthermore, the Group's collective expertise in product development, sustainability, quality, and operational efficiency constitutes an important intangible resource that supports both profitability and adaptability.

The management and development of the intangible key resources take place through structured working methods regarding governance, skills development, process improvements, and investments in relevant systems and working methods. For a more detailed description of how the Group works with the development and preservation of these resources, see the Sustainability Report on pages 11–128.

Sustainability and environmental work

During 2025, the Group conducted operations in Sweden, Finland, and Romania that require permits. The operations consist of sawmilling and the manufacture of wood, veneer, and plastic flooring, which also includes surface treatment, as well as sales and distribution. The operations did not exceed the authorities' permits, terms, or conditions, or other environmental laws and regulations in 2025. Action plans have been drawn up for points noted during supervisory visits or when limits were exceeded. The business's most significant environmental aspects are linked to transport into and out from the company's facilities, as well as the risk of disturbance to biodiversity in connection with raw material supply.

Kährs' sustainability strategy focuses on sustainable materials, circularity, and the sustainability and design of the products. The company strives to increase the use of sustainably sourced wood, recycled plastic, and bio-based materials. Kährs Sustainability Scorecard is used to evaluate products in the innovation and R&D process, which ensures that they meet EU Ecodesign regulations. For more information about the Group's sustainability work, please read our full Sustainability Report on pages 11–128.

Risks

All business operations involve risks, and controlled risk-taking is a prerequisite for running a business with good and sustainable profitability. Risk can depend on events in the outside world and affect a specific industry; risks can also be purely company-specific or country-specific. In Kährs Group, risk management is a continuous process conducted within the framework of operational governance and the ongoing monitoring of operations.

Kährs is a global group with operations in many countries. This means that the Group is exposed to a number of different commercial and financial risks. Consequently, risk management is an important part of Kährs' work to achieve the established goals. Effective risk management is a constantly ongoing process that is carried out within the framework of operational governance. It forms part of the ongoing review and forward-looking assessments of the business. Regarding the Group's work with and management of sustainability and sustainability risks, please refer to the Sustainability Report. Kährs' long-term risk exposure is not expected to deviate from the exposure that follows from our ongoing operations.

Regarding financial reporting, the risk is assessed to lie primarily in material errors in the accounts, for example regarding the valuation of assets and liabilities and their impact on the Group's income and expenses. For further details, see also Note C3 "Significant assessments, estimates and assumptions". Fraud and loss through embezzlement is another risk. Risk management is built into every process, and various methods are used to assess and limit risks and to ensure that the risks Kährs is exposed to are managed in accordance with established policies, instructions, and established follow-up routines, which aim to reduce potential risks and promote correct accounting, reporting, and information disclosure.

The risks identified regarding financial reporting are managed via the company's control activities, such as authorisation controls in IT systems and attest controls, which are based on Kährs' finance manual. The control structure consists partly of clear roles in the organisation that enable an efficient division of responsibilities for specific control activities, which aim to detect or prevent errors in reporting in time. All units have their own controllers/finance managers who participate in the evaluation of their own reporting together with the central

finance function. The continuous analysis carried out of the financial reporting, together with an analysis carried out at the Group level, is very important to ensure that the financial reporting does not contain any material errors.

The Chief Executive Officer is responsible for ensuring that the internal control is organised and followed up in accordance with the guidelines established by the Board of Directors. The Chief Executive Officer is also responsible for conducting independent, objective audits for the purpose of systematically evaluating and proposing improvements to the Group's processes for governance, internal control, and risk management. Financial governance and control are performed by the central finance function. Kährs' management carries out a monthly earnings follow-up with analysis of deviations from budget, forecast, and the previous year. The Board is sent monthly financial reports, and the financial reporting is followed up at each Board meeting. Prior to the publication of the annual report, the Board and management review the financial reporting. Audits of the annual accounts are performed for the period January–September, so-called "hard close", as well as for the annual closing. The company's auditors report their observations to the Board. In the management's task is also included the annual monitoring of internal control in the Group's subsidiaries.

External risks

Kährs is exposed to the competition that prevails in the flooring industry as well as the raw material price fluctuations that affect results and capital commitment. External risks such as geopolitical risks, including trade policy measures (e.g. tariffs), can also impact Kährs' business. Pandemics and conflicts/wars are external factors that may come to affect Kährs, and there is uncertainty regarding how these will affect Kährs in the future. The wars in Ukraine, Gaza and the Middle East have had limited impact on Kährs' operations. The geopolitical situation is dynamic and is continuously monitored and taken into account in all business plans, and adjustments are made continuously. The purchasing function continues to work to secure alternative suppliers.

Raw material price risk

Raw material price risk refers to the risk of costs for materials rising when underlying raw material prices rise on the global market. Kährs is affected by changes in raw material prices due to entered supply agreements, where prices are linked to the raw material price on the global market.

Operational risks

Kährs is exposed to operational risks, for example errors in manufactured products. To counteract this, activities are underway to introduce a similar management system at all of the Group's production facilities.

IT and cyber security risks

The digital transformation of the global economy, and of Kährs in particular, leads to major risks. Kährs prepares continuously against cyberattacks by assessing its cybersecurity profile and taking measures where it is recommended to proactively manage its defence. Inadequate cybersecurity control has become an emerging risk that Kährs is tracking and working actively with to reduce the likelihood of and the effect of this risk. IT failures, for example in key applications or hardware, can also have a significant impact on production, delivery, sales, and other business-critical systems and functions. Kährs invests continuously in cybersecurity, such as improved technology and processes for scanning, monitoring, and logging to identify intrusions and detect abnormal data traffic. Continuous monitoring of the IT infrastructure takes place for the purpose of ensuring operation and continuity.

Legal risks

Kährs conducts operations in many countries and may in connection with this become involved in disputes and legal processes. Kährs continuously monitors outstanding and potential disputes and other legal matters. These are reported to the Audit Committee, which assesses and recommends whether a provision should be made or not.

Currency risks

The Group's reporting currency is the Swedish krona. Because a significant part of the Group's operations exists outside Sweden, the company has certain risks in connection with operational and financial transactions in different currencies (currency exposure). The Group is also exposed to the currency risk that arises upon the translation of foreign subsidiaries' balance sheets and income statements (translation exposure). The most important currencies that the Group is exposed to are EUR, USD, GBP, NOK, RON, and CHF. According to a Board decision in June 2019, no forward hedging of the Group's currency flows is performed. For further information, see also Note C17 "Financial risk management".

Financing and interest rate risk

The Group has a strong financial position and partially finances its operations through borrowing. The arrangement consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) and a bond loan of SEK 1,450 million in Kährs BondCo AB (publ). No part of the RCF facility was utilised as per 31 December 2025. Cash and cash equivalents in the Group totalled SEK 194 million (224) as per 31 December 2025. Consequently, available consolidated liquidity as per 31 December 2025 was SEK 744 million (874), allowing good flexibility moving forward. No covenants are linked to the loan. The Group's interest rate risk refers to non-current loans.

The bond loan runs at a variable interest rate based on three months' STIBOR + 6.25 percent and is set every three months. The interest rate on the bond loan as per 31 December 2025 was 8.167 percent per annum (8.963). If the variable interest rate on the bond loan changes by +/- 100 points (1 percentage point), given that all other variables are constant, the annual result will be affected by approximately +/- SEK 14.7 million (14.7). The Group's financing also consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) at a variable interest rate based on three months' STIBOR + 2.0 percent and set every three months. No part of the RCF facility is utilised as at 31 December 2025. The assessment is that the financing risk and the interest rate risk are low.

Corporate governance

In accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Swedish Annual Accounts Act, as well as Chapter 7, Section 31, second paragraph, Kährs has chosen to prepare the statutory corporate governance report separately from the administration report. The work in the Board of Kährs BondCo (publ) AB is governed by the rules of procedure that are established annually at the constituent Board meeting. Two of the Board's members constitute the remuneration committee and handle remuneration issues.

More information about the Board's work and corporate governance in Kährs can be found in the corporate governance report in this annual report on pages 130–132.

Proposed distribution of the company's profit

The Board of Directors proposes that no dividend be paid 2025. At the Annual General Meeting's disposal stand profit funds of SEK 157,563,420, consisting of carried-forward profit of SEK 222,745,771 and the year's result of SEK -65,182,351 kronor. The Board of Directors proposes that the profit funds be disposed of as follows:

Balanced in new account	157,563,420 SEK
Total free equity in the parent company	157,563,420 SEK

Regarding the company's performance and financial position in general, please refer to the following income statements and balance sheets and their accompanying notes.

Sustainability Report

ESRS 2 General information

About the Sustainability Report

BP-1

This sustainability report has been prepared on a consolidated basis within the same scope as the annual report in accordance with ESRS and the Annual Accounts Act. No subsidiaries have been excluded from the consolidated report. The option to omit specific information relating to intellectual property rights, know-how, or innovation results has not been utilized. Nor have any exceptions regarding the disclosure of future developments or matters under negotiation been utilized. The ESRS transitional provisions and Quick-Fix measures have been applied to ensure a proportionate and compliant implementation of the reporting requirements.

The company's sustainability report covers both upstream and downstream parts of the value chain. The scope is defined through a double materiality assessment (DMA), which includes material impacts, risks, and opportunities linked to direct and indirect business relationships. Upstream, this covers raw material sourcing and supplier-related sustainability risks. Downstream, this covers logistics, end-of-life impacts, and circular initiatives.

Policies, measures, and targets extend across the entire value chain where relevant, reflecting the company's due diligence processes and sustainability priorities. Value chain data is incorporated into the reporting of key performance indicators where material, using third-party data and estimates when supplier-specific information is not available. The reporting boundaries align with the financial consolidation, and no parts of the value chain are excluded from the scope of the sustainability report.

We use the Position Green platform to collect and calculate our sustainability data for carbon reporting and CSRD reporting. It offers structured data management and calculation methods that meet applicable requirements. The platform helps us ensure that our reporting is complete, consistent, and audit-ready by centralizing data, tracking assumptions, and generating results aligned with the GHG Protocol, CSRD, and ESRS standards.



Strategy, Business Model, and Value Chain

SBM-1

Business Model

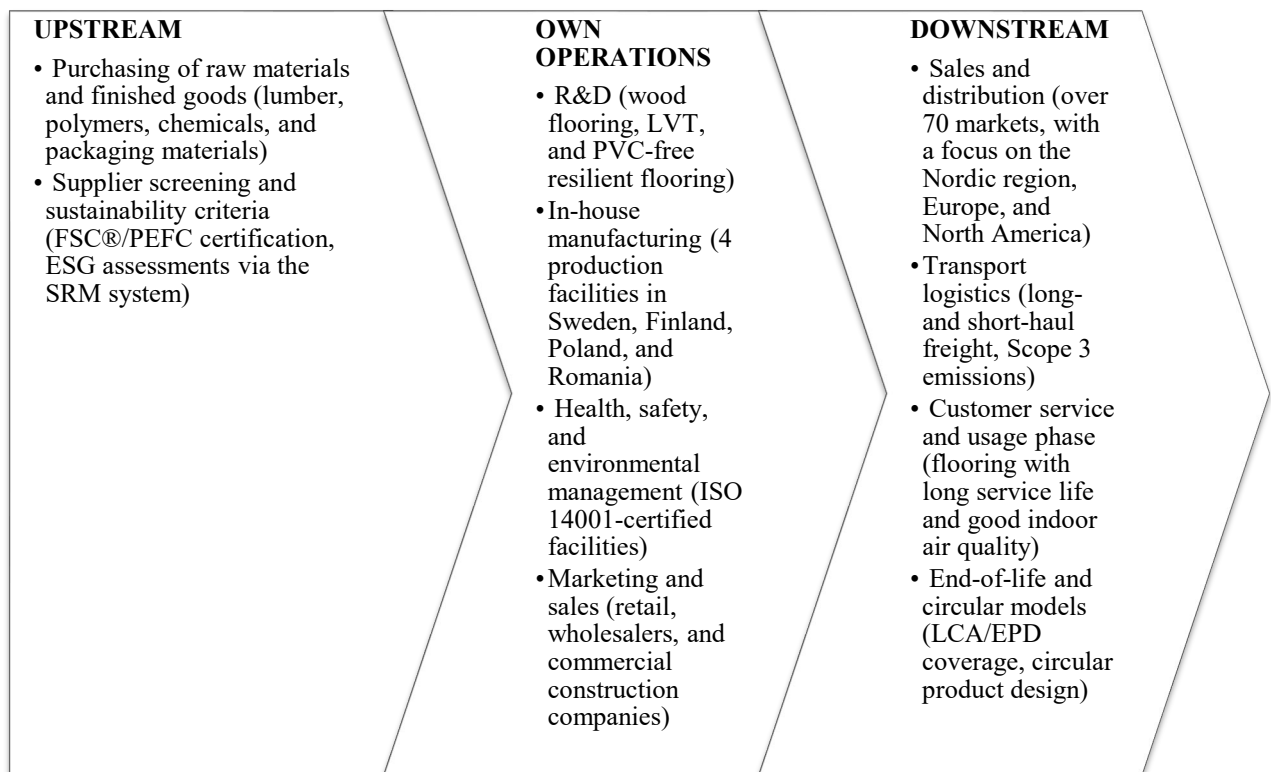
Kährs operates in three sectors: Paper and Wood Products (MPW), Chemicals (MCH), and Distribution and Trade (SST), all of which fall under sectors with high climate impact according to the ESRS sector guidance. All identified sectors (MPW, MCH, and SST) fall within NACE divisions A, C, or G, which are classified as sectors with high climate impact according to the ESRS guidance. Kährs' entire revenue comes from these sectors, and consequently, these ESRS sectors are deemed material according to AR 13. As a result, Kährs is considered to operate in sectors with a high climate impact and is therefore subject to the extended climate reporting requirements under ESRS E1.

These sectors reflect our integrated value chain, which encompasses raw material sourcing, product design and innovation, manufacturing in Sweden, Finland, Romania, and Poland, logistics and distribution across more than 70 markets, and support for end-of-life product management. Our most important input materials include wood,

polymer-based materials, chemicals, and packaging materials. Access to input materials is ensured through long-term supplier relationships, a structured supplier management system (SRM), criteria for responsible purchasing, and third-party certifications where relevant. Critical raw materials (wood, polymers, energy) are monitored for availability, quality, regulatory risks, and sustainability risks.

The main product groups we offer are wood flooring, LVT flooring, and PVC-free resilient flooring. The main markets where our products are sold are the Nordic region, the rest of Europe, and North America, which together account for the majority of the Group's revenue. The main customer groups for our products are retail, wholesale, and distribution customers, commercial construction companies, architects, educational and healthcare institutions, and private customers.

Kährs is a leading manufacturer of wood and resilient flooring products with production facilities in Sweden, Finland, Poland, and Romania, and sales in over 70 markets globally. Kährs delivers flooring solutions designed for long-lasting durability, sustainability, good indoor air quality, and responsible use of materials. Stakeholder outcomes include long-lasting products for customers, secure employment and safe working conditions for employees, stable long-term demand for suppliers, and transparent sustainability reporting for investors.



Integrating sustainability into the strategy

Our sustainability strategy is shaped by the material impacts, risks, and opportunities identified in the 2025 Double Materiality Analysis (DMA). These include climate change, pollution, water and resource use, biodiversity linked to timber sourcing, labour issues throughout the value chain, and business ethics.

To address these issues, our 2025–2029 sustainability strategy is built around five strategic pillars:

- Climate and circularity: Reduce Scope 1–3 greenhouse gas emissions and integrate circular design principles, while increasing the proportion of recycled and renewable inputs.
- Nature and biodiversity: Manage environmental impact and strengthen responsible forestry.

- People and culture: promote a safe, inclusive, and engaging workplace and develop the skills required for sustainable operations.
- Responsible procurement and collaboration: Strengthen due diligence in the value chain and collaborate with suppliers to manage environmental and social risks.
- Ethics, transparency, and compliance: strengthen governance structures, responsible business conduct, and regulatory compliance.

These priorities influence how we design products, select materials, manage suppliers, allocate resources, and integrate sustainability aspects into operational and strategic planning.

Long-term value creation

Sustainability contributes to long-term value creation by improving operational efficiency, strengthening supply chain resilience, enabling product innovation, and meeting customer expectations for transparent, environmentally friendly, and responsibly produced products. Our product development processes incorporate sustainability, responsible chemical management, and circular economy design principles.

Collaboration with suppliers and stricter traceability requirements promote responsible raw material procurement and reduce exposure to environmental, regulatory, and social risks. Cross-functional governance structures and established key performance indicators ensure that sustainability priorities are integrated into annual planning cycles, investment decisions, and performance management. This integration increases resilience to climate-related and regulatory changes and strengthens our competitiveness in our key markets.

Stakeholder Engagement

SBM-2

Kährs maintains regular contact with stakeholders throughout its value chain to understand their expectations, identify new risks and opportunities, and validate the results of the Double Materiality Analysis (DMA). Engagement activities are coordinated by the sustainability team in collaboration with relevant business functions such as HR, procurement, operations, sales, communications, and facility management. Each function maintains a structured dialogue with its stakeholder groups, while the sustainability team compiles the insights to inform strategic planning and prioritization within the DMA.

Kährs' key stakeholder groups and engagement methods include:

- Employees and labour unions: employee councils, collaboration with labour unions, employee surveys, performance dialogues, occupational health and safety committees.
- Suppliers and workers in the value chain: supplier assessments, ESG reviews, audits, continuous dialogue within the SRM system.
- Customers and end users: customer satisfaction surveys, brand measurements, dialogues with key customers, and sustainability surveys.
- Investors: quarterly and annual reports, sustainability briefings, and ESG meetings.
- Local communities: open house days, environmental consultations, and educational partnerships.
- Regulatory authorities and industry organizations: participation in working groups on sustainability standards, product compliance, and circular economy initiatives.

Insights from stakeholders directly influence Kährs' strategy, particularly the 2025–2029 sustainability strategy, and form the basis for assessing impacts, risks, and opportunities in the DMA. Key themes raised by stakeholders are incorporated into cross-functional DMA workshops and reflected in Kährs' priorities regarding climate, nature, people, procurement, and business ethics. The results of this engagement are recorded and analysed in Position Green as part of the DMA and the annual review cycle.

Structured governance channels ensure that stakeholder perspectives are brought to the attention of management and supervisory bodies. The Sustainability Department coordinates insights from engagement across different functions and ensures that relevant issues are escalated to Group Management, the Audit Committee, and the Board of Directors. These bodies review key stakeholder themes as part of sustainability

oversight, and stakeholder expectations are taken into account in strategic decision-making, policy formulation, goal-setting, and risk management processes.

Overview of stakeholder engagement

Key stakeholders	Engagement	Expectations	How Kährs addresses expectations
Consumers and end users	Regular customer satisfaction surveys, our brand measurement, direct dialogues with key customers, and sustainability-related surveys and inquiries.	Value sustainable, high-quality, and design-oriented flooring and interior solutions. They expect transparency regarding product origin, carbon footprint, and the circular economy.	Kährs integrates the interests, opinions, and rights of its consumers, retailers, and end users into its strategy by focusing on transparency, product safety, and sustainability.
Employees and labour unions	Formal employee councils, collaboration with trade unions, employee surveys, performance and development reviews, and workplace safety committees.	A safe, inclusive, and engaging workplace, opportunities for professional development, and clear communication regarding organizational changes.	A clear code of conduct, regular training, and goals focused on health and safety, diversity, equality, and inclusion, leadership and development, and employee engagement.
Suppliers and workers in the value chain	We conduct supplier assessments and audits and maintain an ongoing dialogue regarding responsible procurement, environmental performance, human rights, and business ethics. Collaboration with suppliers is managed through a Supplier Relationship Management (SRM) system and follows due diligence processes.	A commitment to long-term relationships, fair and predictable procurement processes, and clear environmental and social requirements.	A framework for responsible procurement, supplier development activities, and collaboration on a range of topics to ensure that feedback is collected and integrated into strategic planning and risk management. Managed through a digital SRM system.
Investors	Quarterly and annual reporting, sustainability briefings, and ad hoc meetings, particularly regarding ESG strategy, risks, and performance.	The company's ability to adapt to the climate transition, maintain effective governance, and sustain financial resilience.	Integrate ESG factors into risk management, reporting, and capital allocation decisions. Supported by regular and clearly defined governance processes and procedures.
Local communities	Open house days, environmental consultations, collaboration on local employment, and	Value environmental responsibility, job creation, and transparency in our operations.	Strengthening our focus on resource efficiency, emissions reduction, and dialogue with the community.

	partnerships in education.		
Regulatory authorities and industry organizations	Participation in industry networks and working groups on sustainability standards, product compliance, and the development of the circular economy.	Compliance, proactive engagement in the development of sustainability standards, and contributions to the sector's carbon reduction.	Alignment with industry regulations at the global, regional, and national levels. From a sustainability perspective, alignment with the EU Taxonomy, CSRD, and industry best practices.

Disclosures regarding topic-specific engagement with stakeholders

Workers in the value chain, as well as consumers and end users, are material stakeholder groups according to our double materiality assessment. Here, we report on topic-specific engagement requirements for these groups in accordance with ESRS S2-SBM-2 and S4-SBM-2. Engagement with our own employees is reported separately in Section S1 of this sustainability report, where all disclosures required by ESRS S1-SBM-2 are fully covered.

Workers in the value chain

S2-SBM-2

Kährs engages workers in the value chain primarily through its supplier management processes. The SRM system enables continuous dialogue, ESG reviews, and risk-based assessments, including on-site audits where labour or environmental risks are identified. This engagement focuses on due diligence regarding human rights, working conditions, anti-corruption measures, and environmental performance. Insights from suppliers and workers in the value chain form the basis for purchasing decisions, risk mitigation, and proactive adaptation to upcoming requirements under frameworks such as the Corporate Sustainability Due Diligence Directive (CSDDD).

Consumers and end users

S4-SBM-2

Kährs integrates the expectations of consumers and end users through regular customer surveys, direct dialogue, and brand monitoring. Stakeholders consistently emphasize the importance of transparent product information, verified environmental data, and responsible use of materials. These insights guide product development, EPD coverage, chemical safety requirements, and circular design initiatives, ensuring alignment between consumer expectations and the strategic direction.

Sustainability Governance

Governance Structure

GOV-1; GOV-2

Kährs' governance structure ensures clear accountability for sustainability-related impacts, risks, and opportunities across the entire Group. The Board of Directors has ultimate responsibility for overseeing sustainability matters, including approval of the DMA, the sustainability strategy, and climate-related targets. Sustainability oversight is integrated into the Board's regular agenda and supported by the Audit Committee, which reviews sustainability-related risks, internal controls, and CSRD disclosures alongside financial reporting.

The CEO and Group Management are responsible for integrating material impacts, risks, and opportunities into business planning, operations, and capital allocation. This includes integrating sustainability aspects into strategy execution, investment decisions, and risk management processes. Updates on sustainability, progress toward goals, and material risk developments are reviewed through established management procedures, including monthly sustainability review meetings.

The sustainability team, which reports to Group Management, coordinates Group-wide sustainability governance. This includes managing the DMA, preparing CSRD disclosures, facilitating cross-functional workflows, consolidating data in Position Green, and coordinating updates to the Audit Committee and the

Board of Directors. Function heads in operations, procurement, finance, and R&D are responsible for implementing sustainability measures within their respective areas.

Escalation pathways are well defined: significant incidents, new risks, or deviations in sustainability performance are escalated to Group Management and, where applicable, to the Audit Committee and the Board of Directors in accordance with internal governance procedures.

Overview of Governing Bodies

Name of the governing body	Audit Committee	Board of Directors	Group Management
Type of governing body	Supervisory body	Supervisory	Management
Number of senior executives	2	6	9
Number of non-executive board members	6	1	0
Diversity	0% female board members 0% Gender distribution	0% female board members 0% Gender distribution	11% female executives 12.5% Gender distribution
Expertise	The members of the Audit Committee have backgrounds in financial reporting, internal control, risk management, compliance, and auditing. This experience facilitates the monitoring of sustainability-related risks and CSRD reporting, as well as risks associated with manufacturing operations, international procurement, and compliance in the European markets where Kährs operates.	Collectively, the Board has experience relevant to Kährs' operations, including wood-based manufacturing and industrial operations, building materials, design-oriented consumer products, international supply chains, and the European markets where the company operates. The members also contribute expertise in finance, risk management, and strategic transformation.	Group management possesses operational and leadership expertise in industrial production, product development, purchasing, sales and marketing, as well as human resources. They also have experience operating in the geographic regions where Kährs conducts its business.

Kährs ensures that its administrative, management, and supervisory bodies are kept informed of stakeholders' views on sustainability through structured governance and engagement processes. Cross-functional teams, such as the ESG steering group and the sustainability team, gather feedback from employees, suppliers, communities, and industry partnerships. These perspectives are integrated into the dual materiality assessment and reported to management through regular updates, workshops, and sustainability-related key performance indicators. This enables well-informed decisions and alignment with stakeholder expectations throughout the value chain.

Governance channel	Structure
ESG Steering Group and Sustainability Team	The cross-functional teams consist of representatives from operations, HR, procurement, product development, and finance. They are responsible for integrating stakeholder feedback into strategic decision-making and reporting progress to senior management.
Audit and Compliance Committees	These bodies monitor sustainability-related risks, including those linked to stakeholder issues in areas such as human rights, environmental impact, and ethical conduct.
ESG Board	This oversight body is kept informed of progress in sustainability efforts and is responsible for aligning actions and initiatives with Kährs' strategy.
Environmental Committee	A working group that monitors, implements, and manages the measures developed in accordance with policies.

Sustainability Policies

ESRS 2; MDR-P

Kährs has established a structured policy framework to address material sustainability impacts, risks, and opportunities identified through the DMA. The policies described below form the basis of our sustainability governance and apply globally to Kährs' operations and, where relevant, throughout the value chain.

The policies are reviewed at least once a year and updated as needed to reflect developments in legislation, best practices, and changes in material sustainability issues. The Board of Directors has ultimate responsibility for the implementation of all sustainability-related policies. Group Management is responsible for establishing, implementing, and monitoring these policies, with operational responsibility delegated to relevant functions and committees.

Each sustainability-related policy is directly linked to the material impacts, risks, and opportunities (IROs) identified in the Double Materiality Analysis (DMA), and progress is continuously monitored. Each material IRO is assigned to the relevant policy area and mapped within the Position Green platform, where IROs, policy commitments, actions, and key performance indicators are linked.

Progress toward these policy commitments is monitored through quarterly follow-ups between the sustainability team and the functional owners (operations, procurement, HR, finance, and R&D). Each function reports on the status of its policy-related activities and key performance indicators, including how effectively the measures address the underlying IROs.

These updates are summarized by sustainability management and shared with Group management through established management procedures and monthly sustainability review meetings, as described under governance structure (GOV-1; GOV-2). Deviations, new risks, and issues requiring decisions are escalated to the

Audit and Compliance Committee and, where applicable, the ESG Board. This process is in place to ensure continuous alignment between the DMA, sustainability-related policies, and Kährs' strategic priorities.

A summary of all policies related to sustainability at Kährs is presented below. How each guideline relates to the relevant ESRS area is described in the sections on the ESRS areas.

Policy	Related ESRS Topic	Scope	Key Content	Relevant material IROs
Climate and Environmental Policy	E1, E2, E3, E4, E5	Globally for all Kährs operations, and where relevant for suppliers and business partners through contractual and due diligence mechanisms	Measures to mitigate and adapt to climate change Energy and use of renewable energy Greenhouse gas emissions (Scope 1–3) Water Management Waste management Pollution prevention Chemical management Protection of biodiversity Resource use and integration of the circular economy	• Greenhouse gas emissions according to Scope 1, 2, and 3 (E1) • Energy use (E1) • Air pollution (VOCs, dust) (E2) • Substances of concern and microplastics (E2) • Water withdrawal (E3) • Loss of biodiversity due to timber procurement; dependence on forest ecosystems (E4) • Resource inflows/outflows and waste generation (E5)

Code of Conduct	S1, S2, G1	Applies globally to all employees, managers, contractors, and business partners acting on behalf of Kährs.	The Code serves as an overarching framework for corporate culture, responsible leadership, and stakeholder trust, and covers: Ethical business conduct and integrity Respect for human rights Safe and healthy working conditions Non-discrimination and equal opportunities Zero tolerance for harassment and violence Prohibition of forced labour and child labour Freedom of association and the right to collective bargaining Compliance with applicable laws and international standards	• Secure employment (S1) • Working hours and working conditions (S1) • Health and safety (S1) • Equality and diversity (S1) • Risks of child labour and forced labour (S1/S2) • Corporate culture and ethical conduct (G1) • Expectations regarding anti-corruption (G1)
Diversity, Equity, and Inclusion	S1	Globally for all employees throughout the employment cycle	Equal opportunities and non-discrimination Objective, merit-based recruitment Fair compensation practices Inclusive leadership Mandatory training in diversity, equity, and inclusion, as well as compliance Zero tolerance for bullying, harassment, or unfair treatment Management of e impacts, risks, and opportunities	• Diversity and equal opportunities (S1) • Gender equality and equal pay (S1) • Inclusion and organizational culture (S1)

Supplier policy and framework for responsible procurement	S2, G1, E1, E2, E3, E4, E5	Global for all suppliers and business partners in the value chain	Supplier Code of Conduct aligned with human rights and environmental standards Risk-based supplier assessments through the Supplier Relationship Management (SRM) system Human rights due diligence processes Audit and corrective action procedures Requirements related to environmental performance and responsible procurement	• Upstream human rights risks (child labour, forced labour, working conditions) (S2) • Responsible timber sourcing (E4) • Risks related to deforestation and biodiversity (E4) • Upstream emissions (Scope 3) (purchased goods, transportation) (E1) • Risks of pollution from chemicals and materials (E2) • Integrity of forest certifications (E4) • Risks related to supplier compliance and business ethics (G1)
Whistleblowing policy	G1, S1, S2	Global for all employees and stakeholders	Enables reporting of suspected misconduct Protects against retaliation Supports investigation and corrective action processes	• Protection of whistleblowers (G1) • Corporate culture and ethics (G1) • Social risks raised by employees or actors in the value chain (S1/S2) • Human rights violations in the supply chain (S2)

Kährs' policies are aligned with internationally recognized frameworks, including:

- The United Nations Universal Declaration of Human Rights (UDHR)
- Conventions of the International Labour Organization (ILO)
- The UN Guiding Principles on Business and Human Rights (UNGPs)
- The UN Global Compact (UNGC)
- The Paris Agreement on Climate Change

This alignment promotes compliance with globally recognized principles for responsible business conduct and sustainability governance.

Sustainability-related incentive schemes

ESRS 2 GOV-3; ESRS E1 GOV-3

Kährs integrates sustainability-related performance criteria into the incentive and compensation structures for members of management whose roles have a material impact on the company's sustainability strategy and transition plan. The purpose of these systems is to align management's responsibilities with the company's material sustainability impacts, risks, and opportunities, as identified through the DMA. The CEO approves and updates the terms of the incentive programs. The Board of Directors oversees the compensation structures as part of its governance responsibilities.

Structure of Incentive Systems

Sustainability-related performance metrics are included in the variable compensation components for relevant executive roles.

- 20% of the total variable compensation for relevant executive positions is contingent upon sustainability-related targets.
- 3% of the total compensation reported for the current period is specifically linked to climate-related considerations.

These metrics are integrated into annual performance evaluations and compensation benchmarks to ensure alignment between sustainability goals and overall business performance. The CEO approves the terms of the incentive programs, while the Board of Directors oversees them to ensure they are consistent with legal requirements and strategic priorities.

Sustainability-related performance metrics

Performance is assessed based on clearly defined sustainability metrics, which include:

- Progress in reducing Scope 1–3 greenhouse gas emissions and targets for reducing carbon dioxide emissions
- Improvements in energy efficiency and the expansion of renewable energy
- Progress in the development of low-carbon products
- Organizational culture and leadership performance (eNPS)

Cross-reference for GOV-4 statement on due diligence to Appendix 1

ESRS 2; GOV-4

A comprehensive account of the company's due diligence processes, in accordance with the requirements of ESRS 2 GOV-4, including governance responsibilities and procedures applied throughout the value chain, is provided in Appendix 1.

Risk management in sustainability reporting

ESRS 2; GOV-5

Kährs has established a structured system for risk management and internal control for the preparation of the sustainability report, in accordance with ESRS requirements. The system is designed to ensure that sustainability information is complete, accurate, consistent, and verifiable. The system covers all material ESRS topics identified through the DMA and includes both qualitative disclosures and quantitative data points.

The reporting process is coordinated by a cross-functional reporting task force, supported by topic-specific project managers. All reported information is documented and quality-controlled in the Position Green system, which provides:

- Centralized data collection
- Evidence logs and audit trails
- Version control and approval processes

Internal control mechanisms include:

- Defined data ownership across different functions
- Four-eyes controls
- Review by the sustainability manager
- Monitoring by the Compliance Committee
- Reconciliation with financial data
- Review of sustainability information by an external auditor

The sustainability report is reviewed by Group Management and approved by the ESG Board before being finally approved by the Board of Directors.

Risk assessment method and prioritization methodology

The risk assessment applied in the sustainability reporting process is based on the methodology established in the DMA and includes:

- Cross-functional perspectives
- Insights from stakeholder dialogue
- Assessment of severity, scope, likelihood, and irreversibility (impact materiality)
- Probability and economic impacts (economic materiality)
- ESRS time horizons (short, medium, and long term)

Key reporting risks and measures to mitigate them

The primary risks associated with sustainability reporting include:

Risk	Limitation
Data accuracy and completeness	Centralized reporting platform (Position Green), defined data ownership, double-checking, reconciliation with the finance department, and requirements for documented evidence.
Regulatory compliance	Continuous monitoring of regulatory developments, collaboration with external advisors, structured internal governance reviews, and oversight by the Board of Directors.

Methodological consistency	Documented DMA methodology, cross-functional validation workshops, and review by the compliance committee.
Climate-related reporting	Reporting of greenhouse gases in accordance with the GHG Protocol, internal validation procedures, and coordination between the sustainability and finance functions.

Reporting to governing bodies

DMA results, reporting risks, internal control observations, and comments from the external auditor are reviewed by Group Management, presented to the Audit Committee, and submitted to the Board of Directors for approval of the sustainability report.

Materiality

Double Materiality Assessment (DMA)

ESRS 2 IRO-1, IRO-2

Kährs conducted a Group-wide DMA 2025 to identify sustainability-related impacts, risks, and opportunities (IROs) within our own operations and the most relevant parts of the upstream and downstream value chain. The assessment followed ESRS requirements and covered all applicable standards (E1–E5, S1–S4, G1).

DMA evaluates:

- Impact materiality: actual and potential positive and negative impacts on people and the environment.
- Financial materiality: sustainability issues that may affect Kährs' financial position, performance, or cash flows in the short, medium, or long term.

This assessment forms the basis for our 2025–2029 sustainability strategy and determines the scope of ESRS reporting in this report. All methodological choices, justifications, and validation steps have been documented in the Position Green ESRS platform to ensure traceability and audit readiness. Processes for governance, risk management, and internal control of sustainability reporting, including roles, control activities, tools, and oversight, are described in ESRS 2 GOV-5.

DMA Methodology

DMA Process

1. Identification

We have reviewed all ESRS topics and subtopics using internal and external sources, placing particular focus on areas where impacts and risks are more likely to arise due to the nature of our operations and value chain. The following were considered in the identification process:

- Previous DMA results
- Results from stakeholder dialogue (customers, suppliers, employees, investors, communities, regulatory authorities)
- Internal workshops with experts in operations, procurement, HR, sustainability, and finance
- Insights at the facility level and incident data
- External regulations and industry developments (e.g., CSRD, EUDR, circular economy legislation, expectations regarding labour rights)

The process was tailored to our business model, our operational processes, and the conditions in our value chain, with a particular focus on:

- Manufacturing operations in Sweden, Finland, Poland, and Romania, where processes involve chemical use, dust-intensive production, energy consumption, and occupational health and safety risks.
- Procurement of timber and polymer-based materials in upstream stages, reflecting the environmental dependencies and regulatory expectations associated with biological and technical materials.
- Supplier relationships in various geographic regions, where conditions regarding workers' rights, governance environments, and environmental practices vary and require differentiated scrutiny.
- Transport and logistics flows, due to reliance on long-distance freight and the associated sustainability aspects.

All impacts were assessed and evaluated independently and prior to considering existing policies, controls, or mitigation measures. This approach ensured that gross impacts were considered, in accordance with ESRS requirements.

2. Assessment

In cross-functional workshops, each potential impact, risk, and opportunity was assessed based on ESRS-aligned criteria for the two materiality dimensions:

Impact materiality:

- Magnitude, scope, and irreversibility
- Probability
- Positive or negative direction

Financial materiality:

- Probability
- The extent of potential financial impact
- Time horizons

Position in the value chain was considered in both dimensions.

3. Prioritization

The topics were prioritized using a scoring system where each impact was assessed based on severity and probability, on a scale from 1 to 5 per parameter. The scoring system is built into the Position Green ESRS tool and complies with ESRS requirements.

- Severity × likelihood (impact significance)

For negative impacts, severity was calculated as an average of magnitude, scope, and irreversibility. Each impact was plotted in a 5×5 matrix where the significance threshold is represented by a sloping line that prioritizes severity—impacts with a severity score above 4 were considered significant regardless of probability. Impacts that met or exceeded the threshold were considered material, while impacts below the threshold were considered immaterial.

- Magnitude × Probability (Financial Materiality)

Risks and opportunities were assessed based on the magnitude of the potential financial impact, calibrated against the company's size, and the probability of its occurrence. Here, too, each risk and opportunity was plotted on a 5×5 matrix with a sloping materiality threshold. Those scoring at or above the threshold were considered financially material, while those below the threshold were considered financially immaterial.

Feedback from stakeholders directly influenced the prioritization. Insights gathered during the DMA workshops were used to adjust the scoring where stakeholders indicated higher sensitivity, expectations, or exposure. This ensured that the prioritization reflected the views of multiple stakeholder groups and not merely internal assessments.

Topics were ultimately deemed material if at least one impact, risk, or opportunity related to that topic received a score above the materiality threshold. The prioritization underwent an internal peer review and consolidation of topic areas, followed by review and discussion with Group management.

4. Validation and Follow-Up

The compiled list of material impacts, risks, and opportunities is reviewed and approved by Group Management, the Audit Committee, and the Board of Directors.

The DMA is reviewed annually and fully updated every two years. Material topics feed directly into strategic planning, risk management, and the design of policies, measures, and key performance indicators within the three pillars of environment, social responsibility, and corporate governance.

All process steps, inputs, assumptions, and decisions were documented in the Position Green ESRS platform to ensure traceability and compliance with ESRS requirements.

Materiality Criteria

We applied the ESRS dual materiality approach. Impact materiality evaluates actual/potential, positive/negative impacts using severity (scale, scope, irreversibility) and likelihood. Financial materiality assesses the magnitude and likelihood of potential impacts on Kährs' development, performance, or position in the short, medium, and long term within our operations and relevant stages of the value chain. The results are presented in the DMA table below.

Time horizons used

DMA applies the ESRS time horizons:

- Short term: within the current reporting year
- Medium term: 1–5 years
- Long term: more than 5 years

These reflect the expected timing of IROs within our operations and value chain.

DMA Results: Kährs' Significant Impacts, Risks, and Opportunities

ESRS 2 SBM-3, IRO-2

The material impacts, risks, and opportunities identified through the DMA analysis reflect the nature of Kährs' business model as a flooring manufacturer with an integrated value chain, from raw material sourcing to production and global distribution. Given our reliance on biological materials, chemical-intensive manufacturing processes, energy use in production, and a diverse supplier base, the issues assessed as material directly correspond to the operational and value chain-related characteristics of our business.

In the DMA 2025, 17 material sub-issues were identified within the environmental, social, and governance areas, along with additional material sub-issues reflected in the DMA table. These represent the sustainability issues most significant to Kährs and our value chain and therefore determine the reporting in accordance with the ESRS in this sustainability report. They also form the basis for our Sustainability Strategy 2025–2029, which guides how we address climate, pollution, resource use, workforce issues, and responsible procurement in the short, medium, and long term.

Materiality from an environmental perspective

Our most significant environmental impact stems from:

- Greenhouse gas emissions within Scope 1, 2, and 3
- Air pollution (VOCs, dust), substances of concern, and microplastics
- Water withdrawal at selected operations

- Impact on biodiversity and ecosystems in connection with timber procurement
- Resource use, waste, product sustainability, and the circular economy

These impacts occur among upstream suppliers, at our production facilities, and in logistics and product life cycles downstream. Positive impacts arise through partnerships for sustainable forestry, energy efficiency, waste reduction, and the long lifespan of products.

Social materiality

Significant social impacts refer to:

- Health, safety, and fair working conditions for our own staff
- Human rights risks (e.g., child labour, forced labour) in the upstream supply chain
- Consumer health and safety, access to information, and responsible marketing

These reflect the labour-intensive nature of the manufacturing industry, the diverse geographic regions of procurement, and expectations for safe and transparent products. Positive impacts arise through secure employment, skills development, and improved practices among suppliers.

Materiality regarding governance

Business ethics is material due to:

- Corporate culture as a strategic priority and in relation to internal work processes as well as collaboration with stakeholders throughout the value chain
- Ethical expectations in purchasing and sales
- Anti-corruption requirements
- The importance of trust in the integrity of certification, supplier relationships, and compliance
- Whistleblower protection

These factors influence stakeholder trust, regulatory compliance, and operational resilience.

Materiality and the value chain

Material IROs are present in all parts of our value chain:

- Upstream: forestry practices, workers' rights, use of chemicals, emissions from transportation
- Our own operations: workplace safety, emissions, waste, pollution, water use
- Downstream: logistics emissions, consumer health and safety, end-of-life impacts

These IROs are directly linked to our core business as a manufacturer of wood and plastic flooring.

Materiality and financial impact

Financially material issues include:

- Price volatility for energy and raw materials
- Availability of timber and the integrity of certification
- Climate-related transition and physical risks
- Waste management and pollution control requirements
- Workforce health, safety, and retention

- Risks of supplier non-compliance and disruptions

These factors can affect costs, asset values, revenue stability, and long-term competitiveness.

Guidance on climate resilience

Climate-related physical risks and transition risks are material; the resilience analysis (scenarios, assumptions, conclusions) is reported in ESRS E1. Expected financial impacts according to E1–9 will be reported in accordance with the permitted Quick-Fix phase-in referred to in BP-1.

Materiality Assessment Table									
Topic	Subheading	Sub-subtopic	Type (impact, risk, and/or opportunity)	Value chain	Actual or potential	Positive or negative	Time horizon (short, medium, or long term)	Impact Materiality	Financial materiality
E1 Climate change	Scope 1	Scope 1	Impact and risk	Own operations	Actual	Negative	Short and medium term	Significant	Material
	Scope 2	Scope 2	Impact	Own operations	Actual	Negative	Short	Significant	Non-material
	Scope 3	Scope 3	Impact and risk	Upstream, own operations, and downstream	Actual	Negative	Short, medium, and long	Material	Material
	Adaptation to climate change	Wood pellet production	Opportunity	Our operations	Actual	Positive	Short	Not material	Material
		Supply chain resilience	Impact	Upstream	Potential	Negative	Average	Material	Not material
	Energy	Energy	Impact and risk	Own operations	Actual	Negative	Short, medium, and long	Significant	Material

E2 Pollution	Air pollution	Air pollution	Impact	Upstream, own operations, and downstream	Actual	Negative	Short	Significant	Non-material
	Substances of concern	Substances of concern	Impact	Upstream, own operations, and downstream	Actual	Negative	Short	Significant	Non-material
	Microplastics	Microplastics	Impact	Upstream, own operations, and downstream	Potential	Negative	Short	Significant	Not material
E3 Water and marine resources	Water withdrawal	Water withdrawal	Impact	Upstream and own operations	Potential	Negative	Short	Significant	Not significant
E4 Biodiversity and ecosystems	Direct drivers of biodiversity loss within	Loss of biodiversity resulting from timber procurement	Impact and risks	Upstream	Actual	Negative	Moderate	Significant	Significant
		Threats to forest health	Impact	Upstream and own operations	Potential	Negative	Moderate	Significant	Not significant
		Loss of biodiversity due to plastic-based products	Impact	Upstream and downstream	Potential	Negative	Short	Significant	Non-significant

	Impact on and dependence on ecosystem services	Timber supply from functioning and healthy forest ecosystems	Impact and risks	Upstream and downstream	Potential	Negative	Medium and long	Significant	Significant
		Certifications for responsible forestry Integrity	Impact	Upstream	Potential	Negative	Short and medium	Significant	Non-significant
		Dependence on a single species (oak)	Impact	Upstream	Potential	Negative	Moderate	Significant	Not significant
E5 Circular economy	Resource inflows	Resource inflows	Impact and risk	Upstream and own operations	Actual	Negative	Moderate	Significant	Significant
	Resource outflows	Resource outflows (positive)	Impact and opportunity	Own operations and downstream	Actual	Positive	Short and medium term	Significant	Significant
		Resource outflows (negative)	Impact and risk	Downstream	Actual	Negative	Short and medium	Significant	Significant
	Waste	Waste	Impact	Upstream and own operations	Actual	Negative	Short	Significant	Non-material
S1 Own staff	Job security	Job security	Impact and risks	Own operations	Actual	Negative	Short and medium	Significant	Significant

	Working hours	Working hours	Impact and risks	Own operations	Actual	Negative	Short and medium	Significant	Significant
	Work-life balance	Work-life balance	Impact	Own businesses	Potential	Negative	Short and medium term	Significant	Non-material
	Health and safety	Health and safety	Impact and risks	Own operations	Actual	Negative	Short, medium, and long	Significant	Material
	Gender equality and equal pay for work of equal value	Gender equality and equal pay for equal work	Impact	Own operations	Potential	Negative	Moderate	Significant	Not material
	Training and professional development	Training and professional development	Impact	Own operations	Actual	Positive	Short	Significant	Non-material
	Measures against violence and harassment in the workplace	Measures against violence and harassment in the workplace	Impact	Own operations	Potential	Negative	Short, medium, and long	Significant	Non-material
	Diversity	Diversity	Impact	Own operations	Potential	Positive	Medium and long	Significant	Not significant
	Child labour	Child labour	Risk	Own operations	Potential	Negative	Long	Not material	Significant
	Forced labour	Forced labour	Risk	Own operations	Potential	Negative	Long	Not material	Significant
S2 Workers in the value chain	Secure employment	Secure employment	Impact	Upstream	Potential	Negative	Medium and long	Significant	Non-material

	Working hours	Working hours	Impact	Upstream	Potential	Negative	Short and medium	Significant	Non-material
	Adequate wages	Adequate wages	Impact	Upstream	Potential	Negative	Medium and long	Significant	Non-material
	Social dialogue, freedom of association, and collective bargaining	Social dialogue, freedom of association, and collective bargaining	Impact	Upstream	Potential	Negative	Short and medium term	Significant	Non-material
	Work-life balance	Work-life balance	Impact	Upstream	Potential	Negative	Short and medium term	Significant	Non-material
	Health and safety	Health and safety	Impact	Upstream	Actual	Negative	Short	Significant	Non-material
	Gender equality and equal pay for work of equal value	Gender equality and equal pay for work of equal value	Impact	Upstream	Potential	Negative	Medium and long	Significant	Non-material
	Training and professional development	Training and professional development	Impact	Upstream and downstream	Actual	Positive	Short	Significant	Non-material

	Employment and inclusion of people with disabilities	Employment and inclusion of people with disabilities	Impact	Upstream	Potential	Negative	Medium and long	Significant	Not significant
	Measures against violence and harassment in the workplace	Measures against violence and harassment in the workplace	Impact	Upstream	Potential	Negative	Medium	Significant	Not material
	Diversity	Diversity	Impact	Upstream	Potential	Negative	Moderate	Significant	Not significant
	Child labour	Child labour	Impact and risk	Upstream	Potential	Negative	Short and medium	Significant	Significant
	Forced labour	Forced labour	Impact and risk	Upstream	Potential	Negative	Short and medium	Significant	Significant
S4 Consumers and end users	Access to information	Access to information	Impact and opportunities	Downstream	Actual	Positive	Short, medium, and long	Significant	Material
		Confidential	Impact	Own operations and downstream	Actual	Negative	Short	Significant	Non-material
	Health and safety	Health and safety	Impact and opportunities	Downstream	Actual	Positive	Short, medium, and long	Significant	Material
	Responsible marketing	Responsible marketing	Impact	Downstream	Potential	Positive	Short and medium term	Significant	Non-material

G1 Business ethics	Corporate culture	Corporate culture	Impact and risks	Own operations	Actual	Negative	Short	Significant	Material
	Protection of whistleblowers	Protection of whistleblowers	Impact and opportunities	Upstream, own operations, and downstream	Potential	Negative	Short	Material	Material
	Management of supplier relationships	Management of supplier relationships	Impact	Upstream operations and own operations	Actual	Negative	Short	Significant	Not material
	Prevention and detection of corruption	Prevention and detection of corruption	Impact	Upstream, own operations, and downstream	Actual	Negative	Short	Significant	Non-material
	Events	Events	Impact	Upstream and downstream	Potential	Negative	Short	Significant	Not material

Basis for preparation

BP-2

Time horizons

The data is consistent with the time horizons defined in ESRS 1, Section 6.4, and does not deviate from the ESRS standards. The short term is defined as the current year (up to 1 year), the medium term as 1 to 5 years, and the long term as over 5 years.

Estimation of the value chain

We have used estimates based on indirect sources, such as sector-average data and other approximate values, when reporting data related to the upstream and downstream value chain. This method is applied when supplier-specific data is not available, particularly in carbon accounting. Estimated data is primarily used in measurements of Scope 3 greenhouse gas emissions, including categories such as purchased goods and services, transportation and distribution, and end-of-life management of sold products. Emission factors from recognized databases and industry averages are used to ensure consistency and comparability. These estimates are applied in accordance with the GHG Protocol methodology and our materiality assessment.

We develop estimated value chain data using recognized methods, primarily the GHG Protocol, when supplier-specific data is not available. In such cases, we rely on sector-average emission factors, proxy data, and third-party databases to ensure consistency and comparability. These estimates are applied to Scope 3 categories such as purchased goods and services, transportation, and end-of-life management.

Although estimated data provides a reasonable picture of our value chain's impact, we are aware that it has lower accuracy compared to primary data. We continuously strive to improve data quality by engaging suppliers and enhancing data collection processes. All estimates are reviewed for relevance and materiality as part of our reporting procedures.

Measurement uncertainty

None of the reported quantitative measures and/or monetary amounts are subject to high measurement uncertainty. All estimates are based on clearly documented assumptions and approximate values.

Changes in preparation or presentation

This sustainability report is the first year that reporting is subject to the ESRS standards. Sustainability reports have been published in previous reporting periods. The methodology for collecting quantitative data, particularly regarding greenhouse gas emissions, has not changed. Where improvements to data collection and methodology were possible, such improvements have been implemented. For data points required by the ESRS standard but not previously reported, new methods have been established that comply with the standard.

Although materiality assessments have been conducted and published in previous years, these have not been published or verified in accordance with the ESRS standards. Therefore, there are no comparative changes to report for this requirement. There are no additional company-specific material impacts, risks, or opportunities that require separate company-specific disclosures beyond the ESRS framework.

Changes in the presentation of the sustainability report compared to previous reporting periods were required to align it with the requirements of the ESRS standards.

Reporting errors in previous periods

During the preparation of the 2025 greenhouse gas inventory, errors were discovered in the previous year's (2024) greenhouse gas inventory. These errors have been corrected, and the revised figures have been incorporated into the reporting of historical inventories. The errors can be summarized as follows:

Category	Nature of the error	Impact on previously reported figures	Corrected value for 2024	Description of the correction

Scope 3 Category 1 – Purchased goods and services	Calculation error resulting in overstated emissions.	Previously reported: 61,464.74 tCO ₂ e	55,755.76 tCO ₂ e	The error has been corrected by updating the underlying data and methodology; the comparative figures have been revised accordingly.
Scope 3 Category 5 – Waste generated by operations ()	Data entry error that led to underestimated emissions.	Increase of 0.37 tCO ₂ e	Updated in the 2024 inventory	Input value corrected; minor adjustment reflected.
Scope 3 Category 12 – Management of end-of-life products	Incorrect emission factor applied to specific item in 2024.	Previously reported for that item: 8,457.21 tCO ₂ e	202.84 tCO ₂ e	Emissions factor updated; corrected comparative figure reflected in the 2024 inventory.

Other disclosures

The sustainability report does not contain information derived from other legislation. Nor is it based on any European standards approved by the European standardization system.

EU Taxonomy – Climate Mitigation

Kährs' manufacturing of wood products is covered by the Delegated Act on Climate Mitigation within the EU Taxonomy. Taxonomy compliance refers to the measures for reducing carbon dioxide emissions described in our transition plan. Kährs does not engage in any activities covered by the Delegated Act on Climate Adaptation.

No significant investments were made during the reporting period in activities related to coal, oil, or gas.

Further compliance assessments will be conducted during upcoming reporting periods in accordance with the applicable timelines for the EU taxonomy.

Incorporation by reference

The following ESRS disclosure requirements and data points have been incorporated by reference:

- ESRS 2 GOV 4 Disclosure of links between the information in the sustainability report and the due diligence process
- ESRS 2 IRO-2 List of ESRS disclosure requirements met in the preparation of the sustainability report
- ESRS 2 IRO-2 List of data points derived from other EU legislation and their placement in the sustainability report

Application of phase-in provisions in accordance with Annex C to ESRS 1 and the ESRS Quick-Fix Delegated Act

ESRS 2–17

Kährs applies the ESRS phasing-in provisions in accordance with Annex C to ESRS 1. These provisions allow us to defer certain quantitative and financial disclosures required under the current ESRS standards, particularly in the areas of climate, pollution, water, and the circular economy (e.g., E1-9, E2-6, E3-5, E5-6). This information will be provided in future reporting periods in accordance with the ESRS implementation timelines.

Kährs also applies the ESRS Quick-Fix delegated act. We omit the following data points regarding our own personnel (S1): S1-7, S1-8, S1-11, S1-12, S1-13, and S1-15, including all data points relating to non-employees/other workers. As well as the following topics: Biodiversity (E4), Workers in the value chain (S2), and Consumers and end users (S4). Material topics within the Quick-Fix Delegated Regulation are summarized in our dual materiality assessment, but we do not report corresponding topic-related disclosures during this reporting period.

To meet the requirements of the Quick-Fix, we instead do the following:

- Explain these substances within our dual materiality assessment, including material impacts, risks, and opportunities (IRO), in accordance with ESRS 2;
- Provide the mandatory disclosure ESRS 2-17; and
- Clearly state that disclosures under ESRS E4, S1-7, S1-8, S1-11, S1-12, S1-13, S1-14, S1-15, S2, and S4 are not included due to the application of the Quick-Fix.

This approach ensures transparency regarding the materiality of these topics while utilizing the transitional measures permitted under ESRS. Kährs will expand the scope and completeness of its reporting in accordance with the applicable ESRS timelines.

Environmental Information

E1 Climate Change

E1

Transition Plan

E1-1

Kährs' transition plan follows a 1.5 °C pathway and has been validated by the Science Based Targets initiative. We are committed to reducing Scope 1 and 2 emissions by 95% and Scope 3 emissions by 42% by 2030, with a long-term ambition to achieve net-zero emissions by 2040. The year 2020 has been selected as our base year. This is consistent with the Paris Agreement's guidelines for short-term targets and compatible with the goal of limiting global warming to 1.5 °C. The transition plan has been approved by Group Management, the Audit Committee, and the ESG Board, in accordance with the governance structures described in GOV-1 and GOV-2. The plan is part of our sustainability strategy and is implemented through annual planning under the supervision of Group Management. The transition plan is reviewed and approved by Group Management and the ESG Board, and presented to the Board in accordance with Kährs' governance structure.

Leverages for reduced carbon emissions and planned measures

Our plan focuses on five tools:

1. Energy efficiency and renewable energy in operations (Scope 1 and 2). By 2024, all production facilities had transitioned to renewable energy. The planned measures aim to address remaining energy and heat emissions within our control, evaluate how we can reduce the impact of fugitive emissions, and continuously improve energy efficiency through improvements to production equipment and processes.
2. Low-carbon logistics (Scope 3). The planned action is to continue collaborating with key logistics providers and identify opportunities for more efficient transport routes or the use of alternative fuels with lower emissions.
3. Responsible procurement and supplier carbon reduction (Scope 3). The planned action is to conduct risk assessments and evaluate 100% of our main suppliers in the SRM system by 2026. This evaluation will then form the basis for active engagement with selected suppliers to drive initiatives for reduced carbon emissions. Responsible timber procurement will focus on the implementation of the EUDR and on

increasing the proportion of sustainably sourced timber (88% by 2026; 90% by 2030), along with a public commitment not to contribute to deforestation.

4. Product design for circularity and material selection (Scope 3). Our goal for 2030 is for 100% of the product portfolio to be designed for circularity. The planned measures include developing a roadmap for circular solutions, evaluating raw materials and chemicals with lower environmental impact, and setting targets for sustainability, recyclability, and recycled content in products and packaging.
5. Eco-design and product-related emissions (all areas). The environmental impact of Kährs' products throughout their entire life cycle constitutes a significant part of our total climate impact. Planned measures include conducting life cycle assessments of all Kährs products by 2026, with the aim of identifying and reducing embedded emissions in product design and material selection. A sustainability scorecard is integrated into all innovation projects to steer specifications toward alternatives with a lower climate impact.

These measures represent our strategy to mitigate climate change and guide how we reduce Scope 1, 2, and 3 emissions to support our long-term climate transition.

Progress in implementing the transition plan

Overall progress in 2025 was in line with the emissions reduction trajectory underlying the SBTi-validated 1.5°C pathway. Scope 1 emissions decreased to 659 tCO₂e, Scope 2 (market-based) to 256 tCO₂e, and Scope 3 to 64,270 tCO₂e, reflecting continued improvements in energy efficiency, the maintenance of a high share of renewable energy, and improved data quality in the upstream and downstream categories. The impact of the divestment of our operations in Russia during the 2024 fiscal year was also reflected for the full 2025 fiscal year. Enhanced emissions monitoring and access to better data through the Position Green platform also contributed to improving the systems required for the long-term phase-out of fossil fuels. Overall, these developments represent early but significant progress in the implementation of the transition plan and support the achievement of Kährs' climate goals for 2030 and 2040.

Financial reporting

Kährs is developing a quantified investment plan to support the transition plan, which will be reported in future reporting cycles in accordance with ESRS requirements. Qualitatively, the implementation of our transition plan is supported by energy efficiency improvements at our production facilities, continued procurement of renewable energy, strengthened responsible sourcing processes, the development of circular solutions, and the systems required to conduct life cycle assessments and supplier risk assessments. These activities are prioritized through our internal planning and governance processes and will be supported by detailed financial disclosures once the phase-in period is complete.

Certain activities fall under the EU Taxonomy's criteria for climate impact; further details are provided in the Basis for Preparation (BP-2) section.

Information on Paris Agreement-aligned benchmarks

Kährs confirms that the company is neither included in nor compared to any EU benchmark aligned with the Paris Agreement. The company therefore evaluates its transition plan independently of the requirements for alignment with PAB/CTB.

Resilience analysis

An externally conducted analysis of climate resilience was carried out in August 2024 and further developed based on the results of the 2025 dual materiality assessment. The assessment covered upstream procurement regions, production facilities in Sweden, Finland, Poland, and Romania, as well as downstream logistics, and applied the ESRS's short-, medium-, and long-term time horizons (through 2030, 2040, and 2050). The analysis used three climate scenarios in accordance with SSP1-1.9 (1.5 °C), SSP2-4.5 (<2 °C), and SSP5 (>3 °C). These were applied to assess physical risks (acute flooding; chronic drought and water stress), transition risks (political and legal, including exposure to carbon pricing), and opportunities (resource efficiency).

Exposure to physical risks for Kährs' current facilities was assessed as low across all time horizons. Transition risks, particularly carbon pricing and stricter regulations, were identified as the most significant future risks. This was consistent with the results of the DMA. Opportunities related to energy and resource efficiency were assessed as high in all scenarios. The assessment also evaluated Kährs' ability to manage risks and capitalize on opportunities, including a high share of renewable energy in operations, established processes for supplier engagement, ongoing development of circular design, and enhanced monitoring and data systems through Position Green. These capabilities form a foundation for reducing emissions in line with Kährs' SBTi-validated 1.5°C targets and adapting to changing market and regulatory conditions.

The analysis shows that Kährs' strategy and transition plan are resilient in the modelled scenarios, with uncertainties primarily linked to the pace of legislation, long-term dynamics in the forest ecosystem, and developments in the energy market. Financial impacts will be reported in accordance with ESRS E1-9 and permitted phase-in provisions.

Fixed greenhouse gas emissions

Kährs has locked-in greenhouse gas emissions linked to existing production facilities, logistics, and dependencies in the value chain. Our current manufacturing equipment and energy systems at certain facilities will continue to generate certain emission levels until planned upgrades and energy efficiency measures are fully implemented. Emissions are also locked in by established transport routes and modes until the transport infrastructure changes. Upstream emissions from purchased materials, including wood and other raw materials, remain embedded in our value chain until alternatives have been evaluated and selected, supplier requirements are developed, and technology updates meet our climate goals. In addition, our current product portfolio entails embedded emissions until circular solutions and materials with low environmental impact have been fully scaled up. These factors contribute to locked-in emissions that will decrease as our transition plan is implemented.

Impact, Risks, and Opportunities

SBM-3, E1.SBM-3, E1-9

See SBM-3 for an overview of impacts, risks, and opportunities

Kährs' material impacts, risks, and opportunities (IRO) related to climate change stem primarily from the company's position as a manufacturer operating in sectors with significant climate impact and dependent on energy-intensive processes, as well as a global, resource-based value chain.

The climate-related impacts, risks, and opportunities presented in this section have been identified and assessed through Kährs' dual materiality assessment, applying the ESRS-adapted methodology described in IRO-1, which is specifically tailored for climate-related issues. This process included a review of all ESRS E1 sub-headings, an examination of internal environmental data (greenhouse gas inventory, energy use, material inputs), an analysis of the value chain's upstream, operational, and downstream phases, and the incorporation of stakeholder feedback and external climate risk assessments. Climate-related impacts and risks were assessed across the ESRS's short-, medium-, and long-term time horizons, distinguishing between physical risks (e.g., floods and drought-related water stress affecting raw materials and operations) and transition risks (e.g., exposure to carbon pricing, changes in regulations, and shifts in market expectations). Opportunities were identified where climate-related developments in technology, regulations, or resource efficiency could reduce emissions or create business value.

Significant Impacts

Kährs generates significant climate impacts within Scope 1, 2, and 3, driven by energy use in production, purchased materials, logistics, and the product's lifecycle. Climate-related impacts also arise from energy consumption, the use of fossil fuels, and biogenic emissions associated with wood procurement.

Significant risks

Kährs faces transition risks linked to regulatory developments, the availability of renewable energy, requirements for reduced carbon dioxide emissions from suppliers, and market expectations for low-carbon products. Physical risks primarily relate to the long-term dynamics of forest ecosystems, which can affect the availability and quality of timber. Volatility in energy prices and dependence on the supply chain also constitute financial risks.

Significant opportunities

Opportunities arise through continued improvements in energy efficiency, expanded use of renewable energy, the development of low-carbon and circular products, life-cycle transparency, and suppliers' commitment to reducing carbon emissions. The production of wood pellets also presents an opportunity for operational efficiency and value creation.

Management of Impacts, Risks, and Opportunities

Policies

E1-2, ESRS 2; MDR-P

Kährs' climate and environmental policy covers the management of climate change and greenhouse gases, energy management, water management, waste management, biodiversity protection, pollution minimization, chemical management, and the integration of the circular economy. It is designed to address material impacts, risks, and opportunities related to climate change mitigation and adaptation. The policy is described in the disclosure requirements:

- E1-2 Policies related to climate change mitigation and adaptation
- E3-1 Policies related to water and marine resources
- E5-1 Policies related to resource use and the circular economy

Responsibility for implementing the climate and environmental policy lies with Group Management and the Board of Directors, as described in the section "Policies for Sustainability Work." The policy is relevant to ESRS E-1 and addresses:

- Mitigation of and adaptation to climate change
- Energy efficiency
- Expansion of renewable energy

The policy describes how Kährs measures carbon dioxide emissions in accordance with the GHG Protocol and the EU's CSRD guidelines, supports low-carbon innovations and products, collaborates with suppliers on low-carbon solutions, and conducts dual materiality assessments to understand climate-related impacts, risks, and opportunities. The policy outlines the requirement for annual energy and environmental audits as well as the procurement of verified renewable energy.

Kährs reports progress in accordance with ESRS standards and engages stakeholders through annual reports and sustainability updates. Responsibility for the policy is described in section ESRS 2 MDR-P. The Environmental Committee, a working group that monitors and implements the policy, sets and reviews environmental targets under the oversight of Group Management and the Board of Directors, and the policy is reviewed and approved annually, or more frequently as needed, to ensure compliance with regulations and best practices. The policy is aligned with international frameworks such as the UN Paris Agreement, CSRD, and SBTi, and these frameworks are explicitly taken into account in the development and annual review of the policy. This is to ensure that Kährs' commitments, targets, and management procedures reflect the requirements and guidelines of these relevant international frameworks. The policy applies globally to Kährs' operations, employees, suppliers, and business partners.

Measures

E1-3, MDR-A

Kährs implemented climate-related measures throughout its value chain during the reporting year, with a focus on achieving the science-based targets for 2030. Key actions included maintaining the use of renewable energy at all production facilities, driving energy efficiency measures, strengthening supplier due diligence through the SRM system, increasing the proportion of sustainably sourced wood, and mapping emissions within logistics.

Planned measures for the 2026 fiscal year include:

- Continued implementation of the transition plan
- Maintaining the use of renewable energy at our own production facilities
- Completing the risk assessment of all major suppliers

- Further increasing the volume of sustainably sourced wood
- Collaborating with logistics partners to reduce emissions from transportation
- Conducting life cycle assessments for all products
- Integrate circular design and circular solutions throughout our product range

The implementation of our climate-related measures depends on the availability and allocation of operational and organizational resources. The measures are integrated into business planning through Group-level governance and incorporated into Kährs' internal planning and management, rather than being separated into standalone programs.

Kährs does not yet have a concrete investment plan to support the transition plan, and detailed allocations of operating costs have not yet been determined at the operational level. These will be developed and reported in future reporting cycles as the underlying investment plans and methodologies are developed.

Expected results of the measures

The measures in Kährs' transition plan aim to reduce emissions within Scope 1, 2, and 3 and to strengthen climate resilience throughout our value chain. The measures taken in 2025 and those planned apply to three clearly defined areas of the value chain:

- Our own operations: energy use, production equipment, and processes at the facility level
- Upstream suppliers: material procurement, due diligence, and supplier engagement
- Downstream life cycle: logistics, product design, circularity, life cycle assessments, and transparency toward customers

Expected results in our own operations (Scope 1 and 2)

Energy efficiency measures and the continued use of renewable energy at all production facilities are expected to reduce operational emissions and improve energy intensity over time. These measures primarily target Scope 1 and 2 emissions by reducing the use of fossil-based energy and upgrading equipment. Together, these developments support progress toward Kährs' validated short-term SBTi targets for 2030.

Expected results in the upstream value chain (Scope 3)

Enhanced supplier audits, increased volumes of sustainably sourced wood, and the application of sustainability criteria during procurement and innovation processes are expected to reduce upstream Scope 3 emissions, particularly from purchased goods and services as well as inbound transportation. These measures also improve long-term resilience in the value chain by ensuring that suppliers are risk-assessed, engaged in expectations for reduced carbon emissions, and aligned with responsible procurement requirements.

Expected results in logistics (Scope 3)

Logistics-related measures, including emissions mapping, optimized routes, and collaboration with key transport partners, are expected to reduce emissions from inbound and outbound transport. These results contribute to lowering Scope 3 emissions related to transport and improving the efficiency of the goods flow.

Expected results in product design, circularity, and transparency (Scope 3)

Circular product design, material innovation, and life cycle analysis across the entire product portfolio are expected to reduce embedded emissions in products, increase recyclability and durability, and improve environmental transparency through life cycle assessments (LCA) and environmental product declarations (EPD). These measures impact several Scope 3 categories, including purchased materials, manufacturing, product use, and end-of-life management.

General expectations, methods, and limitations

Action-specific emission reduction values have not yet been quantified; however, qualitative assessments, internal estimates, and assumptions are used as a basis for planning and prioritization. The actions implemented in 2025 contribute to the emission reduction trajectory required to meet Kährs' validated short-term SBTi targets. Quantified expected results will be developed as methodologies mature and more detailed data becomes available.

Scope and timeline of the measures

Kährs' sustainability strategy, including the transition plan, covers all operations as well as relevant upstream and downstream partners. Improvements to supplier audits and risk assessments of all key suppliers are planned to be completed by 2026, along with full LCA and/or EPD coverage for all products. The goal is for the proportion of certified and sustainably sourced wood to reach 88% by 2026 and 90% by 2030. Circular product design and circular solutions will be fully integrated into the entire product portfolio by 2030. Measures to reduce emissions in logistics will continue throughout the transition period.

Resources and financial impacts

In accordance with ESRS E1–3, Kährs is required to report the operational (OpEx) and capital (CapEx) resources allocated to climate-related measures. Currently, Kährs does not yet have a quantified Capex plan in place, and detailed Opex allocations have not been tailored at the measure level. This information will be developed in future reporting cycles as underlying methodologies and investment plans mature.

Results

Targets

E1-4, MDR-T

Kährs' goal for reducing greenhouse gas emissions is to reduce Scope 1 and 2 emissions by 95% and Scope 3 emissions by 42% by 2030 (in the short term), using 2020 as the base year. In the long term, we aim to be net-zero across the entire company by 2040. These targets are set with 2020 as the base year and validated by the Science Based Targets initiative (SBTi). Our SBTi-validated net-zero target for 2040 requires us to reduce our Scope 1, 2, and 3 emissions by at least 95% compared to the base year, in accordance with SBTi's long-term criteria. The base year 2020 was selected as a representative year due to data availability and market conditions. Prior to 2020, data availability was limited and insufficient to provide a picture of the greenhouse gas emissions associated with the company's operations, while the years following 2020 reflected unexpected and extraordinary market conditions. The targets are based on the same organizational and operational boundaries used for our greenhouse gas inventory.

Our greenhouse gas reduction targets are expected to be achieved through key measures to reduce carbon dioxide emissions, each of which contributes to reductions in Scope 1, 2, and 3, as described on page 36. Stakeholder involvement in target setting was primarily internal. The greenhouse gas reduction targets were developed through a cross-functional process involving relevant operational and functional teams, and required approval from Group Management and the Board of Directors before being adopted. External stakeholders were not formally consulted during the target-setting process. The targets were set using the SBTi framework and validated by the Science Based Targets Initiative, which provided methodological guidance on acceptable target ranges in line with a 1.5 °C pathway.

Kährs' net-zero target requires a reduction of at least 95% across all scopes by 2040. The remaining emissions after maximum reduction will require offsetting. Credible, verifiable offsetting options will be evaluated as the company approaches its net-zero target, in accordance with the SBTi's net-zero guidelines, as described in more detail in E1-7.

Summary of greenhouse gas emission reduction targets

	2020	2030	2040
Absolute reduction target, all scopes [tons of CO ₂ e]	156,475	71,743	148,651
Reduction target, percentage of emissions in the base year, all scopes [%]	N/A*	46	95
Proportion of reduction targets related to Scope 1 greenhouse gas emissions [%]	N/A*	4	2

Percentage of reduction targets related to Scope 2 greenhouse gas emissions [%]	N/A*	11	5
Proportion of reduction targets related to Scope 3 greenhouse gas emissions [%]	N/A*	85	93
Absolute reduction target, Scope 1 [tons of CO ₂ e]	2,835	2,693	2,693
Absolute reduction target, Scope 2 market-based [tons of CO ₂ e]	8,530	8,104	8,104
Absolute reduction target, Scope 2 site-based [tons of CO ₂ e]	11,298	-	-
Absolute reduction target, Scope 3 [tons of CO ₂ e]	145,110	60,946	137,855
Reduction target, percentage of emissions in the base year, Scope 1 [%]	N/A*	95	95
Reduction target, percentage of emissions in the base year, Scope 2 [%]	N/A*	95	95
Reduction target, percentage of emissions in the base year, Scope 3 [%]	N/A*	42	95

**Values for the base year are shown only for rows with absolute emissions. Rows with percentages and shares are calculated values for which no base year value is applicable. Complete data on the greenhouse gas inventory for the base year is reported in E1-6.*

During the reporting period, Kährs has not made any changes to its greenhouse gas emission reduction targets, base year, or related metrics and methods. Our short- and long-term targets remain validated by the Science Based Targets initiative (SBTi) and consistent with the goal of limiting global warming to 1.5 °C.

Metrics

E1-5, E1-6, E1-7, E1-8, MDR-M

Energy

Energy consumption

E1-5 AR 34

Energy consumption and energy mix	2025	2024
(1) Fuel consumption from coal and coal products (MWh)	0.00	0.00

(2) Fuel consumption from crude oil and petroleum products (MWh)	1,665.03	1,226.25
(3) Fuel consumption from natural gas (MWh)	0.00	0.00
(4) Fuel consumption from other fossil sources (MWh)	0.00	0.00
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	439.17	6,325.06
(6) Total consumption of fossil energy (MWh) (calculated as the sum of lines 1 through 5)	2,094.20	8,439.46
Share of fossil sources in total energy consumption (%)	2.58	8.35
(7) Consumption from nuclear power sources (MWh)	11.98	24.98
Share of consumption from nuclear power sources in total energy consumption (%)	0.01	0.02
(8) Fuel consumption from renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	15,258.78	17,440.69
(9) Consumption of purchased or procured electricity, heat, steam, and cooling from renewable sources (MWh)	63,844.86	75,193.65
(10) Consumption of self-generated renewable energy not derived from fuel (MWh)	0.00	0
(11) Total consumption of renewable energy (MWh) (calculated as the sum of lines 8–10)	79,103.64	92,634.35
Share of renewable energy sources in total energy consumption (%)	97.41	91.63

Total energy consumption (MWh) (calculated as the sum of rows 6, 7, and 11)	81,209.82	101,098.79
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Energy production

E1-5 39

Renewable versus non-renewable	Energy produced [MWh]
Renewable energy	14,100.59
Non-renewable energy	1.41
Total	14,102.00

Energy intensity per net revenue

E1-5 40

	2025	2024	% 2025 / 2024
Total energy consumption from operations in sectors with significant climate impact per net revenue from operations in sectors with significant climate impact (MWh/K monetary unit)	0.02	0.04	-50.87

Reconciliation of net revenue

E1-5 AR 38.b

All of Kährs' net sales relate to the manufacture and sale of wood- and plastic-based flooring. The manufacture of wood and plastic are sectors classified as manufacturing activities with a high climate impact (according to ESRS E1 Appendix B). Therefore, 100% of Kährs' net sales originate from sectors with a high climate impact. Total net sales are reported in the financial statements. See the consolidated income statement, page 136 (annual report).

Category	Revenue [SEK]
Net revenue from operations in sectors with high climate impact used to calculate energy intensity	1,972,304,099.00
Net revenue (other)	0
Total net revenue (annual report)	1,972,304,099.00

Greenhouse gas emissions

E1-6

Progress is monitored annually through our sustainability management processes, using Position Green for emissions consolidation and key performance indicator tracking. The results for the 2025 fiscal year are in line with the expected progress toward our goals, driven by the use of renewable energy, efficiency measures, improvements in product design, and supplier engagement. Improvements in data quality have also impacted the results relative to our targets, including refinement of supplier data, updates to emission factors, and improved consolidation through Position Green. Trends are reviewed annually to verify that they are in line with the SBTi-validated roadmap.

Progress toward our goals may be affected by future developments, such as changes in sales volumes and market demand for low-carbon and circular products, changes in regulatory requirements, suppliers' pathways toward reduced carbon emissions, and access to new technologies that support energy efficiency, circularity, and materials with lower environmental impact. These external factors are monitored annually as part of the target review and transition planning process.

Emissions from the consolidated reporting group

E1-6 50.a & b

	Consolidated reporting group (parent company and subsidiaries)	Portfolio companies and joint arrangements
Gross Scope 1 greenhouse gas emissions (tCO ₂ e)	659	0.00
Gross Scope 2 site-based greenhouse gas emissions (tCO ₂ e)	2,034	0
Gross Scope 2 greenhouse gas emissions, market-based (tCO ₂ e)	256	0.00

Biogenic emissions

E1-6 AR 43.c, AR 45.e, and AR 46.j

	2025	2024
Biogenic Scope 1 emissions [tons of CO ₂ e]	4,650	5,393
Biogenic Scope 2 emissions (site-based) [tons of CO ₂ e]	0.00	0.00
Biogenic Scope 2 emissions (market-based) [tons of CO ₂ e]	0.00	0.00
Biogenic Scope 3 emissions [tons of CO ₂ e]	57,327	N/A

**Biogenic Scope 3 emissions are not available for the fiscal year 2024 due to limitations in data collection. According to the transitional exemption in ESRS 1, no biogenic Scope 3 emissions from the previous year (2024) are required or reported.*

Coverage of the contractual instruments

E1-6 AR 45.d

	2025	2024
Share of energy consumption covered by contractual instruments [%]	57.55	39
Share of energy consumption covered by combined contractual instruments [%]	57.55	Not applicable*
Share of energy consumption covered by separate contractual instruments [%]	0.00	Not applicable*

**A breakdown between aggregated and separate instruments is not available for the fiscal year 2024 due to limitations in data collection. The total share of energy covered by contractual instruments is reported for the fiscal year 2024 in accordance with ESRS E1-6 AR 45(d).*

Energy covered by certificate type

E1-6 AR 45.d

Kährs purchases electricity for its main production facilities and warehouses through composite supply agreements that include renewable energy quotas. When renewable energy is purchased, this is verified through guarantees of origin (GO) or renewable energy certificates (REC) provided directly by the supplier as part of the supply agreement.

At Kährs offices, energy is generally purchased through standard supply agreements in the countries where we operate. When offices do not specifically purchase renewable energy and no contractual instruments are in place, energy consumption is calculated using national grid emission factors or, where available, supplier-specific emission factors. For facilities outside Europe where no renewable energy is purchased, national grid emission factors are applied.

The heat purchased for the production facilities is verified using supplier-specific emission factors provided directly by the heat supplier, rather than through formal contractual instruments such as guarantees of origin. This explains the difference between the share of energy consumption covered by contractual instruments and the total share of renewable energy consumption, as heat consumption is classified as renewable based on supplier-specific emission factors but is not covered by any contractual instrument.

Share of energy	2025	2024
Share of energy consumption covered by Renewable Energy Certificates (RECs) [%]	6.08	Not applicable*
Share of energy consumption covered by guarantees of origin (GO) [%]	47.43	Not applicable*
Percentage of energy consumption covered by International Renewable Energy Certificates (I-REC) [%]	0.00	Not applicable*
Percentage of energy consumption covered by renewable energy guarantees of origin (REGO) [%]	0.06	Not applicable*
Share of energy consumption covered by other/unspecified certificates [%]	3.98	38

**For the fiscal year 2025, Kährs reports energy covered by specific certificate types in accordance with ESRS E1-6 AR 45(d). For the fiscal year 2024, only the total proportion of energy consumption covered by contractual instruments was reported, without a breakdown by certificate type. The breakdown for 2024 is therefore reported as “not available (N/A).”*

Greenhouse gas emissions per net sales

E1-6 53 & AR 53

	2025	2024
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Total greenhouse gas emissions (site-based) per net revenue [tCO ₂ eq/K monetary unit]	0.02	0.04
Total greenhouse gas emissions (market-based) per net revenue [tCO ₂ eq/K monetary unit]	0.02	0.03

Greenhouse gas emissions broken down by Scope 1 and 2 and material Scope 3

E1-6 AR 48

	Base year (2020)	2024	2025	% 2025 / 2024	2030	2040	Annual percentage target / base year
Gross Scope 1 greenhouse gas emissions (tCO ₂ e)	2,835	809	659	-19%	2,693	142	-14%*
Share of gross Scope 1 greenhouse gas emissions from regulated emissions trading systems (%)	0	0	0	N/A	0%	Not applicable	Not applicable
Gross site-based Scope 2 greenhouse gas emissions (tCO ₂ e)	11,298	7,368	2,033	-72%	N/A	Not applicable	Not applicable
Gross market-based Scope 2 greenhouse gas emissions (tCO ₂ e)	8,530	1,767	256	-86%	8,104	427	-14%
Total indirect greenhouse gas emissions, Scope 3 (tCO ₂ e)	145,110	90,177	64,270	-29%	60,946	7,256	-14%*
1 Purchased goods and services	66,930	55,756	40,407	-28%	Not applicable		
2 Capital goods	329	42	63	50%			
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	5,951	2,863	1,498	-48%			
4 Upstream transport and distribution	24,017	13,729	9,212	-33%			
5 Waste generated by operations	2,831	122	53	-57%			
6 Business travel	64	161	250	56%			
7 Employee commuting	2,040	1,308	545	-58%			
9 Downstream transport	1,914	511	1,001	96%			

11 Use of sold products	4,824	1,668	1,782	7			
12 Waste management of products sold	36,212	14,018	9,460	-33%			
Total greenhouse gas emissions (site-based) (tCO2e)	159,242	98,354	66,962	-32%			
Total greenhouse gas emissions (market-based) (tCO2e)	156,475	92,753	65,184	-30%	71,743	7,824	-14%*

**The compound annual growth rate (CAGR) of -14.0% per year has been calculated based on the base year 2020 and the SBTi-validated net-zero target for 2040, which requires a reduction of at least 95% across all scopes. The CAGR calculation is consistently applied across Scopes 1, 2, and 3.*

The 2030 column shows Kährs' SBTi-validated short-term targets, which entail a 95% reduction in Scope 1 and 2 emissions and a 42% reduction in Scope 3 emissions compared to the 2020 reference year. The 2040 column represents Kährs' SBTi-validated long-term net-zero targets, which require a reduction of at least 95% across all scopes compared to the base year 2020. The absolute figures shown in both target year columns represent the maximum emission level compatible with the respective targets. Kährs' emission reduction targets are determined using the market-based method for Scope 2, in accordance with SBTi requirements; site-based Scope 2 figures and site-based total greenhouse gas emissions are therefore not included in the target year columns. The column for 2050 has been omitted because Kährs' target year for net-zero emissions is 2040, not 2050.

Scope 3 greenhouse gas emissions reported based on primary data

E1-6 AR 46.g

Metric	2025	2024
Percentage of Scope 3 greenhouse gas emissions calculated based on primary data from suppliers or other actors in the value chain [%]	18.28	N/A*

**The 2025 fiscal year is Kährs' first reporting year under ESRS. Data for the previous year (fiscal year 2024) regarding the proportion of Scope 3 emissions calculated based on primary data was not collected in accordance with the ESRS methodology, as the classification of primary and secondary data was not applied consistently across all reporting entities. In accordance with ESRS 1, we have therefore not presented comparative information for this data point and state that it was impossible to provide such information.*

Carbon Credits

Measures for the removal and storage of greenhouse gases are not included in Kährs' sustainability strategy and were not implemented during the 2025 fiscal year.

Internal carbon pricing

Kährs currently does not apply internal carbon pricing and has no plans to introduce such a system. Our plan to reduce carbon emissions is guided by our validated, science-based targets and prioritizes direct emission reductions within our operations and value chain.

Company-specific climate change metrics

Kährs has not identified any company-specific climate-related key performance indicators for the 2025 fiscal year.

Accounting principles

E1-4 Targets related to climate change mitigation and adaptation

Our greenhouse gas reduction targets were established using the Science Based Targets initiative (SBTi) framework, in accordance with its 1.5 °C-aligned short-term methodology for Scope 1, 2, and 3. Target thresholds and calculations follow the GHG Protocol Corporate Standard and the GHG Protocol Scope 3 Standard, which form the basis for our inventory and our path toward emissions reductions. These frameworks ensure that our targets are science-based, consistent with the goals of the Paris Agreement, and aligned with recognized international methods.

E1-5 Energy consumption and energy mix

Kährs calculates energy consumption and energy mix based on on-site measurements, supplier invoices, and landlord invoices for electricity, gas, and water at all production facilities, offices, and warehouses. Consumption data is recorded in kilowatt-hours (kWh) and converted to megawatt-hours (MWh) for reporting. If measurement data is not available, we apply standardized calculation methods based on production volumes or floor area.

The energy mix is determined based on data from suppliers or contract information. If data is not available, we use national grid averages or, if no reliable data is available, we assume a fossil-fuel-based mix in the worst-case scenario to avoid underestimating the use of non-renewable energy. All calculations follow the GHG Protocol Corporate Standard and are aligned with the system boundaries used in our GHG inventory and CSRD reporting process. The data is not validated by any external body, other than the one performing the quality assurance.

E1-6 Gross Scope 1, 2, 3, and total greenhouse gas emissions

Kährs' method for calculating Scope 1, 2, and 3 emissions is measured in accordance with the GHG Protocol Corporate Standard and the GHG Protocol Corporate Value Chain (Scope 3) Standard, expressed in tons of CO₂e.

Scope 1 emissions are based on actual fuel consumption from on-site meters and supplier data. Scope 2 emissions are calculated using site-based and market-based methods, applying emission factors from available databases. Scope 3 emissions are calculated using a combination of supplier-specific activity data and secondary emission factors. Data based on purchase volume is used to a limited extent, depending on data availability. Kährs applies a hierarchy of data sources when selecting emission factors, prioritizing primary supplier-specific data and product-specific Environmental Product Declarations (EPDs) when available, followed by recognized secondary databases when primary data cannot yet be obtained. Secondary emission factors are primarily sourced from DEFRA, AIB, IEA, NTM, Ecoinvent, and Energiföretagen. These are internationally recognized databases selected for their relevance to Kährs' operational geography, industry, and activities in the value chain. These databases are aligned with the GHG Protocol methodology applied throughout our inventory. If suppliers have provided verified EPDs, these are used as primary data rather than factors from secondary databases. Emission factors are reviewed annually to ensure they reflect the latest available data and remain appropriate for Kährs' operations and value chain.

All emissions are consolidated at the Group level. Greenhouse gas emissions data is not validated by any external body other than the one issuing the certificate.

Kährs calculates and consolidates its Scope 1, 2, and 3 greenhouse gas emissions using the sustainability reporting platform Position Green. The tool applies standardized methods based on the GHG Protocol Corporate Standard and uses recognized databases of emission factors. Where available, supplier-specific emissions and emissions from EPDs have been used.

Kährs may use data on greenhouse gas emissions or operations from actors in the value chain whose reporting periods differ from our own. In such cases, we use the most recent and relevant data available from suppliers and partners, and adjust or extrapolate as needed to align them with Kährs' fiscal year.

Entities in our value chain may have different reporting periods than we do. However, no significant events or changed circumstances have been identified between the reporting dates of the entities in Kährs' value chain and the date of our consolidated financial statements that would materially affect our estimates of greenhouse gas emissions.

During the 2025 fiscal year, 18.28% of total Scope 3 greenhouse gas emissions were calculated using primary data obtained directly from suppliers or other partners in the value chain, including supplier-specific environmental product declarations (EPDs) and direct activity data from suppliers. The remaining 81.72% was calculated using secondary data from recognized databases as described above. Comparative data for the 2024 fiscal year is not available, as the classification of primary and secondary data was not applied consistently across all reporting entities that year in accordance with the ESRS methodology. Kährs aims to increase the proportion of primary data over time through continuous supplier engagement and expanded EPD coverage across the entire product portfolio, as described in E1-3.

Screening of greenhouse gas emissions

Kährs conducts a review of Scope 3 greenhouse gas emissions covering all 15 categories. The review identifies and prioritizes categories that are material to our value chain based on estimated emission volume, data availability, and relevance to our operations.

Summary of the 15 categories reviewed in Kährs' screening of Scope 3 greenhouse gas emissions:

- Category 1: Purchased goods and services: Includes flooring materials (textiles, parquet, LVT, plastic flooring, non-FLAG-certified wood), chemical inputs, plastics, IT and office equipment, consulting services, and spare parts
- Category 2: Capital goods: New machinery and equipment for production facilities.
- Category 3: Fuel and energy-related activities: Emissions related to the production of fuel and energy purchased and consumed by our production facilities, warehouses, and offices during the reporting year and not included in Scope 1 and 2.
- Category 4: Upstream transport and distribution: Includes emissions from source to wheel.
- Category 5: Waste generated by operations: All waste generated at production facilities, warehouses, and offices.
- Category 6: Business travel: Train and air travel and hotel stays, including WTW emissions.
- Category 7: Employee commuting: Calculated based on employees' distance to work along with assumptions about mode of transport. Includes WTW emissions.
- Category 8: Upstream leased assets: The allocation is based on the principle of operational control. Upstream leased assets are not relevant in Scope 3 because leased vehicles and facilities are currently included in Scope 1 and Scope 2. No other emissions are added.
- Category 9: Downstream transport and distribution: Includes WTW emissions from the transport of goods not paid for by Kährs. Includes emissions from road, sea, and air transport. Activity data and, where available, CO2e emissions are provided by the transport company.
- Category 10: Processing of sold products: Kährs has no emissions from the processing of sold intermediate products. The products Kährs sells are finished products and require no further processing.
- Category 11: Use of sold products: Includes emissions from sold pellets and wood chips. The calculation is based on how many kWh can be extracted from the sold products. Kährs does not distribute any fossil fuels.

- Category 12: Waste management of sold products: Includes emissions from waste management and treatment of products sold by Kährs at the end of their useful life. Includes packaging and all flooring and accessories sold during the reporting year.
- Category 13: Leased assets downstream: Kährs owns no assets that are leased to other companies.
- Category 14: Franchising: Kährs has no franchisees.
- Category 15: Investments: Kährs makes no investments for the purpose of generating profit or providing financial services; therefore, Category 15 is not relevant.

The review shows that the most important Scope 3 categories for Kährs are:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy-related activities (not included in Scope 1 or Scope 2)
- Category 4: Upstream transport and distribution
- Category 5: Waste generated by operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation
- Category 11: Use of sold products
- Category 12: End-of-life management of sold products

Method for measuring Scope 3 emissions

Kährs measures a growing proportion of its Scope 3 greenhouse gas emissions using activity data collected directly from specific activities in earlier and later stages of the value chain. When available, we use supplier-specific data. For categories where supplier-specific data is not yet available, we apply industry-average emission factors or secondary data sets from recognized databases.

Kährs' Scope 3 greenhouse gas inventory follows the GHG Protocol Corporate Value Chain (Scope 3) Standard and includes indirect emissions from the consolidated group as well as from relevant upstream and downstream activities where the company exercises operational influence. The reporting scope therefore includes Kährs AB and all subsidiaries, with indirect emissions from the value chain included for each material category.

Scope 3 category	Method
Category 1; Purchased goods and services	Calculated using supplier-specific activity data when available, and otherwise modelled using expenditure- and weight-based estimates in combination with emission factors directly from suppliers or from recognized databases.
Category 2; Capital goods	Calculated using expenditure-based estimates of investment expenditures for machinery, equipment, and fixed assets, based on data from the Group's financial reporting, in combination with emission factors from recognized databases.
Category 3; Fuel and energy-related activities	Derived from Scope 1 and Scope 2 activity data using upstream emission factors as defined by the , covering the extraction, production, and transport of purchased fuels and energy sources, in

	accordance with the GHG Protocol guidance for this category.
Categories 4 and 9; Upstream and downstream transportation	Derived from data on transport distance, mode of transport, and weight from logistics partners and internal systems; calculations use emission factors from recognized databases.
Category 5; Waste generated by operations	Based on waste management data from contractors at the facility level and emission factors from recognized databases applied by waste type and treatment method.
Categories 6 and 7; Business travel and commuting	Calculated using data on distance and mode of transport from travel providers, as well as estimates based on employee surveys, together with emission factors from recognized databases.
Category 11; Use of sold products	Refers to the sale of Kährs wood pellets and is calculated based on the product's lifetime energy consumption.
Category 12; End-of-life management of sold products	Calculated based on product sales volumes and material composition per product category, broken down by region of origin. Regional waste treatment rates are applied per material type and geography (Europe, the U.S., and the rest of the world) using emission factors from recognized databases.

All Scope 3 calculations are performed and consolidated using Position Green's greenhouse gas reporting software, which applies consistent unit conversions and aggregation rules. The calculation methods are reviewed annually to ensure compliance with the GHG Protocol, SBTi boundaries, and CSRD reporting requirements.

There are a limited number of categories that have been assessed as immaterial to our operations. The excluded categories are those not considered relevant to our business model and operations or where a negligible proportion of total emissions can be attributed. The excluded Scope 3 categories are:

- Category 8: Upstream leased assets
- Category 10: Processing of goods sold
- Category 13: Downstream leased assets
- Category 14: Franchisees
- Category 15: Investments

E1-7 Greenhouse gas removals and greenhouse gas reduction projects financed through carbon credits

Kährs does not use emission reductions or emission reduction projects financed through carbon credits to offset residual emissions during the reporting period. Therefore, no volumes, methods, or verification data apply to E1-7 for the 2025 fiscal year. Our climate action strategy for this period focuses on direct emissions reductions within Scope 1–3 in accordance with our validated SBTi targets. No credits were used to report progress toward short-term SBTi targets during the reporting year. We will evaluate credible, verifiable offsetting options for residual emissions only after emission reductions, in accordance with the SBTi's net-zero guidelines.

E1-8 Internal carbon pricing

Kährs applies the ESRS provisions on phasing-in and the “Quick-Fix” Delegated Act; therefore, detailed disclosures under E1-8 regarding internal carbon pricing are deferred and will be provided within the permitted implementation timeframe.

E1-9 Expected financial impacts of material physical and transition risks, as well as potential climate-related opportunities

Kährs applies the ESRS implementation provisions and the “Quick-Fix” Delegated Act; therefore, quantitative disclosures regarding expected financial impacts under E1-9 are deferred and will be reported in accordance with the permitted implementation schedule.

E2 Pollution

E2

Impact, risks, and opportunities

ESRS 2 SBM-3, E2-6

See SBM-3 for an overview of impacts, risks, and opportunities

Kährs’ significant environmental impacts stem from manufacturing processes involving chemicals, dust-intensive processing, and the handling of polymer-based materials throughout the value chain. Consultation with affected communities regarding pollution-related impacts, risks, and opportunities takes place within the framework of the stakeholder engagement described in SBM-2, including open house days, environmental consultations, and educational partnerships with local communities.

Kährs has identified VOCs (volatile organic compounds), wood and plastic dust, substances of concern (SoC), and microplastics as its material emissions related to pollution. The operations have been reviewed at all of the company’s own production facilities (4) and further along in Kährs’ value chain. The survey aligns with the scope described in the company’s DMA and is applied in all E2 disclosures. The survey took into account manufacturing conditions at each facility, including chemical use, the presence of dust-intensive processes, and polymer handling and processing, and confirmed that no other pollutants listed in EU or national reporting frameworks are emitted at levels relevant for reporting from Kährs’ operations. All production facilities are included in the scope of this assessment. Assessments and measurement data for VOC and dust emissions are collected from Kährs’ own production facilities. SoC and microplastics are assessed from a broader perspective, and measurement data are reported for all Kährs flooring products, including in-house production and external purchases. The reported data includes changes over time where possible. The 2025 fiscal year is Kährs’ first reporting year under ESRS. Data from the previous year (the 2024 fiscal year) for VOCs, SoCs, or microplastics has not previously been collected from all of our own production facilities in accordance with ESRS methods and cannot be reliably reconstructed. However, Kährs has had fairly consistent production in recent years, and changes in legislation regarding pollution and the use of chemicals have not significantly impacted the results. The measurement methods for VOCs, SoCs, and microplastics are described in detail in the sections on metrics E2-4 and E2-5, including the assumptions and limitations used in compiling the data.

Significant Impacts

Significant environmental impacts include VOC emissions from the use of chemicals, dust emissions from the manufacture of wood and plastic flooring, the presence of SoC in surface treatments and adhesives, and microplastics in purchased raw materials, manufacturing, and handling. Stakeholder consultation involves close collaboration with local authorities that oversee permits and conditions for the facilities, as well as with environmental managers and product managers across Kährs’ entire operations.

Significant risks

Pollution-related risks include non-compliance with regulations (e.g., VOC requirements, REACH), inadequate information from suppliers regarding chemicals and microplastics, health and safety risks for employees, and potential impacts on the local environment. Incomplete upstream data poses traceability risks for reporting pollution-related data.

Key opportunities

Opportunities include continued substitution of hazardous chemicals with safer alternatives, improved techniques for VOC and dust control, deeper collaboration with suppliers on data regarding chemicals and microplastics, and the development of more transparent product information that supports customer expectations and certifications.

Managing impacts, risks, and opportunities

Policies

E2-1, ESRS 2; MDR-P

Kährs' climate and environmental policy, approved by the Kährs Board of Directors, describes how we manage significant impacts, risks, and opportunities related to pollution. Responsibility for the policy is described in section ESRS 2 MDR-P. The policy outlines commitments to prevent, control, and mitigate negative environmental impacts, with a focus on minimizing pollution and ensuring responsible chemical management. It also establishes processes for monitoring and reporting results. The scope covers Kährs' own operations and extends throughout the entire value chain, both upstream and downstream, to measure and manage activities that may cause pollution. This includes procedures for chemical management and the identification of potential sources of pollution, such as microplastics.

The policy addresses the substitution and minimization of SoCs. It clearly states that Kährs strives to reduce the use of SoCs in manufacturing and intends to replace hazardous chemicals with safer alternatives wherever possible.

Kährs' own production facilities have procedures for chemical management and preventive maintenance to mitigate or eliminate potential emergencies. All incidents are reported and followed up in an internal incident and reporting system.

Measures

E2-2, MDR-A

Kährs has identified significant aspects related to pollution in its operations and has areas where improvements can be made. However, Kährs currently meets all legal requirements regarding pollution and chemical management as established in the value chain assessment.

VOCs in chemicals, SoCs, and microplastics are common in Kährs' value chain, and these products are difficult to replace. Kährs has established appropriate measures that can reduce the total content.

Dust is present in this industry and will never be able to be completely eliminated, but risks must be reduced, and measures will focus on maintaining and improving a pleasant work environment with a margin up to established national occupational exposure limits.

Air Pollutants, VOCs

VOCs are carbon-based chemical substances (volatile organic compounds) that easily evaporate into the air at room temperature. Exposure can be harmful to humans, and VOCs can react with other chemicals, form ground-level ozone, and become a pollutant for the environment. VOC emissions occur at all of Kährs' own production facilities, primarily from chemical products used mainly for gluing and surface treatment. In Sweden, the operations are subject to VOC regulations in the environmental permit; these levels are monitored and reported annually and comply with applicable limit values.

In 2025, the possibility of reducing VOC emissions by installing carbon filters in exhaust air ducts was investigated. This type of VOC purification requires a significant investment, as the exhaust systems are quite complex, with many outlets from different locations. The possibility of this solution remains, if the investment can be justified economically. The technology is still under investigation.

The reduction of VOC content in chemical products has been ongoing for many years at Kährs due to internal and external requirements. For example, product certifications require flooring manufacturers to reduce the content of hazardous chemicals in flooring, such as VOCs. VOCs are prioritized in Kährs' chemical criteria and are always evaluated for new products and in priority replacements.

At the same time, Kährs focuses on ensuring the safe daily handling of chemicals and protecting its employees with proper protective equipment as well as well-functioning extraction and ventilation systems.

For the reporting year 2025, Kährs has collected data on VOC emissions from its entire own operations using suppliers' VOC data. Providing VOC data for externally manufactured products (purchased finished flooring) is more difficult because it is not mandatory to include this data outside the EU, and since this goes beyond the requirements of REACH, not all of Kährs' suppliers have been able to provide the requested information. Gaining full control over all VOC data, including data from suppliers of externally manufactured flooring, is an area where Kährs needs to improve in the future.

VOCs emitted during the use of fuel or other chemical products in production maintenance have not been measured by Kährs. These emissions are considered negligible due to the small quantities involved and the lack of a clear method for collecting relevant data.

Expected results of the measures

The continued collection of VOC data from all suppliers will increase knowledge within Kährs' value chain regarding product content and help the company make decisions regarding products and chemicals.

The installation of VOC purification filters (carbon filters) can have a significant effect; suppliers guarantee a reduction of 90–95%, which can have a major impact on the results.

The ongoing collaboration with suppliers will have little impact on VOC results, as product composition is currently relatively fixed. The results will likely be reductions in VOC content rather than the identification of VOC-free products, so the outcome of these measures will have a minor impact on the overall result, perhaps 1–5%.

Summary of measures

Measure	Timeframe	Stakeholder Responsible	Value chain
Collection of VOC data	Funding for a long-term plan	Kährs Chemical Team	Suppliers of flooring products
VOC-removing filters	Funding for long-term plan	Kährs Technical Team	In-house operations
VOC reduction	Medium- to long-term plan	Kährs R&D Team	Suppliers

Air pollution, dust

Dust from manufacturing can pollute the environment and pose a health risk to people. In Kährs' operations, dust is generated during the manufacture of flooring from wood and plastic raw materials. Legislation regulates the work environment for companies within the European Union, and Kährs' own production facilities are monitored and measured for dust levels both indoors and outdoors. For hardwood dust, the occupational exposure limit is 2.0 mg/m³ of air. The limits for softwood and plastic dust are set at 5.0 mg/m³ of air. The limit for hardwood dust is lower because hardwood dust is classified as carcinogenic.

Dust is generated during floor manufacturing at all Kährs production facilities. Dust levels are monitored and reduced to prevent risks related to health, the environment, and fire. It is important to continuously identify any deviations. First and foremost, preventive measures are taken at the source, for example, when dust forms in machines, through appropriate local exhaust and ventilation systems, as well as the use of personal protective equipment when necessary. Additional protective measures are necessary when collecting dust in filters, during maintenance, and when protecting against outdoor contamination. In general, cleaning procedures are important and must be performed regularly and correctly, with limited use of compressed air. The installation of "dust collectors" has been a useful addition in some factories and may be necessary to achieve a suitable work environment when other improvements have not been sufficient. For high-risk areas, indoor dust exposure monitoring is conducted annually to ensure that dust levels comply with national regulations. Outdoor dust monitoring is also conducted and reported regularly to ensure that outdoor environmental limits are not exceeded.

Preventive measures related to dust are concentrated at Kährs' own production facilities in accordance with the national regulations applicable within the EU. Today, all operations at Kährs' production facilities are within the hygienic limit values. Dust levels are continuously monitored, and Kährs strives to maintain good working conditions while complying with permits, conditions, and national regulations.

In 2025, Kährs launched an internal best-practice program at all production facilities to prevent dust pollution, as well as a joint program for measurement and control.

Expected results of the measures

Kährs aims to achieve half the national hygiene limit values for all dust measurements in its own factories, based on 8-hour personal air sampling followed by gravimetric (weight-based) analysis.

Summary of measures

Measure	Timeframe	Stakeholder Responsible	Value chain
Implementation of improvement program	Short-term plan	Kährs Work Environment Team	Own operations

Contaminants, Substances of Concern (SoCs)

Kährs monitors and controls the levels of SoCs in chemical products used at Kährs' own production facilities and in products manufactured externally (purchased products). Kährs has established its own chemical criteria to ensure that the chemicals used in its products comply with legal requirements and product certifications. SoCs are included in these criteria, and reducing them is part of Kährs' long-term plan to reduce environmental impact. Most of the SoC substances used by Kährs are classified as allergens (substances that can trigger an allergic reaction in sensitive individuals) or as hazardous to the aquatic environment.

Reducing SoC can be achieved by decreasing the amount of hazardous substances in a chemical product or by reducing the consumption of a hazardous chemical product in manufacturing. Both of these measures should lead to minimizing the total amount of SoC used. Many of the SoC products used in our own production today

have specific properties that are relevant for surface treatment. These properties help create a sustainable flooring product and are not always easy to replace.

Most of the SoCs used in Kährs' chemical products for flooring are part of purchased chemical mixtures in liquid form that are used for gluing and surface treatment. These chemicals react during the manufacturing process and chemically bond to a new polymerized structure through the curing process, and therefore have a very low impact on end users and the environment as a finished flooring product.

In 2025, Kährs implemented several SoC substitutions in collaboration with suppliers, and in some cases, improvements were made that reduced the consumption of a chemical SoC product.

Substances of Very High Concern (SVHC) are prohibited under Kährs' chemical criteria, but exemptions from the criteria may be granted through a special decision-making process. Kährs' flooring products currently contain no substances classified as SVHCs above 0.1% by weight. This is the reporting threshold (information requirement) under the EU's REACH legislation. In the double material materiality assessment (DMA), SVHCs were assessed as non-material at Kährs.

All of Kährs' own production facilities reported quantities of SoC in 2025. The collection of data on SoC in chemical products for flooring is calculated based on information in safety data sheets or other data provided by suppliers when safety data sheets cannot be provided in the correct EU format. For SoC in maintenance products used at our own production facilities and SoC in chemicals in externally manufactured products, Kährs does not yet have an established method for data collection. It is important to note that Kährs complies with the chemical requirements of REACH and that a large portion of its products are certified according to internationally or nationally recognized product certifications, where health and emissions are key requirements.

Measures regarding SoC are largely linked to the upstream value chain and collaboration with suppliers of chemical products. Kährs continuously strives to reduce the use of SoC through the implementation and dissemination of Kährs' chemical criteria. The highest priority is given to reducing substances classified as carcinogenic, mutagenic, or toxic to reproduction (CMR), SVHC, and VOC.

Expected results of the measures

Based on previous measures taken in 2025 and planned measures, Kährs will work to reduce SoC levels for certain prioritized hazardous classifications, such as SVHC substances (<0.1%), CMR substances, and VOCs. The majority of Kährs' current SoC classifications pertain to skin sensitizers and substances hazardous to the aquatic environment. These are not currently subject to measures but will remain in chemical products in a wet state until new technology has been developed for the surface treatment industry within the flooring sector.

Summary of measures

Action	Timeframe	Stakeholder Responsible	Value chain
SoC goals	Short-term plan	Kährs chemical team	Own operations and suppliers of purchased products
Collection of SOC data	Short- to medium-term plan	Kährs Chemical Team	Suppliers of externally manufactured flooring products

Reduction of hazardous chemical emissions	Medium- to long-term plan	Kährs chemical team	SOC reduction
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Pollutants, microplastics

The definition of microplastics in ESRS E2 refers to plastic particles smaller than 5 mm. Kährs' plastic flooring products contain large amounts of polymers, as do certain chemical products for wood flooring. Since regulations and assessments of the environmental impact of microplastics are new, only a few of Kährs' suppliers were able to provide data in 2025. To support this, REACH has introduced a new regulation requiring companies to report on microplastics. The REACH regulation will help Kährs identify microplastics in its purchased raw materials, as the regulation will be implemented in 2026–2027.

To report information on microplastics, Kährs has used safety data sheets from suppliers who already report microplastic information in accordance with REACH. In other cases, and for Kährs' own manufacturing, Kährs has made estimates—or asked suppliers to assist with estimates—based on the definition of primary and secondary microplastics.

To compile the overall results, Kährs has conducted product category assessments to define actual or potential microplastic impacts in the value chain.

The assessment of Kährs' product categories for plastic flooring and wood flooring identified primary and secondary microplastics. The majority of primary microplastics are found in the purchased plastic raw material from the upstream value chain and in Kährs' own production of plastic flooring. Additional primary microplastics are generated when the purchased plastic raw material is mixed and pelletized into semi-finished products with additives in Kährs' manufacturing. Secondary microplastics were also detected as waste from production and handling. No microplastics from the downstream value chain have been detected due to a lack of studies; therefore, Kährs has no methodology for detecting secondary microplastics from the use phase or end-of-life treatment.

A significant amount of microplastics is detected in Kährs' value chain, but Kährs' goal is to manage the material in a closed-loop system. Kährs has increased its knowledge of microplastics through the assessments conducted and, together with its suppliers, can take responsible measures to identify, improve, and potentially further reduce microplastics in its value chain.

Expected results of the measures

In the short term, Kährs will reduce the secondary microplastics generated in the manufacturing process in the form of waste. Kährs is unlikely to succeed in reducing primary microplastics in the short term.

Summary of measures

Action	Timeframe	Stakeholder Responsible	Value chain
Limiting secondary microplastics	Short-term plan	Kährs operations team	In-house production of plastic flooring
Collection of data on microplastics (actual	Medium-term plan	Kährs chemical team	Suppliers of externally produced flooring

data instead of estimates)			products and the downstream value chain
Reduction of microplastics	Long-term plan	Kährs operations team and R&D	In-house operations and suppliers of externally manufactured flooring products

Results

Goals

E2-3, MDR-T

The pollution target relates to VOC emissions from our largest production facility in Nybro, Sweden. The total amount of VOCs is measured in kg, based on the VOC content in purchased chemical products for flooring, per million square meters of surface-treated flooring. The goal aims to control and reduce VOC pollution and to report compliance with the conditions of the manufacturing permit. Indirectly, the local community in Sweden is involved in the goal as a stakeholder, since the condition is defined in the permit by local authorities.

Progress toward the target depends on the product mix manufactured each year, but some examples of chemical substitution have contributed to the reduction. In 2026, Kährs will reformulate the target to cover VOC emissions from all of its own production facilities and the production of finished flooring. The new target will be set internally without any external stakeholders.

Kährs also has a plan to set targets for SoC by 2026, in line with the chemical strategy outlined in Kährs' chemical criteria.

The targets are in line with the statement in the climate and environmental policy in the section on Pollution, "Reduce VOC emissions," and in the section on Chemicals, "Reduce the use of substances of concern (SoC) in manufacturing."

Summary of goals

Facility	Year	Value	Reduction in %	Target
Sweden	2023	710 kg/m ²	-	750 kg/million m ²
Sweden	2024	740 kg/m ²	-13%	750 kg/million m ²
Sweden	2025	510 kg/m ²	-22%	650 kg/million m ²

Measurement values

E2-4, E2-5, MDR-M

Air, water, and soil pollution

E2-4 28

Pollutant (NMVOC)	2025	2024
Total emissions of pollutants to the air, own production [kg]	6,091	N/A

The method involves tracking VOC content in the safety data sheets for purchased chemical products used in flooring production within the company's own operations. All non-reactive VOCs and non-diffusive solvents are assumed to be released into the exhaust air.

**The 2025 fiscal year is Kährs' first reporting year under ESRS. VOC data from the previous year (the 2024 fiscal year) has not been collected from all of our own production facilities in accordance with ESRS methods and cannot be reliably reconstructed. In accordance with ESRS 1, we have therefore not presented comparative information for these data points and state that it was not possible to provide such information.*

Microplastics

E2-4 28

Pollution	2025	2024
Total microplastics used or generated by the company, all products [kg]	6,823,136	N/A*
Primary	99.99%	Not applicable*
Secondary (spill)	<0.01%	Not applicable*
Wooden flooring	0.01%	Not applicable*
Plastic flooring (polymer-based)	99.99%	Not applicable*

The method involves tracking microplastics in the safety data sheets for purchased chemical products used in our own flooring production and for purchased externally manufactured products. In cases where information on microplastic content has not been available, the chemicals team at Kährs has made assumptions based on other relevant data from suppliers.

**The 2025 fiscal year is Kährs' first reporting year under ESRS. Data on microplastics for the previous year (the 2024 fiscal year) has not been collected from all suppliers and our own production facilities in accordance with ESRS methods and cannot be reliably reconstructed. In accordance with ESRS 1, we have therefore not presented comparative information for these data points and state that it was impossible to provide such information.*

Substances of Concern

E2-5 34

Contaminant SoC	2025	2024
Total amount of SoC [kg]	366,057	Not applicable*
SoC in self-produced flooring [%]	68.5	Not applicable*

SoC in externally manufactured flooring items [%]	30.5	Not applicable*
SoC for production maintenance [%]	1.0	Not applicable*

The method involves tracking SoC in the safety data sheets for purchased chemical products. When such chemical content has not been available, the operations team has made assumptions based on other product categories or other relevant data from suppliers.

**The 2025 fiscal year is Kährs' first reporting year under ESRS. Data for the previous year (the 2024 fiscal year) regarding substances of concern has not been collected from all suppliers and our own production facilities in accordance with ESRS methods and cannot be reliably reconstructed. In accordance with ESRS 1, we have therefore not presented comparative information for these data points and state that it was impossible to provide such information.*

Unit-specific pollution metrics

No unit-specific climate metrics were identified for the fiscal year 2025; therefore, E2 contains no disclosures regarding unit-specific metrics.

Accounting policies

E2-3 Pollution-related targets

VOC emissions from volatile organic compounds are defined by the VOC content in the chemical products used. VOCs are released into the air during manufacturing and removed from the manufacturing process via exhaust systems. The air is released into the outdoor environment.

Kährs performs calculations based on safety data sheets where VOCs are defined, or based on information from suppliers when VOCs are not defined in the safety data sheets. Kährs excludes VOCs from the calculation if the substance reacting in the process is "consumed" during curing and if the product is a non-volatile solvent used for cleaning, provided it is not released into the air.

Kährs' VOC target is derived from the largest production facility in Sweden and is based on VOC emissions divided by millions of square meters of surface-treated flooring. The result is kilograms per million square meters. No assumptions are made. In 2026, the target will change to include all of Kährs' internal manufacturing facilities, i.e., the total VOC content divided by the number of square meters produced.

E2-4 Air, Water, and Soil Pollution

Air pollution

Kährs generates emissions of air pollutants, such as volatile organic compounds (VOCs), primarily as a result of chemical products used for gluing and surface treatment in the manufacturing process at our own production facilities. VOC emissions are considered a significant pollution-related impact according to ESRS E2 due to their contribution to air pollution and potential impact on human health and the environment. VOC emissions have been calculated based on Kährs' own production at its facilities, using data from suppliers of purchased chemical products for our flooring products. Chemicals for production maintenance and fugitive emissions from fuel use are not included, as these quantities are considered to be small.

Not all VOCs are released into the air; some of the purchased VOC products are in a liquid state and react and polymerize during the curing of the floor. Product certifications require floor manufacturers to reduce the chemical content in floors. VOC content and emissions are covered by these requirements.

For dust contamination, there are no specified quantitative measurement values or quantitative targets. Hygiene limits must be met, and Kährs constantly strives to create the best indoor and outdoor environments.

Microplastics

Kährs has evaluated its own operations and further along the value chain to track microplastics from purchased products, microplastics generated during manufacturing, or microplastics generated from sold products or services.

Microplastics in purchased raw materials can be defined in safety data sheets or directly as microplastics, according to the definition in ESRS E2. If data from suppliers is available in safety data sheets, the mass of microplastics can be calculated based on the substance's percentage in the chemical product and the known purchased volume. If no data is available in the safety data sheets, the purchased volume has been used. In one case, information from a supplier has been used to estimate an entire product category.

Primary and secondary microplastics are generated in the manufacturing process at Kährs' own production facility. Primary microplastics come from the mixing and pelletizing of plastic materials used in the manufacture of the products, and secondary microplastics come from waste that can cause contamination.

Regarding potential microplastic emissions from products and services, there is currently no research or data available to account for emissions generated during installation, the use phase, or at the end of a product's life cycle. Kährs products are developed and manufactured for a long service life and designed for normal indoor use. Exact data on emissions of small particles during the use phase are unknown.

Kährs has no data from previous years. Kährs has assumed that there are minor changes over time and that these follow the volume of products sold. The data on microplastics has not been validated by any external body other than the auditors.

E2-5 Substances of Concern

E2-5 Substances of Concern

Kährs has identified substances of concern (SoC) in our products and products for production maintenance and has implemented a process to calculate the amount of SoC in the business. Our internal chemical management system can identify SoC from safety data sheets, and in combination with purchased volumes of these chemical products, the total amount of SoC can be calculated. The calculations are based on maximum concentrations in each chemical product, and since the ranges are sometimes wide, the actual value may be lower than that stated.

For externally produced flooring products, it has not been possible to obtain information based on safety data sheets. To estimate the SoC values, Kährs used the SoC consumption from its own production and multiplied it by an uncertainty percentage of 20 percent. For the purchased chemical accessory products, Kährs was able to calculate the SoC levels because information on these products is available in the chemical management system. For other flooring accessories (e.g., baseboards), Kährs lacks detailed information on the substances in these products in the chemical management system. To calculate the SoC values in these purchased goods, an estimate was made based on the number of meters sold, using the same SoC consumption as for Kährs' own production of wood flooring.

Kährs uses certain substances classified as substances of very high concern (SVHC) in the manufacture of a few flooring products, where they are essential to the process. No product contains substances of very high concern (SVHC) above the reporting threshold of 0.1%. The total amount calculated in Kährs' chemical products for 2025 is 510 kg of SVHC substances. We do not consider SVHC to be a material issue in the dual materiality assessment (DMA) conducted in 2025.

E2-6 Expected financial impact of pollution-related IRO

By applying the ESRS Phase-In and “Quick-Fix,” Kährs is deferring quantitative disclosures regarding financial impacts under E2-6 until the permitted deadline.

E2 Unit-specific metrics

No entity-specific climate metrics were identified for the 2025 fiscal year; therefore, E2 contains no disclosures regarding entity-specific metrics.

E3 Water and marine resources

Impacts, risks, and opportunities

SBM-3, E3-5

See SBM-3 for an overview of impacts, risks, and opportunities

Significant water-related impacts and risks are highly localized and reflect the company’s reliance on freshwater withdrawal for sawmill operations rather than for all facilities. Consultation with affected communities regarding water-related impacts, risks, and opportunities takes place within the framework of the stakeholder engagement described in SBM-2, including open house days, environmental consultations, and educational partnerships with local communities.

Kährs has identified water withdrawal as a material issue following a review of impacts, risks, and opportunities at its own production facilities (4) as well as from a broader perspective within Kährs’ value chain. The review aligns with the scope described in the Water Framework Directive (WFD) and is applied consistently in E3 reporting.

This review took into account the conditions at each individual facility within Kährs, including water consumption, water withdrawal, and water discharge. Water-related metrics were collected from all of Kährs’ own production facilities.

Kährs consumes drinking water for hygiene purposes and process operations. Fresh water is used for irrigation. The use of water from a river (Alsterån) for irrigation is considered water withdrawal. Other water withdrawal beyond irrigation is insignificant (from a private well). Process water and stormwater discharge are measured and monitored continuously.

Significant Impacts

None of Kährs’ production facilities are located in areas experiencing severe water scarcity, and no impact on the marine environment (oceans and lakes) has been identified through the DMA.

Significant risks

Water withdrawal for timber irrigation at the Swedish sawmill constitutes a significant water-related risk. Water scarcity in the region could pose a risk during the summer months. The reason is that authorities may impose statutory or temporary bans on freshwater withdrawal from a nearby river during prolonged droughts. e bans preventing Kährs from withdrawing water could impair the storage quality of the oak logs and lead to significant financial impacts.

Key opportunities

Opportunities include further optimization of irrigation cycles and times, improved recirculation systems, and the design of nature-based solutions, such as wetlands, to improve water quality before the water is returned to natural systems.

Managing impacts, risks, and opportunities

Policies

E3-1, ESRS 2; MDR-P

Kährs is committed to using water resources responsibly in our operations. This is outlined in our climate and environmental policy, which includes:

- Annual assessment of water-related impacts, risks, and opportunities
- Reducing total water consumption and seeking innovative water-saving solutions
- Monitoring of water use in the categories of drinking water, groundwater, and stormwater
- Reporting on water use in accordance with the EU's CSRD and best practices

Responsibility for the policy is described in the ESRS 2 MDR-P section. Kährs' responsibility for the treatment of returned water, including recirculation via wetland areas in accordance with the EU Water Framework Directive, is described in Actions (E3-2) below.

Currently, none of our own production facilities are located in areas with high water stress, and through the DMA process, we have determined that Kährs has no significant impact on seas and lakes.

Measures

E3-2, MDR-A

Kährs has no formal measures related to water management, as no targets have been set regarding water withdrawal or water consumption. The following describes the activities Kährs carries out to manage water-related risks.

As a result of Kährs' DMA analysis, water withdrawal is considered significant at a specific location. In the event of a severe drought in the affected region, the ability to use water from a nearby river for irrigation would pose a risk to our sawmill in Sweden. Authorities may prohibit companies from withdrawing water in a critical situation. A nearby river in this region has been subject to such a ban in previous years. Without irrigation, the storage of lumber is jeopardized, as the wood will crack and lose its resistance to insect and fungal damage when exposed directly to the sun, thereby losing its natural quality for further processing in sawmills and flooring production.

Kährs relies on this access to fresh water to operate our sawmill operations with the timber purchased from Northern Europe. From May to October, approximately 30,000–40,000 m³ of water is drawn from the Alster River and used to irrigate the logs that make up Kährs' stock of oak logs. The volume of the stock varies, but it has a high economic value.

In 2025, Kährs adjusted its purchasing patterns for oak logs by switching from large batch deliveries by boat to smaller, more frequent deliveries by truck. This reduces the total storage volume during irrigation, which should minimize the total water withdrawal from the Alster River and give the company greater flexibility to adjust purchase volumes should a drought occur.

As background, Kährs invested SEK 500,000 in 2023 in a system for recirculating irrigation water to a wetland area, to ensure a diffuse, purifying return to the river in accordance with the EU Water Framework Directive and Swedish national requirements.

Expected results of the measures

The risks associated with Kährs' timber handling are minimized and can be further minimized through purchasing volumes if a risk of drought arises.

Summary of measures

Measure	Timeframes	Responsible stakeholder	Value chain
No further actions			

Results

Goal

E3-3, MDR-T

No targets have been set regarding water withdrawal or water consumption.

Measurement values

E3-4, MDR-M

No measurement values have been established for water withdrawal. Measurement values for water consumption are provided below.

Water consumption

E3-4 28.a-d

Water consumption , intensity, recycled, reused, and stored water

	2025	2024
Total water consumption [m³]	87,000	52,000
Irrigation water [m³]	51,000	34,000
Drinking water [m³]	36,000	18,000
Groundwater from own well [m³]	4	3
Total water consumption intensity (m³/million SEK)	41.11	22.78
Total water consumption in areas at risk of water scarcity, including areas with high water stress [m³]	0	0
Total recycled and reused water [m³]	0	0
Total water storage at the end of the reporting period [m³]	0	0

The reason for the increased total water consumption in 2025 compared to 2024 is primarily due to an extended irrigation period at the sawmill in Sweden. The irrigation period was extended by one month in 2025. Additional drinking water consumption was identified at one of Kährs' own facilities, which was not reported in 2024. Kährs does not recycle, reuse, or store any water.

Unit-specific metrics for water and marine resources

No unit-specific climate metrics were identified for the 2025 fiscal year; therefore, E3 contains no information on unit-specific metrics.

Accounting policies

E3-3 Targets related to water and marine resources

No targets related to water

E3-4 Water consumption

Water consumption data is collected from all of Kährs' own production facilities. The water sources are:

- Irrigation water (from the Alster River, surface water)
- Groundwater from a private well
- Municipal drinking water

Water consumption data is not validated by any external party other than the auditors, but is collected directly from available measurements.

E3-5 – Potential financial impacts of impacts, risks, and opportunities related to water and marine resources

By applying the ESRS Phase-In and "Quick-Fix," Kährs is deferring quantitative disclosures regarding financial impacts under E3-5 until the permitted deadline.

E3 Unit-specific metrics

No unit-specific climate metrics were identified for the 2025 fiscal year; therefore, E3 contains no disclosures regarding unit-specific metrics.

E5 Resource use and circular economy

Impacts, risks, and opportunities

ESRS 2 SBM-3

See SBM-3 for an overview of impacts, risks, and opportunities. The identification and assessment of material impacts, risks, and opportunities related to resource use and the circular economy followed the same DMA methodology described in IRO-1, including the selection process, materiality criteria, and stakeholder engagement strategy outlined in that section. The selection included all of Kährs' production facilities and warehouses in Sweden, Finland, Romania, and Poland, reflecting that these locations constitute the relevant scope of application for the company's resource inflows and outflows. The operations reviewed included manufacturing, raw material procurement, logistics, and end-of-life product management, in accordance with the value chain described in SBM-1. Consultations were conducted with the same stakeholder groups engaged in all environmental issues, as described in SBM-2. No external experts with specific expertise in resource use or the circular economy were consulted, as the assessment was based on internal expertise in operations, procurement, product development, and sustainability functions.

Significant impacts, risks, and opportunities within E5 are driven by our dependence on biological and technical materials, waste generated during production, and increasing demands from regulators and customers for circularity.

Significant impacts

Resource-related impacts include the extraction and use of timber and polymers, limited use of recycled inputs, and waste generated from the production of both wood and polymer flooring. Further down the chain, the management of products at the end of their life cycle constitutes a material impact category.

Significant risks

Risks include the availability and price volatility of raw materials, dependence on certification systems for sustainable timber, regulatory expectations regarding circularity, and costs associated with waste management. Waste fractions that cannot be recycled—particularly polymer-based ones—pose environmental and compliance risks.

Key opportunities

Opportunities include integrating circular design into all product lines by 2030, expanding sustainably sourced bio-based materials, improving waste recycling and recycling streams, and designing repairable, sustainable, and eco-friendly flooring solutions.

Managing impacts, risks, and opportunities

Policies

E5-1, ESRS 2; MDR-P

Kährs has established a climate and environmental policy to manage material impacts, risks, and opportunities related to resource use and the circular economy. Responsibility for the policy is described in section ESRS 2 MDR-P. The policy applies globally to all operations and the value chain, including suppliers and business partners, and emphasizes responsible procurement, efficient resource use, and principles of circular design. The policy is also described in the reporting requirements related to:

- E1-2 Policies related to climate change mitigation and adaptation
- E2-1 Policies related to pollution
- E3-1 Policies related to water and marine resources

Issues regarding resource use and the circular economy are addressed in this policy. It establishes expectations for responsible procurement of raw materials, prioritizing the use of renewable and/or recycled materials, efficient use of materials and energy, and designing products for circularity through sustainability, long service life, reuse, refurbishment, and recycling.

The policy also encompasses collaboration with suppliers and business partners to reduce upstream environmental impact and integrate circular practices. Compliance with environmental regulations, continuous

monitoring, and stakeholder engagement are built-in to ensure that these commitments are consistently implemented throughout Kährs' operations and value chain.

Measures

E5-2, MDR-A

Kährs is implementing an action plan addressing resource use and the circular economy across its entire operations and value chain. During the reporting year, actions focused on:

- Designing products for sustainability, reparability, and recyclability, as well as integrating circular design reviews into R&D and innovation processes.
- Reducing the use of substances of concern and increasing the use of recycled materials in manufacturing and purchased components where possible.
- Improving resource efficiency in operations through energy and water audits, efficiency measures, verified procurement of renewable energy, and ongoing monitoring of water usage.
- To minimize waste and ensure that waste management is conducted in accordance with applicable regulations, with clear procedures for reuse and recycling that are followed at all facilities.

Planned measures for the 2026 fiscal year include:

- Developing end-of-life strategies to enable the reuse, recycling, or recovery of products.
- Deepening collaboration with suppliers and industry engagement to promote the circular economy and low-carbon solutions.
- Strengthen the monitoring and reporting of circular economy initiatives in accordance with EU regulations on ecodesign and sustainability.

Expected results of the measures

The measures described above apply to three clearly defined parts of the value chain:

- Own operations: resource efficiency, waste management, and production processes at all production facilities in Sweden, Finland, Romania, and Poland.
- Product design and development: circular design principles applied across all product categories, including wood flooring and plastic flooring.
- Upstream in the value chain: collaboration with suppliers regarding recycled materials, substances of concern, and sustainable procurement.

Expected results in product design and the circular economy

By integrating circular design reviews into the R&D and innovation processes for all product categories, the sustainability, reparability, and recyclability of Kährs' flooring range are expected to gradually improve. These measures directly contribute to the policy commitment in section 3.8 of the climate and environmental policy and support the goal that 100% of the product range shall be designed for circularity by 2030, as described in E1-3. The development of end-of-life strategies for the 2026 fiscal year is expected to further strengthen product circularity and support customers in managing products at the end of their life cycle.

Expected results in recycled and renewable materials

Measures to reduce the use of substances of concern and increase the use of recycled materials in manufacturing and purchased components are expected to gradually increase the proportion of renewable and recycled input materials over time, in line with the policy ambition described in E5-1. Specific results have not yet been quantified at the measure level, as methods and benchmarks for measuring the proportion of recycled materials across the entire product portfolio are still under development. These will be reported in future reporting periods as the measurement methods mature.

Expected results in resource efficiency

Energy and water audits, efficiency measures, and the procurement of renewable energy at all production facilities are expected to reduce energy intensity and water consumption over time, contributing to the resource efficiency commitments in the climate and environmental policy. These measures are directly linked to the energy and water performance metrics reported in E1-5 and E3-4.

Expected results in waste minimization

Waste minimization measures at all production facilities are expected to maintain and strengthen Kährs' existing waste management procedures, with a particular focus on reducing the amount of waste sent to landfills over time. Reuse and recycling procedures are applied at all facilities and monitored through the waste metrics reported in E5-5.

Scope and timeline of the measures

Kährs' circular economy action plan covers all production facilities and warehouses in Sweden, Finland, Romania, and Poland, and also extends to relevant upstream suppliers and takes into account the product's lifecycle in downstream stages. Circular product design and circular solutions will be fully integrated into the entire product portfolio by 2030. The development of an end-of-life strategy and strengthened collaboration with suppliers is planned for the 2026 fiscal year. Measures for resource efficiency and waste minimization are ongoing throughout the 2025–2029 sustainability strategy period.

Resources and economic impacts

In accordance with ESRS E5-2, Kährs is required to report the operational (OpEx) and capital (CapEx) resources allocated to measures related to the circular economy and resource use. The implementation of these measures encompasses a range of different resource types, including R&D and product development costs linked to circular design, potential cost premiums for input materials made from recycled materials, operating costs related to improvements in resource efficiency and waste management, as well as capital investments in production equipment where efficiency measures require it. At present, Kährs does not yet have a quantified Capex plan for these measures, and detailed Opex allocations have not been consolidated at the measure level. This information will be developed in future reporting cycles as the underlying investment plans and methodologies mature.

Results

Target

E5-3, MDR-T

Kährs has established the following targets regarding resource use and the circular economy. All targets are voluntary and go beyond the minimum requirements of legislation, although waste management at all production facilities, as a fundamental requirement, complies with applicable local regulations. Progress toward these goals is monitored annually by the Environmental Committee, a working group that oversees and implements the policy, and the Sustainability Team, and is reported through the key performance indicators presented in E5-4 and E5-5.

Summary of the goals

Goals	Scope	Baseline	2026	2030	Mandatory or voluntary
Products designed for the circular economy [%]	All product categories, both in-house and purchased.	Fiscal year 2025: methodology is under development	—	100%	Voluntary

Sustainably sourced timber [%]	Timber inflows at all production facilities	Fiscal year 2024: 75%	88%	90%	Voluntary
LCA/EPD coverage for all products	All product categories, both in-house and purchased	Fiscal year 2025: partial coverage	100%	—	Voluntary
Landfilled waste [tons]	All production facilities in Sweden, Finland, Romania, and Poland	Fiscal year 2025: 140.71 tons	Reduce	Reduce	Voluntary

Circular product design

This target addresses the material-related IROs related to resource outflows identified in the DMA, particularly the negative impacts of end-of-life product management and the opportunity to improve circularity across the entire product portfolio. It directly contributes to the policy commitment to ensure that products are designed to be sustainable, repairable, and recyclable, as described in E5-1. The full methodology and definition of what constitutes a product designed for circularity will be developed during the 2026 fiscal year and will be reported in future reporting periods. Progress during the 2025 fiscal year, including the integration of circular design reviews into R&D and innovation processes, is described in E5-2. This target addresses resource outflows and end-of-life product management as described in DR 24, and prioritizes preventive measures and design for recyclability in accordance with the waste hierarchy. This objective is primarily linked to the prevention and preparation for reuse levels in the waste hierarchy.

Sustainably Sourced Timber

This objective addresses the material-related IRO concerning resource inflows identified in the DMA, particularly the negative impact of biological materials not procured sustainably and the associated financial risk of supply chain disruptions. It contributes to the policy commitment to prioritize sustainable procurement of raw materials as described in E5-1. Sustainably sourced timber is defined as timber that meets the requirements of the FSC® (Forest Stewardship Council® license FSC-C019122) and/or PEFC (Program for Endorsement of Forest Certification license PEFC/05-35-153) traceability certification systems. Progress during the 2025 fiscal year is reported in E5-4. This target relates to resource inflows as described in DR 24a. This target is linked to the “prevention” level in the waste hierarchy by ensuring responsible procurement of raw materials.

LCA and EPD coverage

This objective addresses the key IRO related to resource outflows identified in the DMA, particularly the opportunity to improve environmental transparency and support customers in making informed product choices. It contributes to the policy commitment to report on circular economy initiatives in a transparent manner as described in E5-1. In-house manufactured products are largely covered by EPDs; a number of externally purchased products, including certain veneers, LVT, and accessories, currently have generic EPDs or no LCA coverage. LCAs are conducted in accordance with ISO 14040/14044, and EPDs are prepared in accordance with relevant product category rules. This objective addresses resource outflows and

transparency as described in DR 24. This objective supports the prevention level in the waste hierarchy by enabling well-informed material choices with lower environmental impact.

Reduction of Landfill Waste

This objective addresses the material IRO related to waste generation identified in the DMA, particularly the negative impact of waste generated by the business. This objective addresses resource outflows, specifically the minimization of waste disposed of in landfills. It contributes to the policy commitment to minimize waste generation and prioritize recycling and reuse as described in E5-1. This is a target without a specific numerical end goal, reflecting Kährs' commitment to continuous improvement in waste management. Progress is monitored through the absolute waste and landfill figures reported annually in E5-5. A more specific numerical target will be considered once baseline trends are sufficiently established. This target prioritizes prevention, reuse, and recycling over disposal, in line with the full waste hierarchy described in DR 25. This target is linked to the disposal level in the waste hierarchy, with the aim of minimizing the amount of waste reaching the lowest level in the hierarchy.

Metrics

E5-4, E5-5, MDR-M

Resource inflows

E5-4

Kährs' inflows of material resources include wood (oak, ash, spruce, pine); chemicals such as additives, adhesives, lacquer, glaze, primer, stabilizers, and varnish; packaging materials including cardboard and plastic; limestone; plastics (polymers, PVC-free, PVC, bio-based); quartz sand; and water.

In addition to the inflow of material resources, Kährs uses water and tangible fixed assets as input resources in its own operations and in the upstream part of the value chain. Water is used in limited quantities at the production facilities as part of manufacturing and cleaning processes, in addition to the water used for irrigation reported in E3. Tangible facilities and equipment at Kährs' production facilities include sawmill equipment, industrial wood dryers, complete flooring production lines that convert logs into finished flooring products, production machinery for resilient flooring, packaging equipment, and warehouse infrastructure. These assets are used at production facilities in Sweden, Finland, Romania, and Poland.

Resource Inputs

The following breakdown of resource inflows by material category is company-specific information included to increase transparency regarding the composition of Kährs' material inputs. This breakdown is considered relevant and material to Kährs given the significant importance of wood, polymers, and chemicals as primary inputs in the manufacture of flooring, as well as the importance of sustainable procurement within these material categories, as established in the DMA.

E5-4 31

Resource Inputs	2025	2024
Total weight of products and materials [tons]	83,166.00	104,014.00
Proportion of biological materials (and biofuels) from sustainable sources [%]	84.25	61.27
Proportion of sustainably sourced timber** [%]	88.9	75

Percentage of secondary reused or recycled components [%]	0.00	0.00
Total weight of secondary intermediate products [tons]	0.00	Not applicable*
Percentage of secondary intermediate products [%]	0.00	Not applicable*
Total weight of secondary materials [tons]	0.00	Not applicable*
Percentage of secondary materials [%]	0.00	Not applicable*

**The 2025 fiscal year is the first year of reporting under ESRS. Data from the previous year (the 2024 fiscal year) regarding the use of secondary recycled or reused components was not collected in accordance with ESRS methods and cannot be reliably reconstructed. In accordance with ESRS 1, we have therefore not reported comparative information for these data and state that it was not practically possible to provide such information.*

***Sustainably sourced timber is defined as timber that meets the requirements of the FSC® (Forest Stewardship Council® license FSC-C019122) and/or PEFC (Program for Endorsement of Forest Certification license PEFC/05-35-153) traceability certification systems. This figure corresponds to the target for sustainably sourced wood reported in E5-3. The more comprehensive figures for the proportion of biological material from sustainable sources include all inflows of biological material, including packaging material, for which sustainability certification systems are not yet applied.*

Resource inflows by material

	Chemicals	Paper and cardboard (packaging)	Plastics (packaging)	Wood (packaging)	Plastics and minerals	Wood
Weight of technical materials/products [tons]	1,600	0	95	0	1,738	0
Weight of biological material [tons]	0	210	0	708	0	78,815
Weight of biological material from sustainable sources [tons]*	0	0	0	0	0	70067
Weight of secondary reused or recycled	0	0	0	0	0	0

components used to manufacture the company's products and services [tons]						
Weight of secondary intermediate products used to manufacture the company's products and services [tons]	0	0	0	0	0	0
Weight of secondary materials used to manufacture the company's products and services [tons]	0	0	0	0	0	0

**Sustainably sourced timber must meet the requirements of the FSC® (Forest Stewardship Council® license FSC-C019122) and/or PEFC (Program for Endorsement of Forest Certification license PEFC/05-35-153) traceability certification systems. During the 2025 fiscal year, the proportion of sustainably sourced wood from all production facilities was 88.9% (against a target of 87%). These traceability certification systems are not yet applied to packaging materials such as wooden pallets, paper, and cardboard. Timber procurement accounts for the largest share of our inflows of biological material compared to packaging; our priority is to ensure responsible and certified timber procurement.*

Resource Outflows

E5-5

Kährs integrates the principles of the circular economy into its flooring solutions, with a focus on sustainability, material efficiency, and consideration of the product's lifespan. All products are designed to be durable and of high quality, with responsible packaging to protect the materials during transport. Key product categories include:

- Wood flooring: Engineered flooring treated with surface coatings for long-lasting durability.
- Resilient flooring: Flooring options for commercial environments made from PVC-free or PVC materials.
- Luxury vinyl tiles (LVT): Vinyl-based tiles designed for sustainability and recyclability.
- Hybrid vinyl-free flooring tiles: Bio-based products containing natural and recycled fibers, wood, and cork.
- Textile flooring: Carpets from external suppliers made from polyamide yarn.

- Wood pellets: Manufactured from wood waste at the production facilities in Nybro (Sweden) and Satulung (Romania).

In all categories, Kährs applies the principles of the circular economy by prioritizing renewable and recycled materials, minimizing waste, and extending the lifespan of products. We work with circular models with the goal of having implemented circular solutions across our entire flooring range by 2030.

Reuse of products, materials, and waste after initial use

Kährs takes active measures to maximize the reuse of materials and waste throughout its operations and product range:

- Reuse of wood waste: At our production facilities in Nybro, Sweden, and Satulung, Romania, sawdust and wood chips generated during manufacturing are collected and used to produce wood pellets. In Nybro, these pellets are sold externally as a renewable energy product. Wood waste not used for pellet production is sold to local energy companies for incineration, which minimizes the amount of wood waste sent to landfills. In Satulung, pellets are used both internally and sold externally.
- Offcuts from plastic flooring installation: Kährs collaborates with GBR in Sweden to collect offcuts from the installation of our range of plastic flooring (Zero). These offcuts are recycled through GBR's recycling process instead of being sent to landfills, supporting a closed-loop strategy for this material flow.
- Recirculation in the manufacturing of resilient flooring: At our resilient flooring production facility in Ikaalinen, Finland, scrap generated during the manufacturing process is collected, ground down, and recirculated back into the production process. Although this constitutes recirculation within the production process rather than post-consumer or post-use recycling, it is a meaningful circular practice that reduces the consumption of newly produced material and minimizes production waste.
- Circular design for the end of the life cycle: Kährs is developing end-of-life strategies as part of the action plan for the 2026 fiscal year described in E5-2, with the ambition to expand recycling pathways to the entire product portfolio by 2030. Currently, recycling is in practice limited to the material flows described above, and Kährs acknowledges that a broader infrastructure for the take-back and recycling of flooring products is not yet in place.

Product Repairability

Kährs multi-layer parquet floors are designed with reparability as a feature. These products can be sanded and refinished multiple times over their lifespan, which significantly extends the product's lifespan and reduces the need to replace the entire product. This feature applies to all multi-layer wood flooring products across the entire range and helps extend the products' effective lifespan beyond the initial installation.

For other product categories, including resilient flooring, LVT, and textile flooring, there is currently no formal reparability classification or methodology at the industry level. Kährs is developing internal methods to quantify " " and report on the reparability of the entire product range during the 2026 fiscal year, as described in E5-2.

Percentage of Recyclable Content

Kährs flooring products are manufactured from materials that are technically recyclable by design, provided that suitable waste management infrastructure is available at the end of their life cycle. Wood-based products contain biological materials that can be recycled or used for energy recovery. Plastic and polymer-based flooring products contain technical materials for which recycling pathways exist, as evidenced by the GBR collaboration for installation waste described above.

However, Kährs does not currently measure or report the percentage of recyclable content at the product level, as there is no formal industry standard or methodology for calculating this metric within the flooring industry. Kährs is developing an internal methodology to quantify the percentage of recyclable content across the entire product portfolio during the 2026 fiscal year. This will enable structured reporting of the proportion of recyclable content in future reporting periods. The recycling rate at end-of-life is not monitored or measured by Kährs at this stage, as products end up in different waste management streams depending on installation method, geographic location, and available infrastructure.

Product sustainability

E5-5 36.a

Sustainability values are based on product warranty periods, which are used as a measure of expected service life during the ESRS implementation period. Industry benchmarks are not yet available; the methods will be updated when sector data becomes available.

Product	Sustainability metric (years)
0.3 mm LVT Dryback	10.00
3.5 mm LVT Click	10.00
5 mm LVT Click	10.00
7 mm wood flooring (Dwell, Living, Lodge, and Habitat collections)	12.00
7 mm wood flooring (Life collections)	15.00
9–11 mm wood flooring (Herringbone, Piazza, Studio, Gallery, and Atelier collections)	30.00
10 mm wood flooring (Unity and Rugged collections)	20.00
13 mm wood flooring	20.00
15 mm wood flooring	30.00
20 mm wood flooring	30.00
20 mm wood flooring (Canvas collection)	25.00
Aware Collection	30.00
LVT (Impression and Herringbone collections)	30.00
LVT Loose Lay	20.00
Resilient flooring	15.00

Product repairability and percentage of recyclable material

E5-5 36.c

At present, we have not yet established any methods or classification systems to quantify the product's repairability at the product level or the proportion of recyclable material. The necessary data structures and measurement processes are not yet in place, and therefore we cannot report these indicators for the 2025 fiscal year. An action planned for the 2026 fiscal year is to develop methods to report these metrics for our entire range of flooring products.

Waste generated in the company's own operations

E5-5 37

Description	Hazardous 2025 [t]	Non- hazardous 2025 [t]	Total 2025 [t]	Hazardous 2024 [t]	Non- hazardous 2024 [t]	Total 2024 [t]
Total waste volume	16.80	5,261.92	5,278.72	93.52	4,619.70	4,713.22
Total amount of waste diverted from landfills	0	374.15	374.15	0	354.10	354.10
Preparation for reuse	0	0	0	0	0	0
Recycling	0	370.01	370.01	0	347.00	347.00
Other recovery measures	0	4.14	4.14	0	7.09	7.09
Total amount of waste sent to landfill	16.80	4,898.78	4,915.58	93.52	4,265.61	4,359.13
Combustion	16.80	554.07	570.87	29.52	541.60	571.12
Landfill	0.00	140.71	140.71	64.00	260.00	324.00
Other recovery measures	0	4,204.00	4,204.00	0	3,464.00	3,464.00
Percentage of non-recycled waste [%]			92.93			92.49

Waste composition

E5-5 38

Kährs generates several different waste streams from wood-based manufacturing, plastic flooring production, and day-to-day operations. These are monitored, sorted, and sent on for reuse, recycling, energy recovery, or controlled disposal. The materials in Kährs' waste streams include:

- Wood and wood-based materials
- Plastics and polymers
- Chemicals and coatings
- Paper and cardboard
- Water-based residues
- General operating materials (e.g., metals, consumables)

These materials are sorted and processed for recycling, reuse, or controlled treatment in accordance with Kährs' circular economy goals.

The composition and scope of Kährs' waste streams reflect the nature of the company's manufacturing operations in both wood-based and plastic flooring. The largest waste streams by volume come from the following sources:

- Plastic and polymer waste from the production of plastic flooring at the factory in Ikaalinen, Finland, constitutes the largest waste stream by weight. It consists primarily of hard plastic scraps sent for incineration for energy recovery and PVC material sent to landfills. This reflects the material-intensive nature of plastic flooring manufacturing and the currently limited availability of recycling infrastructure for certain polymer types within this sector.
- Wastewater from manufacturing processes at the Satulung plant in Romania and the Ikaalinen plant in Finland is directed to approved wastewater treatment facilities. This constitutes the largest portion of the "Other recovery measures" category in the waste table, totalling 4,204 tons in fiscal year 2025 and 3,464 tons in fiscal year 2024.
- Wood waste from sawmill and flooring production operations at the Nybro mill in Sweden is largely recycled through internal recirculation—sawdust and wood chips are processed into wood pellets that are sold as a renewable energy product, or sold directly to local energy companies for combustion. This constitutes a significant closed-loop practice that minimizes the amount of wood waste sent for disposal.

Hazardous waste consists primarily of oils, adhesives, coatings, and other chemical waste from manufacturing processes, which is sent to approved hazardous waste incineration facilities. The amount of hazardous waste decreased significantly from 93.52 tons in the 2024 fiscal year to 16.80 tons in the 2025 fiscal year, primarily due to the divestment of Kährs' operations in Russia during the fourth quarter of 2024, which accounted for the majority of hazardous waste disposal in the previous year.

Metal waste from the maintenance of production equipment and general operations is largely recycled through closed- and open-loop recycling streams. Paper, cardboard, and general office waste from all facilities are similarly sent for recycling where infrastructure is available.

Waste stream	Materials included	Primary treatment
Wood and wood-based waste	Scrap pieces, sawdust, veneer waste	Reuse and energy recovery
Chemical and hazardous waste	Adhesives, coatings, varnishes, oils, primers	Treatment of hazardous waste
Plastic and polymer waste	Vinyl-free polymer waste, LVT scrap, plastic packaging	Recycling and disposal
Packaging waste	Cardboard, paper, plastic film, wooden pallets	Recycling
Water-based process waste	Water containing residues from cleaning and post-treatment	Wastewater management

General operational waste	Office and construction waste, metals, mixed fractions	Recycling and disposal
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Radioactive waste generated in the company's own operations

E5-5 39

	2025	2024
Total amount of hazardous waste [tons]	16.80	93.52
Total amount of radioactive waste [tons]	00.00	00.00

Unit-specific metrics for resource use and circular economy

No unit-specific climate metrics were identified for the 2025 fiscal year; therefore, E5 contains no information on unit-specific metrics.

Accounting principles

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

The data on resource inputs has not been validated by any external body other than the one that issued the certificate

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

Kährs is developing quantitative KPIs for the circular economy and resource use to be adopted during the 2026 fiscal year. During this reporting year, we report qualitative commitments and track progress through governance procedures. Numerical targets will be introduced once methodology and baselines have been established.

E5-4 Resource Inputs

Kährs collects data on the total weight of material inflows primarily through its internal ERP systems, which track purchased quantities of products and raw materials. When material quantities are recorded in units other than weight, standardized conversion factors are applied to calculate the corresponding weight. This method, using average data, is applied consistently across all facilities and is also used when calculating Scope 3 emissions for the company's carbon footprint.

Limitations include reliance on data from suppliers, assumptions in conversion factors, and the use of average values for materials with varying densities or compositions. The data is reviewed regularly to ensure it is accurate, consistent, and compliant with internal sustainability reporting procedures.

There is no overlap between the data reported on reused and recycled materials.

E5-5 Resource Outflows

Kährs calculates the weight of recycled and renewable materials in each product category based on sales volumes recorded in internal ERP and sales systems, in accordance with the method used for Scope 3, Category 12 emissions. Conversion factors are applied where product units differ from weight units to estimate total material inflows.

Assumptions include:

- Material composition is based on average specifications for each product category.
- For products with multiple components, the material with the highest weight is used as the basis for the calculation.

- For products with varying composition, representative averages are used.
- If information on recycled or renewable content is not available, it is assumed to be zero.
- Data from suppliers and production documentation are used as the primary source for material content.

Limitations include gaps in data, variations between different batches, and reliance on supplier reporting. The data is reviewed regularly to ensure accuracy and compliance with Kährs' sustainability reporting framework.

Kährs measures waste generation primarily through data collection at the facility level. Production facility managers report waste volumes based on information from waste management suppliers, broken down by waste type to support calculations of Scope 3, Category 5, greenhouse gas emissions. All production facilities maintain rigorous waste sorting procedures to improve data accuracy.

Waste is classified as hazardous or non-hazardous in accordance with the European Waste Catalogue and applicable national regulations on waste classification in each country where operations are conducted. The classification of hazardous waste is determined by waste management providers based on the chemical composition and properties of the waste stream. Treatment methods, including recycling, incineration, landfilling, and other disposal, are determined based on the actual disposal route confirmed by waste management providers at each facility.

For offices, where direct measurements are not available, Kährs applies standardized estimates based on the number of employees, reflecting the relatively small contribution from office waste.

Key assumptions include:

- Waste reported from production facilities corresponds to the actual quantities reported by suppliers.
- Estimates for offices are based on typical waste generation levels per employee.
- The composition and recyclability of the waste are based on standard categories applied to all facilities.

Limitations include reliance on supplier data, estimates for non-production facilities, and variations in waste composition. The data is reviewed regularly to ensure consistency with internal processes for carbon accounting and sustainability reporting.

E5-6 Expected financial impacts of pollution-related impacts, risks, and opportunities

By applying the ESRS phase-in and "Quick-Fix," Kährs is deferring quantitative disclosures regarding financial impacts under E5-6 until the permitted timeframe.

E5 Company-specific metrics

No company-specific climate metrics have been identified for the 2025 fiscal year; therefore, E5 contains no disclosures regarding company-specific metrics.

Social information

S1 Own personnel

S1-1

Impact, risks, and opportunities

SBM-3, S1.SBM-3

See SBM-3 for an overview of impacts, risks, and opportunities.

Kährs' material impacts, risks, and opportunities related to its own personnel stem from the nature of industrial manufacturing and from the skills required to operate our production facilities safely and efficiently. These issues were identified through the double materiality assessment and stakeholder dialogue processes and are therefore consistent with the disclosures in SBM-3.

Significant Impacts

Our most significant actual and potential impacts on personnel relate to:

- Health, safety, and well-being, which are affected by exposure to machinery, material handling, and production processes.
- Working conditions, including working hours, shift patterns, predictable employment terms, and fair treatment.
- Skills and professional development, particularly as production technology, digitalization, and sustainability requirements evolve.
- Organizational changes, where operational adjustments can affect roles, skills, and job security.

These impacts affect employees at our production facilities, warehouses, and offices. Non-permanent employees (e.g., temporary agency workers) were considered in the DMA but are not included in the S1 disclosures for this period due to the Quick-Fix provisions.

Significant risks

Significant personnel-related risks include:

- Injuries or illness, which can lead to lost work time, reduced productivity, and increased operational and regulatory risk.
- Skills shortages and challenges in retaining talent, particularly in technical production roles and leadership positions.
- Low engagement or a weak organizational culture, which can hinder operational performance, quality outcomes, and the implementation of changes.
- Non-compliance with labour law, gender equality, or health and safety requirements, which could result in reputational impacts or legal consequences.

Significant opportunities

Opportunities identified through the DMA include:

- Strengthening engagement, culture, and leadership, as well as improving performance and employee retention.
- Improving skills and capabilities, supporting innovation, digitalization, and sustainability transitions.
- Improving safety performance, reducing injuries and associated costs while promoting a resilient production environment.
- Promoting diversity, equity, and inclusion; enabling broader access to talent; improving decision-making; and creating a more attractive employer brand.

Link to strategy and actions

The insights this provides form the basis for the priorities within People & Culture, including leadership development, skills development, well-being programs, and continuous improvement of health and safety procedures. They also support risk management activities and the formulation of S1 policies and objectives, as described in the following sections.

Management of Impacts, Risks, and Opportunities

Kährs manages material impacts, risks, and opportunities related to its own personnel through a structured framework based on policies, continuous engagement, established processes for identifying and managing impacts, and defined actions and targets. These processes apply to all employees within the scope of S1 reporting. Non-employees were considered in the DMA but are not included in the current S1 reporting due to the application of the ESRS Quick-Fix.

Policies

S1-1, MDR-P

Kährs has a robust set of group-wide policies and processes to manage material impacts, risks, and opportunities related to its own personnel. The policies related to S1 Own Personnel are:

- Code of Conduct
- Diversity, Equality, and Inclusion Policy
- Whistleblowing Policy

These policies govern expectations regarding how the company ensures safe working conditions, fair and lawful employment, non-discrimination, equal opportunities, ethical conduct, complaint handling, and respect for human rights in all operations. For an overview of the policies, see Sustainability Policies.

Engagement and Action Processes

S1-2, S1-3, S1-4

Engagement processes

S1-2

Kährs engages actively and regularly with its own staff through structured processes designed to capture expectations, identify emerging issues, and strengthen the organizational culture. The engagement activities are tailored to the impacts, risks, and opportunities identified through the double materiality analysis and complement the Group-wide stakeholder engagement processes described in SBM-2.

Methods of dialogue

Kährs uses a combination of individual and collective engagement channels, including:

- Regular one-on-one conversations between employees and line managers regarding performance, development, and well-being.
- Team and cross-functional meetings, general meetings, and local workplace forums.
- Continuous engagement tools, including the Winningtemp survey platform, are used to monitor sentiment and gather feedback throughout the year.
- Formal structures for employee representation, including employee councils and collaboration with labour unions, where applicable.
- Structured onboarding and offboarding processes that address expectations, training needs, and suggestions for improvement.

Frequency

Engagement takes place monthly, quarterly, or annually depending on the channel, with additional ad hoc mechanisms for key organizational events.

Governance

The CEO has overall responsibility for ensuring effective engagement with employees. HR, line managers, and site managers are responsible for implementing engagement processes and escalating key insights to Group Management.

Integration into Decision-Making

The results of engagement activities directly contribute to the priorities within People & Culture, including leadership development, skills development, well-being initiatives, and continuous improvement of working

conditions. Engagement results also contribute to the DMA and form the basis for the actions described under S1–4.

Processes for action , and channels for providing feedback

S1–3

Kährs maintains structured remediation processes to address negative impacts on its workforce and to ensure that all employees can safely raise concerns. These mechanisms are supported by the human rights policy, code of conduct, and whistleblower policy described earlier in this statement.

Channels for reporting issues

Employees can raise concerns through:

- Line managers or HR
- Local safety representatives and employee councils
- The anonymous, confidential WhistleB platform (available 24/7)
- Incident reporting systems, such as WIA Global Deviation & Occurrence Reporting

Kährs disseminates information about the available reporting channels through internal communications, onboarding processes, and policy documentation accessible via the company's intranet. The existence and availability of the WhistleB whistleblowing platform are communicated in internal documents and processes.

Trust and psychological safety among employees are measured via the Winningtemp employee engagement platform, which includes questions about employees' sense of safety and trust in the organization. Although Winningtemp does not directly measure awareness of or trust in specific reporting channels, it serves as a broader indicator of the organizational climate in which issues can be raised. Since the 2025 fiscal year is Kährs' first reporting year under the ESRS, no specific mechanism has yet been established to assess employees' awareness of and trust in specific reporting channels. Kährs intends to further develop this in future reporting periods.

Action Processes

- All cases are evaluated immediately and confidentially by HR or a designated investigator.
- Serious cases (e.g., harassment, discrimination, safety risks) are escalated to the CEO and, when relevant, to the Board of Directors.
- Investigations follow a structured process: fact-finding, interviews, review of documentation, and evaluation of the results.
- Corrective actions may include disciplinary measures, mediation, training, process improvements, or adjustments to working conditions.
- Protection against retaliation applies to anyone who raises concerns in good faith.

Support for affected employees

Employees affected by incidents may receive support in the form of medical care, counselling, changes to job duties, or return-to-work plans, depending on the nature of the issue.

Continuous improvement

Lessons learned from response processes contribute to updates to policies, training programs, and preventive measures in accordance with S1–4. Results are monitored through key performance indicators, including incident frequency, complaints, and engagement metrics.

Actions

S1-4, MDR-A

Kährs implements a wide range of measures to prevent, mitigate, and address material impacts on its own personnel. These measures reflect the results of the dual materiality assessment and the priorities identified through regular employee engagement and incident reporting. They are based on the policies described under S1-1 and draw on insights from our engagement and action processes (S1-2 and S1-3). Together, they form a cohesive agenda for people and culture, focusing on health and safety, working conditions, inclusion, professional development, and organizational culture.

Preventive and mitigating measures

Health, Safety, and Well-being

A significant portion of Kährs' initiatives focuses on maintaining a safe work environment and reducing the risk of workplace accidents. During the reporting year, we continued to strengthen safety procedures through regular training, risk assessments, incident investigations, and preventive improvements at our production facilities. Operations managers and safety representatives work together to identify risks and address root causes through updated work procedures, improved equipment, and enhanced protective measures. These efforts are supported by , our incident reporting system, which ensures that deviations, injuries, and near-misses are recorded, analysed, and followed up with corrective actions.

Employee well-being remains a key part of our preventive efforts. Measures in this area include flexible work arrangements where appropriate, access to wellness initiatives, and support for mental health and work-life balance. Managers play an active role in monitoring and supporting well-being through regular conversations and feedback channels to understand individual needs and identify areas requiring additional support or adjustments.

Working Conditions, Culture, and Inclusion

Kährs takes deliberate steps to promote an inclusive, respectful, and fair work environment. During the year, we introduced mandatory training in diversity, equality, and inclusion, as well as compliance, for all employees; strengthened awareness of appropriate behaviour in the workplace; and intensified our efforts to increase the proportion of women in leadership positions. These measures help reduce the risks of discrimination, unequal opportunities, and exclusion in the workplace, while promoting the opportunities associated with diverse leadership and fair hiring practices.

Regular engagement through the Winningtemp tools, team meetings, and dialogues between managers and employees enables us to monitor morale, address issues at an early stage, and strengthen various aspects of the organizational culture. Insights from these channels form the basis for targeted measures, such as leadership support, improvements to local communication practices, and initiatives to increase recognition and collaboration among teams.

Skills and Leadership Development

To ensure we maintain the capacity required for safe, efficient, and sustainable operations, Kährs invests in skills development across the entire organization. This includes technical and job-specific training for production employees, as well as leadership development programs to strengthen communication, inclusion, and safety leadership. These measures reduce the risks associated with skills shortages or organizational changes and support opportunities related to technical development and continuous improvement.

Measures to Address Issues

If negative impacts arise, Kährs takes appropriate measures to protect employees' well-being and support their recovery. Employees affected by workplace incidents or health issues can receive medical assistance, counselling, and tailored return-to-work plans. In cases involving harassment, discrimination, or other forms of unacceptable behaviour, measures may include mediation, reassignment, training, or disciplinary action following an impartial investigation in accordance with our complaint procedures. The focus is both on meeting the individual's needs and on ensuring that the underlying causes are addressed through updated policies, processes, or monitoring procedures. Protection against retaliation applies to anyone who raises concerns in good faith.

Process for identifying appropriate measures

Kährs has a structured process for determining what measures are required to address or prevent significant impacts on employees. Continuous monitoring plays a central role. Data from engagement surveys, incident reports, HR indicators, and safety metrics enable us to detect patterns, emerging risks, and areas needing improvement. These insights are combined with employee feedback gathered through formal and informal channels, including dialogue with labour unions, safety representatives, councils, and cross-functional teams.

When a potential or actual impact is identified, the responsible teams conduct a root cause analysis to understand whether the issue stems from individual behaviour, skill gaps, communication challenges, equipment or workplace environment factors, or policy implementation. This analysis determines whether the measures should focus on training, process adjustments, management support, environmental changes, or other targeted interventions.

The prioritization of measures is based on severity, likelihood, and the scope of potential impact, as well as the availability of resources and applicability across different facilities. HR, Operations, People & Culture, and local management collaborate to determine which measures should be implemented. Serious or systemic issues are escalated to Group Management. The effectiveness of all measures is monitored through key performance indicators, including the “ ” injury frequency, engagement scores, diversity metrics, training participation, and complaint trends. These insights contribute to continuous improvement and the development of future measures.

Expected results of the measures

Through preventive, mitigating, and corrective measures, Kährs aims to reduce workplace accidents, strengthen the safety culture, improve employee well-being, promote inclusion, support skills development, and maintain a high level of employee engagement. These measures contribute to improved employee retention, reduced absenteeism, stronger leadership, and a resilient workforce that is well-equipped to support the company’s long-term strategic direction.

Results

Goals

S1-5, MDR-T

Kährs has established a set of measurable and time-bound goals designed to address material impacts, risks, and opportunities related to the workforce, as well as to support long-term improvements in safety, culture, inclusion, and employee engagement. These goals are based on insights from the dual materiality assessment, regular employee surveys, and the measures described under S1–4. They apply to our own employees covered by the S1 disclosures and follow the same organizational boundaries as our policies and processes.

Employee engagement and organizational culture

Employee engagement remains a priority area due to its strong link to operational performance, staff retention, and cultural stability. To strengthen the organizational culture, Kährs has set a goal to achieve an Employee Net Promoter Score (eNPS) above 10 by 2028, with 2025 as the base year. This goal reflects the company’s ambition to increase employee engagement and create a workplace where employees feel valued and are willing to recommend Kährs as an employer. Engagement will continue to be monitored via Winningtemp, which provides continuous feedback on well-being, collaboration, and leadership. As a complement to the eNPS goal, Kährs aims to achieve a Winningtemp score of 8 by 2027, supported by strengthened leadership capacity and structured follow-up throughout the organization.

These engagement goals are designed to reinforce the measures taken to improve culture, leadership, and communication, and provide an important feedback loop on the effectiveness of the overall HR strategy.

Health, Safety, and Well-being

Given the inherent risks in industrial production environments, improved health and safety outcomes are a key priority for Kährs. To reduce work-related injuries and strengthen the safety culture, Kährs has set a goal to achieve a Lost Time Injury Frequency Rate (LTIFR) of 5 by 2027, compared to current performance levels observed in 2025. This goal is supported by initiatives described in S1–4, including strengthened safety

leadership, routine risk assessments, structured incident reporting, and targeted training at production facilities.

The goal reflects the company's commitment to reducing workplace accidents, improving preventive measures, and continuously improving the work environment.

Diversity, Inclusion, and Equal Opportunity

To promote equal opportunities and support diversity at the leadership level, Kährs aims to achieve 35 percent women in leadership positions by 2028. This goal is in line with the DEI policy and helps reduce the risk of underrepresentation in leadership. The goal applies to leadership positions across the entire Group and is supported by recruitment procedures, leadership development programs, and continuous monitoring of representation metrics.

The goal reinforces the company's commitment to promoting an inclusive culture and builds on the measures described in S1–4 regarding training, awareness, and equitable career development.

Goal Formulation, Starting Points, and Time Horizons

All S1-related goals are designed to be specific, measurable, and achievable within defined timeframes. They are monitored through established governance processes and use the company's 2025 results as the baseline for measurement. The application period for these goals spans from 2025 to 2028, and ongoing progress is monitored through operational reviews and continuous feedback mechanisms.

Commitment to Goal Setting and Review

Kährs develops HR-related goals through collaboration between HR, site management, Group management, and the employees themselves, whose feedback is gathered through surveys, performance reviews, and other channels for employee engagement. Employee feedback and operational performance indicators form the basis for refining the goals over time, ensuring continued alignment with staff needs and organizational priorities.

Integration with policies and initiatives

These goals directly support the implementation of Kährs' health and safety policy, DEI policy, and People & Culture priorities, providing clear direction for the continuous improvement measures described in S1–4. Progress toward the goals is tracked through the metrics in S1–6 to S1–17 and reviewed regularly by Group Management and the Board of Directors through established sustainability governance processes.

Summary of the goals

Indicator	Results 2024	Result 2025	Target	Key insight
eNPS (Employee Net Promoter Score)	–24	–18	> 10 by 2028	The improvement indicates a positive shift in employee attitudes, with fewer employees expressing dissatisfaction.
LTRIF (frequency of reported work-related injuries resulting in lost work time)	6	14.7	5 years 2027	The increase is primarily due to more minor injuries being reported, which reflects improved safety awareness and transparency; the

				number of serious injuries remains low.
Winningtemp Engagement Index	7.3	7.3	> 8 years 2027	The score remains stable, indicating consistent engagement but also room for targeted improvements.
Women in leadership positions	22	12.5	35% by 2028	A decrease in the proportion of women, underscoring the need to strengthen the recruitment and development of women into leadership positions.
Participation in DEI training	60	100	Maintain 100%	Significant improvement, indicating full participation and a stronger commitment to an inclusive culture.

Metrics

S1-6, S1-9, S1-10, S1-14, S1-16, S1-17, MDR-M

The following metrics present quantitative information about Kährs' own workforce in accordance with ESRS S1. They complement the policies, processes, and measures described in sections S1–1 through S1–4 and form the basis for assessing progress toward the workforce-related targets described in S1–5.

In accordance with the phase-in provisions and the ESRS Quick-Fix Delegation Act, Kährs applies transitional exemptions for several S1 data points. As stated in our basis of presentation (ESRS 2–17), the data points under S1–7, S1–8, S1–11, S1–12, S1–13, and S1–15 for this reporting period. We have chosen not to apply the Quick-Fix exemption for S1–14 and therefore provide the full set of required health and safety metrics, based on incident and coverage data consolidated through our Group reporting systems. This information relates solely to our own workforce, in accordance with the ESRS definitions and the scope of application described in the accounting policies.

The key performance indicators that follow, regarding workforce composition, diversity, fair wages, health and safety, compensation, and incident reporting, have been prepared using the same organizational boundaries, data sources, and consolidation principles applied throughout this sustainability report.

Characteristics of Direct Employees

S1-6

Number of employees by gender

S1-6 AR 55 Table 1

Gender	Number of employees (number of persons)
Men	548
Women	262
Others*	0
Not specified	0
Total	810

Number of employees per country

S1-6 AR 55 Table 2

Country	Number of employees (number of people)
Finland	91
France	7
Germany	23
Norway	14
Poland	23
Romania	120
Sweden	492
Switzerland	3
United Kingdom	6
United States	31

Total	810
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Full-time equivalent (FTE) employees by contract type, broken down by gender

S1-6 AR 55 Table 3

Type of employment	Women	Men	Total
Number of employees	258	529	787
Number of permanent employees	256	522	778
Number of temporary employees	2	6	8
Number of employees without guaranteed working hours	0	1	1
Number of full-time employees	201	444	645
Number of part-time employees	18	12	30

Full-time equivalent (FTE) employees by employment type, broken down by region

S1-6 AR 55 Table 4

Region	Number of employees	Number of permanent employees	Number of temporary employees	Number of employees without job security	Number of full-time employees*	Number of part-time employees*
Europe (outside the EEA)	9	9	0	0	9	0
Finland	91	91	0	0	91	0
France	7	6	1	0	3	4
Germany	23	23	0	0	22	1
Poland	23	23	0	0	21	2
Romania	107	107	0	0	0	0
Sweden	496	491	5	0	473	21

United States of America	31	28	2	1	26	2
Total	787	778	8	1	645	30

Employee turnover

S1-6 50.c & AR 59

Description	2025	2024
Number of employees who left during the reporting period	132	314
Employee turnover rate (%)	16.30	34.70

The decline in revenue between 2024 and 2025 is due to the divestment of Kährs' operations in Russia during the 2024 fiscal year and a reduction in operations in Romania in early 2025. Older comparative data is not available.

Diversity statistics

S1-9

Breakdown of senior executives by gender

S1-9 66.a

Metric	2025	2024
Number of women in senior management	1	2
Number of men in management positions	8	7
Number of other* employees in management	0	0
Number of management employees whose gender is not specified	0	0
Percentage of women in management [%]	11	22
Percentage of men in senior management positions [%]	89	78
Percentage of other* employees in management positions [%]	0	0
Percentage of management employees whose gender is not reported [%]	0	0

Distribution of employees by age

S1-9 66.b

Metric	2025	2024
Number of employees under 30	33	30
Number of employees aged 30 to 50	324	455
Number of employees over 50 years old	454	420
Percentage of employees under 30 [%]	4	3
Percentage of employees aged 30–50 [%]	40	50
Percentage of employees over 50 [%]	56	46

Adequate wages

S1-10

Employees

S1-10 70

100% of employees receive a fair wage in line with applicable guidelines.

Health and safety measures

S1-14

Employees in the company's own workforce

S1-14 88, 90, AR 80 & AR 82

	2025	2024
Percentage of the company's own workforce covered by the company's occupational health and safety management system based on legal requirements and/or recognized standards or guidelines [%]	100	100
Percentage of the company's own workforce covered by an occupational health and safety management system based on legal requirements and/or recognized standards or guidelines, and which has undergone an internal audit	0	0

and/or been reviewed or certified by an external party [%]		
Fatalities resulting from work-related injuries	0	0
Deaths due to work-related illness	0	0
Work-related accidents subject to mandatory reporting	16	54
Percentage of reported work-related accidents	14.71	6.1
Number of reported work-related health problems	12	Not applicable*
Workdays lost due to work-related injuries and deaths resulting from work-related accidents, as well as work-related illness and deaths resulting from illness	307.6	236

**The 2025 fiscal year is our first reporting period under ESRS. Data from the previous year (the 2024 fiscal year) regarding reportable work-related ill health was not collected in accordance with ESRS methods and cannot be reliably reported. In accordance with ESRS 1, we have therefore not reported comparative data for these data points and state that it was impossible to provide such information.*

Compensation Measures

S1-16

The aggregate gender pay gap

S1-16 97.a; AR 98; AR 100

Description	2025	2024
The Group's unadjusted gender pay gap (%)	14.27	N/A*

**The 2025 fiscal year is the first reporting year under ESRS. Data for the previous year (the 2024 fiscal year) is not available.*

Gender pay gaps by country

S1-16 98 & AR 98

Country	Aggregate gender pay gap [%]
Finland	9.09
France	0
Germany	78.95

Norway	23.31
Poland	0
Romania	2.17
Sweden	10.43
Switzerland	100
United Kingdom	34.21
United States	20

Annual total compensation ratio

S1-16 97.b

	2025	2024
Annual total payout ratio	13.47	N/A*

*The 2025 fiscal year is the first year of reporting under ESRS. Data for the previous year (the 2024 fiscal year) regarding the annual total remuneration ratio was not collected in accordance with ESRS methods and cannot be reliably reconstructed. In accordance with ESRS 1, we have therefore not presented comparative information for these data points and state that it was impossible to provide such information.

Incidents, complaints, and serious human rights impacts

S1-17

Work-related complaints, incidents, and reports

S1-17 102, 103.a-c, 104 & AR 106

Metric	2025	2024
Total number of incidents of discrimination, including harassment	0.00	0.00
Number of complaints submitted through channels where employees can voice their concerns (including complaint mechanisms)	0.00	0.00
Number of complaints submitted through channels for employees to express their views (including complaint mechanisms) to the national contact points for multinational enterprises within the OECD	0.00	0.00
Total amount of fines, penalties, and damages paid to s a result of	0.00	0.00

incidents and complaints [Company currency]		
Total number of serious human rights incidents linked to the company's personnel	0.00	0
Number of cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises	0.00	
Total amount of fines, penalties, and damages for incidents [Company currency]	0.00	
Number of serious human rights incidents in which the company has helped ensure redress for those affected	0.00	

Unit-specific metrics for our own staff

Kährs has not identified any unit-specific S1-related metrics for the 2025 fiscal year.

Accounting policies

S1-5 Targets regarding the management of significant adverse impacts, the promotion of positive impacts, and the management of significant risks and opportunities

Targets and any adjustments

The company has established targets regarding employee engagement, well-being, and the work environment. These include targets related to employee engagement indicators, such as the Employee Net Promoter Score (eNPS) and Winningtemp engagement score, as well as safety performance indicators, including the Lost Time Injury Frequency Rate (LTIFR).

Goals and associated metrics may be reviewed periodically to ensure they remain relevant and measurable. Adjustments may be made based on preliminary results, employee feedback, and organizational changes. The company may revise sub-goals or metrics to reflect changes in workforce composition, organizational structure, or available data.

Measurement Methods

Employee engagement and safety performance are monitored using structured measurement methods.

The Employee Net Promoter Score (eNPS) is measured through regular employee surveys conducted during the reporting period. The analysis includes both quantitative scores and qualitative comments from employees to identify key themes that influence employee attitudes and engagement.

Winningtemp is used as a tool for employee feedback based on continuous pulse surveys. These surveys provide ongoing information about employee engagement, well-being, and organizational climate in areas such as leadership, recognition, and psychological safety.

Workplace safety performance is monitored through the Lost Time Injury Frequency Rate (LTIFR), which is calculated and reviewed regularly to monitor safety performance and identify potential patterns or areas requiring corrective action at the facility or group level.

The methods used to measure engagement and safety indicators may be refined over time to improve the data quality, comparability, and relevance of the information collected.

Key Assumptions

The measurement of engagement and safety indicators is based on several assumptions.

It is assumed that employee participation in the engagement surveys is sufficient to provide a representative picture of employee attitudes. It is also assumed that the survey tools and measurement methods remain sufficiently consistent to enable comparisons of results over time. Furthermore, it is assumed that the employee feedback collected through the surveys reflects the overall experience of the workforce and provides a relevant basis for improvement measures.

Limitations

Certain limitations may affect the interpretation of data on engagement and safety.

Participation in employee surveys may decline over time due to survey fatigue, which can affect the representativeness of the results. Response bias may also arise if employees are reluctant to report negative experiences despite the existence of confidential reporting channels. External factors such as economic conditions, labour market trends, or organizational changes can affect engagement levels regardless of the internal measures the company takes.

In addition, variations in local reporting procedures can lead to minor discrepancies in the collection of safety data before it is consolidated at the group level. Internal review procedures are applied to mitigate the impact of such discrepancies.

The company strives to address these limitations through internal review processes, transparent communication with employees, and the continued development of data collection and reporting procedures.

S1-6 Characteristics of the company's employees

Data validation

The employee data reported under S1-6 has not been validated by any external body other than the auditor responsible for auditing the sustainability report.

Methodology and reporting basis

The number of employees is reported using the full-time equivalent (FTE) method. FTE represents the total number of full-time employees within the organization, where part-time employees are converted to full-time equivalents based on their working hours. Headcount, on the other hand, refers to the actual number of individuals employed within the organization, regardless of their level of employment. The number of employees is reported as of the end of the reporting period.

Employee turnover is reported based on the number of employees rather than full-time equivalents, as turnover measures the number of people who have left the company during the reporting period. The turnover rate is calculated by dividing the number of departures during the period by the average number of employees during the period, expressed as a percentage, in accordance with ESRS S1-6 AR 59.

Cross-reference to financial reports

The total workforce reported in the sustainability report comprises 810 employees. This figure is consistent with the personnel information reported in the company's financial statements. Minor methodological differences may occur depending on whether the financial reports report FTEs, the average number of employees during the reporting period, or the number of employees at year-end.

Further details on the number of employees, including a breakdown by country and gender, are provided in Note C7 of the annual report (page 154).

Link to disclosures in the Annual Report

Information regarding the company's workforce is primarily reflected in the Annual Report through the item "Employee compensation expenses" in the income statement, which includes salaries, social security contributions, pension costs, and other employee compensation.

Further information is provided in the notes to the annual report, where the average number of employees during the reporting period is reported and can be broken down by employment type, such as full-time, part-time, temporary, and permanent employees.

Method

Data collection and review process

Data on the workforce is collected and consolidated at the group level using a standardized reporting process.

Local data reporting

Each local entity retrieves personnel data from its HR or payroll systems and sends the information to the Group for consolidation.

Data review

Reported data is reviewed by the Group's accounting function and sustainability team to assess completeness, consistency, and accuracy.

Consolidation

Personnel data is consolidated at the Group level using full-time equivalents (FTE) as a uniform measurement basis, in accordance with the requirements of ESRS S1-6.

Only individuals with employment contracts with Kährs are included in this reporting. Contractors and other non-employees are excluded, in accordance with the ESRS definition of the company's own workforce.

Full-time and part-time employees

Employees are classified based on their contracted working hours.

- Employees with contracts for 100% working hours are classified as full-time employees (FTE = 1).
- Employees with contracts for less than 100% of full-time hours are classified as part-time employees and converted proportionally to FTE based on their contracted working hours (for example, 60% of full-time hours corresponds to 0.6 FTE).

This method ensures a consistent measurement of the workforce across countries and business units.

Permanent and temporary employment contracts

Employees are categorized according to their employment contracts:

- Permanent employees: individuals employed under permanent employment contracts.
- Temporary employees: individuals employed under fixed-term, project-based, or seasonal contracts.

Both categories are reported in full-time equivalents (FTE).

Geographic information

Employee data is reported by country for locations where the company has:

- at least 50 full-time employees, or
- at least 10% of the total workforce in full-time equivalents.

In addition, the company reports the total workforce within and outside the European Union, in accordance with the reporting requirements in ESRS S1-6.

Reporting Frequency and Consolidation Principles

Information on personnel is reported annually and consolidated in accordance with principles consistent with those applied in the Group's financial reporting.

- All legal entities within the Group's scope of consolidation are included.
- No operating units are excluded from the scope of sustainability reporting.

This approach ensures consistency between sustainability reporting and financial reporting.

Country-specific data sources

Personnel data is collected from local HR and payroll systems within the Group's operating units.

- In Romania, personnel data is retrieved from the HR systems WizOne and WizSalary, as well as REGES Online. The information is reviewed locally by the CFO and the CEO.
- In Sweden, personnel information is retrieved from the HRM system, which supports automatic tracking of headcount and employment contract information.
- In Finland, personnel data is managed in the Sympa HR system. Monthly reports are generated and sent for consolidation via Cognos reporting.
- In Germany, personnel information is managed through personnel documentation and processed by an external payroll administrator. Monthly reports are submitted via Excel files linked to the Cognos reporting system.
- In Switzerland and France, personnel data is retrieved from local HR and payroll systems and compiled in accordance with applicable national legislation and definitions of employment relationships.
- In the UK, personnel data is managed locally with the support of HR specialists to ensure compliance with relevant employment and reporting requirements.
- In Norway, personnel data in the Tripletex system is managed by an external auditing firm, R2Økonomi.
- In the United States and Poland, personnel data is obtained through external providers of HR and payroll administration services.

This method ensures the traceability of data sources between reporting entities and contributes to the reliability of the consolidated personnel information.

Reporting principles and internal controls

In all reporting entities, personnel data is compiled in accordance with common reporting principles applied at the Group level.

The data is reported in absolute figures and, where relevant, as a percentage. The same classification rules are applied from year to year. Any methodological adjustments are documented as part of the reporting process.

Local HR functions review and validate the reported information before it is submitted. At the Group level, the finance and sustainability functions perform a final review of the data prior to consolidation.

These procedures support the internal control environment for sustainability reporting and help ensure consistency between workforce data and the Group's overall reporting framework.

Key Assumptions

The preparation of workforce disclosures is based on a number of methodological assumptions that are applied consistently across the Group.

- Full-time equivalents (FTEs) are used as the common measurement basis for workforce size. The use of FTEs enables comparability between countries with different national standards for working hours.
- It is assumed that the underlying HR and payroll data are accurate, including the correct classification of employment contract type, working hours, and gender as recorded in local systems.
- Local reporting units apply ESRS definitions when classifying employees and employment types. In jurisdictions where national legislation requires specific definitions or classifications, local legal requirements apply.
- The number of employees reported at the end of the reporting period is assumed to provide a representative picture of the workforce as of the reporting date.
- Local HR and payroll systems are assumed to contain complete and up-to-date information on the employees included in the reporting scope.

Limitations

Despite the controls applied in the reporting process, certain limitations may affect the preparation and interpretation of personnel data.

- Variations in local HR and payroll systems: Different business units use different HR or payroll systems and reporting tools. This can lead to minor differences in the format or structure of the data before it is harmonized at the Group level.
- Differences in national employment regulations: Definitions of employment contracts and labour market practices vary across countries. For example, the definitions of temporary, fixed-term, or seasonal employment may differ slightly across jurisdictions, which can result in minor differences in classification despite the application of ESRS definitions.
- Manual data handling: In some locations, parts of the reporting process rely on manual data extraction or the use of spreadsheet-based reporting tools. This entails a limited risk of human error, although review procedures are applied to mitigate this risk.
- Country-specific working time standards: Standard working hours for full-time employees vary between countries. These differences can lead to minor variations in the calculation of full-time equivalents before personnel data is consolidated at the Group level.
- Limited reporting from smaller entities: Personnel data from all entities within the scope of consolidation are included in the total headcount figures. However, country-level data are presented only for locations that meet the materiality thresholds defined for the report, which may limit the level of detail in the reporting for smaller operations.

Continuous improvement of personnel data

The company strives to improve the reliability and consistency of its reporting of personnel data over time. This includes further development of HR data systems, continued harmonization of personnel data definitions across countries, and improvements to documentation and data verification procedures.

Sources of personnel data

Information on the number of employees by employment type is primarily obtained from personnel registers and payroll systems maintained by the Group's operating units. These systems support the classification of employees into categories such as full-time, part-time, permanent, and temporary employment.

In some cases, supplementary information may be obtained from internal reporting processes or external statistical sources to support data verification or provide contextual information. Such sources may be based on standardized employment classifications and may apply sector-level assumptions. Consequently, they may not fully capture differences between individual organizations.

The key assumptions underlying these sources are a consistent classification of employment categories, accurate reporting within HR systems, and a relatively stable employment status during the reporting period.

Limitations may arise due to potential inaccuracies in reported data or differences in how employment categories are defined across various reporting sources.

S1-9 Diversity Metrics

The diversity-related data presented in this section has not been validated by any external party other than the auditor responsible for auditing the sustainability report. Cross-reference in the financial section: More information about management is available on p. 40, Note C8).

Scope, data sources, and consolidation

Kährs reports diversity statistics in accordance with ESRS S19, which covers the gender distribution in management and the age distribution among employees. The data covers only the company's own employees, as defined by ESRS. The data is collected by local HR teams and consolidated, reviewed, and validated by the Group's CFO and the sustainability team prior to publication.

1. Gender Diversity at the Management Level

- Data collection: Kährs collects information on the gender distribution among individuals holding senior positions, including members of the management team and the board of directors (where applicable).
- Classification: Gender is reported based on the categories registered in the HR systems. If national legislation restricts the collection of data on gender identity, the reporting reflects the mandatory legal categories (e.g., male/female).
- Reporting: Kährs calculates and reports the number and percentage for each gender category within the defined group of senior executives.

2. Age distribution among employees

- Data collection: Age data is retrieved from HR systems for all employees included in the Group's scope of consolidation.
- Grouping: Employees are grouped into predefined age groups (e.g., 20–29, 30–39, 40–49, 50+), ensuring consistency across reporting periods.
- Reporting: Kährs reports both absolute numbers and the percentage distribution of employees in each age group.

Key Assumptions

It is assumed that the employee data recorded in HR systems (e.g., date of birth, gender) is accurate and up-to-date, and that national legislation governing the types of demographic data that may be collected is consistently followed in all countries.

Limitations

Local legal restrictions may limit the level of detail in reporting on gender distribution (e.g., countries that legally recognize only two gender categories). Differences in HR systems across countries may cause variations in how demographic data is stored or categorized. Changes in workforce structure (e.g., acquisitions or local reorganizations) may affect comparability between reporting years.

By applying these methods, Kährs ensures consistent, transparent, and ESRS-compliant reporting on gender distribution at the management level and age distribution among employees, which facilitates stakeholders' understanding of workforce composition and diversity trends.

S1-10 – Fair Wages

The company assesses whether employees receive adequate remuneration in accordance with the requirements of the European Sustainability Reporting Standards (ESRS). The disclosures cover only the company's own employees, in accordance with the ESRS definition of the company's own workforce.

Method for assessing adequate wages

The company assesses wage levels using several complementary methods.

- Compliance with statutory and collective requirements: Local HR functions verify that employees' salaries comply with applicable national legislation on minimum wage and, where applicable, collective bargaining agreements. Salaries must meet or exceed these thresholds.
- Comparison with market and industry standards: Salary levels are compared with external labour market data and industry standards to maintain competitive and consistent compensation levels for comparable roles.
- Assessment of adequate pay: The company assesses whether employees' wages meet the threshold for adequate pay using national definitions where available. Where applicable, benchmarks developed by Eurofound are used. In countries where such benchmarks are not available, national indicators or statutory thresholds are used as reference points.
- Internal review of pay structures: Compensation structures are reviewed regularly to assess consistency among comparable roles and to identify potential unjustified pay gaps.
- Employee feedback: Employees' perceptions of fair pay are monitored through internal employee engagement tools and dialogue between employees and local HR functions.

Key Assumptions

The assessment of adequate pay is based on several assumptions applied across all reporting units.

It is assumed that employees are compensated in accordance with their employment contracts and applicable collective bargaining agreements. External labour market benchmark data is assumed to provide a reasonable picture of local salary levels. Thresholds for adequate salaries established by national authorities or external benchmark data are assumed to be representative indicators of adequate compensation in the relevant labour markets.

Limitations

Certain limitations may affect the comparability and interpretation of data on adequate wages. Differences in national wage regulations may limit the direct comparability of wage levels across countries. In some jurisdictions, there are no external benchmarks for adequate wages, such as those developed by Eurofound, which requires the use of alternative national reference indicators. Variations in local HR and pay systems may result in minor differences in the extraction or categorization of pay data. Additionally, qualitative feedback on pay fairness reflects employees' perceptions and may be influenced by broader economic conditions.

External validation of pay-related data

In some countries, pay data undergoes additional validation processes beyond the review included in the sustainability report. In Finland, pay data is reviewed as part of the external audit conducted by Deloitte. In Sweden, pay data is reviewed by the Payroll and HR Manager and is also subject to an annual review by union representatives. In Romania, the salary summary is supported by studies conducted by Aims, a local organization that provides analysis of compensation levels in the labour market for the relevant sector and region. These studies are conducted regularly and form the basis for determining and reviewing salary levels in the Romanian operations.

S1-14 Health and Safety Measures

Definition of incidents and reporting procedures

Within the company, an incident is defined as any unforeseen event that has resulted in, or could have resulted in, injury, illness, or danger to individuals. This definition is applied consistently across all units in the Group.

A standardized procedure for reporting accidents applies throughout the organization. Employees are required to report all incidents in accordance with internal health and safety procedures, which are available via the company's intranet. The procedure applies to accidents, near misses, and identified safety risks.

All incidents, including near misses and hazardous situations, are recorded in the WIA reporting system to facilitate corrective and preventive actions. In the event of a serious accident, an internal escalation procedure applies. A crisis notification must be initiated within 12 hours, and a written incident report must be submitted to the Chief Operating Officer within 24 hours. The report includes an initial analysis of the event and immediate corrective actions.

Health and safety procedures applied in the business include regular safety reviews at production and delivery meetings, emergency preparedness procedures, including evacuation drills, requirements for the use of personal protective equipment, and safety committees established at production units to monitor safety performance and support continuous improvement.

Data collection, scope, and consolidation

Health and safety indicators are collected at the facility level and consolidated at the Group level. Local business units report health and safety data via the central reporting system. The information is reviewed and consolidated by the business controller and the sustainability function.

The indicators reported in this report pertain to employees who have an employment contract with the company. Subcontractors and others who are not employees are not included in the reported metrics, as their working hours and incidents are not systematically recorded in the internal reporting systems.

Historical health and safety data is stored for internal monitoring and trend analysis. Data is available for several years, enabling comparisons of results over time.

Data quality, assumptions, and review mechanisms

Local data owners review and validate reported health and safety information before it is forwarded to the Group level. During consolidation, the data undergoes review procedures that include trend analysis, variance analysis, and cross-checks against historical data. Any discrepancies identified during the review process are investigated and corrected before final reporting.

Externally communicated health and safety indicators, including the Lost Time Injury Frequency Rate (LTIFR), are reviewed annually as part of the sustainability reporting process.

Limitations

Certain limitations may affect the scope and interpretation of the reported indicators.

Health and safety metrics cover only the company's own employees. Contractors and other non-employees are excluded due to the lack of consistent data on working hours and incidents for these groups.

Variations in local reporting procedures may lead to minor differences in how incidents are recorded before the data is consolidated at the Group level. Additionally, certain parts of the reporting process rely on manual data entry, which may entail a limited risk of human error despite the existence of validation procedures.

Changes in the workforce, such as employee turnover or role changes, may also affect the classification of incidents or the allocation of working hours.

Monitoring of workers in the value chain

Individuals working at the company's facilities but not directly employed by the company, such as contractors, suppliers, or temporary staff, are monitored through internal procedures, including processes for contractor management and attendance tracking. These individuals typically support operational activities such as production, maintenance, and logistics.

The company assumes that these individuals are employed and managed by external organizations rather than by the company itself. However, data on these workers is not always recorded in a consistent manner in internal systems. Additionally, high turnover among external workers may affect the completeness and accuracy of available records.

External validation

Health and safety data reported in this section has not been validated by any external body other than the assurance provider responsible for the sustainability report.

S1-16 – Compensation metrics (pay gaps and total compensation)

Method

Data on compensation and wages is retrieved from local payroll and HR systems used within the Group's operating units. These include internal HR systems as well as external payroll administrators where payroll administration is outsourced. Examples of this are Talenom Oy in Finland, Sysarb in Sweden, and external payroll administrators in Germany.

Gender classification is based on the gender information recorded in the HR systems used by each reporting unit.

Data on employee compensation is adjusted to full-time equivalents (FTE) to ensure comparability between full-time and part-time employees, as well as employees who have only worked for part of the reporting period. Where applicable, adjustments are made for factors such as job role, job level, length of service, years of service, and contracted working hours to enable meaningful comparisons between different groups of employees.

Local legal requirements or regulations are applied where these differ from the Group's reporting practices.

The gender pay gap is calculated as the percentage difference between the average compensation for male and female employees. Both the mean and median values of the pay gap are calculated to provide a more comprehensive picture of pay disparities.

The Group-wide unadjusted gender pay gap has been calculated based on an FTE-weighted average of the average gross hourly wage per gender at the unit level. For each reporting unit, the average gross hourly wage for men and women, respectively, has been converted to SEK using average exchange rates for 2025. The Group-wide average gross hourly wage for men and women, respectively, has then been calculated by summing the FTE-weighted contributions from all units and dividing by the total number of male and female FTEs within the Group. The unadjusted pay gap has been calculated as the percentage difference between the average gross hourly wage for men and women at the Group level.

Key Assumptions

The establishment of indicators for pay gaps between women and men is based on several assumptions. Gender information recorded in HR systems is assumed to be accurate and complete. Employees performing comparable roles with similar responsibilities, qualifications, and experience are assumed to receive uniform compensation. Recurring bonus and incentive payments are included in the analysis where they are considered comparable across different employee groups. FTE adjustments are assumed to accurately reflect employees working part-time or during only part of the reporting period.

Pay differences may arise due to factors such as length of service, level of responsibility, or employees holding multiple roles. Internal HR and payroll systems are assumed to provide complete and reliable information as of the reporting date. If estimates or adjustments for annualization are applied, these are documented as part of the reporting process.

Limitations

Certain limitations may affect the analysis and interpretation of compensation data. Incomplete gender data may occur if employees have not disclosed their gender or if non-binary classifications are not recorded consistently in HR systems. Differences in job classification frameworks and collective bargaining agreements between countries can make it more difficult to compare roles. Variations in payroll systems, including differences between internal and outsourced systems, can also affect the level of detail available for analysis. Local regulatory and cultural differences can influence compensation structures and reporting practices across different jurisdictions.

Scope and Data Consolidation

Pay data is consolidated at the Group level and includes only employees with employment contracts with the company, in accordance with the ESRS definition of the company's own workforce. Local HR functions report relevant data, which is then reviewed by the Group's finance and sustainability functions to assess completeness and consistency.

The analysis of gender pay gaps compares average and median pay by gender within comparable employee groups and includes adjustments for full-time status, job level, length of service, and country context. The analysis is supported by internal governance procedures within the HR and finance departments, but differences in data quality and structural differences between countries may affect comparability.

External validation of data on gender pay gaps

In certain jurisdictions, portions of the data on gender pay gaps are subject to additional validation procedures beyond the review conducted for the sustainability report. In Finland, the data is reviewed as part of the statutory audit conducted by Deloitte. In Romania and Sweden, the data on the gender pay gap has not been validated by any external body other than the one conducting the audit.

Method for calculating total compensation

Total compensation includes base salary, bonuses, incentives, benefits, and other forms of compensation provided to employees. Compensation data is retrieved from payroll and HR systems and includes both fixed and variable salary components as well as certain non-cash benefits where relevant. The data is validated against payroll records and HR databases to ensure completeness and accuracy.

For analytical purposes, employees are grouped by occupational group, job level, gender, and geographic location. Adjustments are made to reflect working hours and employment type, including full-time and part-time positions.

Salary levels are regularly compared with external market benchmarks and regional labour market information to support the assessment of competitiveness. Compliance with local labour laws, tax regulations, and collective bargaining agreements is also verified as part of the salary review process.

The salary analysis is used to assess pay equity between genders, job roles, and geographic locations, as well as to identify any disparities.

Additional assumptions

The analysis assumes that the payroll and HR systems accurately record all components of employee compensation. It also assumes that the roles grouped for analysis purposes are comparable in terms of responsibilities and job duties. Furthermore, the analysis assumes that the financial indicators used for comparisons or adjustments remain largely unchanged during the reporting period and that employees' working hours and employment status are recorded correctly.

Context for Disclosure of Compensation

The compensation analysis covers employees in the countries where the company operates. Total compensation includes base salary, bonuses, incentives, and certain benefits such as healthcare, pension contributions, or other compensation where applicable. The purpose of the analysis is to support the internal monitoring of compensation practices and to assess fairness, competitiveness, and compliance with applicable regulations.

External validation of total compensation data

The total compensation figures reported in this section have not been validated by any external body other than the auditor responsible for auditing the sustainability report.

The company does not adjust salary figures for differences in purchasing power between countries when calculating the total compensation ratio.

S1-17 – Incidents, complaints, and serious impacts on human rights

Data validation

Information on incidents, complaints, and serious human rights impacts is supported by external reporting platforms used by the company, including WhistleB and Winningtemp. These systems support the collection and follow-up of employee feedback and whistleblower reports in addition to the verification procedures applied to the sustainability report.

Reported Incidents and Complaints

During the reporting period, the company recorded no incidents, complaints, or serious human rights impacts involving its own personnel.

Scope, consolidation, and data collection

Information on incidents, complaints, and serious human rights violations is consolidated at the group level. The reporting covers only individuals who have an employment contract with the company, in accordance with the ESRS definition of the company's own personnel.

Data is collected through internal reporting mechanisms, including employee feedback tools and whistleblowing channels. Reports may also be submitted via line managers or local HR functions.

Policies, Commitments, and Reporting Channels

The company maintains a zero-tolerance policy toward violence, discrimination, harassment, and other serious human rights violations. This policy is reflected in internal policies, including the Code of Conduct, the HR Policy, and health and safety procedures.

Employees can report issues through multiple channels, including the WhistleB whistleblowing system, the Winningtemp employee feedback platform, the VIA reporting channel, or directly to managers or HR representatives. Reports submitted through these channels are recorded and assessed based on their severity. Matters involving potential human rights impacts are escalated to relevant management functions and, where appropriate, to competent authorities.

Training and Preventive Measures

During the reporting period, the company conducted training activities aimed at raising awareness of inappropriate behaviour and harassment in the workplace. The training addressed the prevention and handling of abusive behaviour and clarified employees' rights and obligations regarding the reporting of suspected irregularities.

The company intends to continue raising awareness of available reporting mechanisms by informing employees about whistleblowing channels and incorporating additional guidance on reporting procedures into internal training programs, including training on the Code of Conduct for managers.

Assumptions

The monitoring of incidents and complaints is based on several assumptions. It is assumed that employees report their concerns accurately and that the available reporting channels are used when issues arise. It is also assumed that reporting mechanisms are accessible and confidential, so that employees can raise their concerns without fear of retaliation. Furthermore, the company assumes that Human Resources and management investigate and address reported issues in accordance with internal policies and applicable legal requirements.

Limitations

Certain limitations may affect the completeness of the reported information. Sensitive issues such as harassment or interpersonal conflicts may be underreported. Differences in reporting culture across locations may also affect how frequently issues are reported. Furthermore, many cases involve qualitative information, which can make it difficult to measure the long-term effectiveness of corrective or remedial actions using quantitative indicators.

Despite these limitations, the company continues to promote transparent reporting procedures and strives to maintain reporting mechanisms that enable employees to raise concerns in a safe and confidential manner.

S1 Entity-specific metrics

The company has not identified any entity-specific metrics related to the S1 standard for its own workforce for the 2025 reporting period. All material issues concerning the company's own workforce are addressed through the metrics and disclosures required by the European Sustainability Reporting Standards (ESRS).

Information on governance

G1 Business Ethics

Impacts, Risks, and Opportunities

ESRS 2 SBM-3

See SBM-3 for an overview of impacts, risks, and opportunities

Material impacts, risks, and opportunities in G1 relate to ethical conduct, trust, governance integrity, and responsible business relationships in global value chains.

Material impacts

Impact relates to corporate culture, ethical conduct in purchasing and sales, responsible supplier management, and the operation of effective whistleblowing mechanisms. Expectations regarding business conduct influence internal behaviour and relationships with suppliers.

Material risks

Risks include corruption or bribery within purchasing and sales functions, non-compliance with environmental or human rights standards by suppliers, and impacts on the company's reputation or legal consequences resulting from governance deficiencies. Certification integrity and payment procedures also pose risks within the value chain.

Significant opportunities

Opportunities include strengthening governance structures, increasing transparency toward suppliers, improving training for high-risk functions, maintaining strong whistleblower protection, and building stakeholder trust through strong ethical conduct. Within the framework of S1.SBM3, opportunities were also identified to strengthen engagement, corporate culture, and leadership, as well as to improve performance and employee retention, which are linked to corporate culture.

Managing impacts, risks, and opportunities

Policies

G1-1, MDR-P

Kährs has implemented a series of Group-wide guidelines to manage material impacts, risks, and opportunities related to business ethics. The guidelines pertaining to G1 Business Ethics are as follows:

- Code of Conduct
- Whistleblowing Guidelines
- Supplier Policy and Framework for Responsible Sourcing

These guidelines establish expectations for ethical behaviour, management responsibility, responsible supplier management, and transparent escalation of issues. An overview of the guidelines and how each guideline relates to the relevant sub-topics is described in the disclosures under the sub-topics below and in the Sustainability Guidelines section.

The following sub-topics are considered material for Kährs within G1 Business Ethics:

- Corporate Culture
- Corruption and Bribery
- Management of supplier relationships, including payment procedures
- Whistleblower protection

There are several mechanisms in place to identify, report, and investigate suspicions of illegal conduct or conduct that violates the Code of Conduct or similar internal policies.

Employees and stakeholders can report suspicions to their immediate supervisor, the HR department, or the compliance officer. There is also a dedicated whistleblower hotline available anonymously 24/7 via phone or an online platform, enabling confidential and secure reporting. Whistleblowers may also report matters directly to relevant external regulatory bodies or authorities when appropriate.

The applicable policies cover all of Kährs' operations, facilities, and entities globally and apply to employees, contractors, temporary staff, suppliers, customers, business partners, and other stakeholders who may come into contact with Kährs. All reports are handled confidentially and impartially. Whistleblowers are protected against retaliation.

Kährs has formal procedures in place to ensure that alleged incidents related to business conduct, including corruption, bribery, conflicts of interest, and other violations of the Code of Conduct, are handled promptly and objectively. These procedures are outlined in our Code of Conduct, Supplier Compliance Policy, and Whistleblower Policy. The Anti-Corruption and Anti-Bribery Policy is consistent with the UN Convention against Corruption.

The Whistleblower Policy establishes protections for whistleblowers. Reports can be submitted via Kährs' confidential whistleblower channel, which is available to employees and external stakeholders. The Whistleblower Policy guarantees confidentiality, prohibits retaliation, and requires that all reports be evaluated by an independent body not involved in the alleged misconduct.

Investigations are conducted by appropriate specialists in compliance, HR, legal affairs, or external experts, depending on the nature of the matter. The process includes an initial assessment, formal investigative steps, documentation of findings, and escalation to management or the Board's Audit Committee when necessary. The outcome may lead to disciplinary action, corrective measures, or improvements to internal controls.

Business Ethics Training

Kährs' strategy for business ethics training is rooted in the Code of Conduct, which applies to all employees and sets out expectations regarding ethical behaviour, anti-corruption, fair business practices, compliance, and speaking up. The Code of Conduct is available to all employees, and awareness is maintained through onboarding processes, internal communications, and policy updates.

Training activities focus on ensuring that employees understand their responsibilities, including expectations regarding the prevention of corruption, conflicts of interest, fair competition, and responsible procurement. When necessary, relevant teams with increased exposure to ethical risks receive additional guidance from their management on how the Code of Conduct and related policies are applied in their daily work.

The company reinforces understanding of business conduct expectations through continuous communication, dialogue with management, and the incorporation of business conduct requirements into managerial responsibilities. The compliance and sustainability functions monitor policy implementation and support managers in communicating the requirements within their teams.

The functions most exposed to risks of corruption and bribery are those with external business responsibilities, procurement authority, or influence over decisions regarding contracting or financial approvals. At Kährs, these functions are:

- Purchasing
- Sales
- Finance
- Management

Training in Anti-Corruption and Anti-Bribery

Description	2025
Percentage of high-risk functions covered by training programs (%)	100
Total number of employees in high-risk functions during the reporting period	159
Number of employees in high-risk functions who have completed training during the reporting period	159

Members of administrative and governing bodies, including senior management, are included in the high-risk functions and are therefore covered by the training metrics reported above. Since the 2025 fiscal year is Kährs' first reporting year under the ESRS, the scope of anti-corruption and anti-bribery training specifically provided to members of the supervisory body (the Board of Directors) has not been tracked separately during this reporting period. Kährs intends to include this in its data collection for future reporting periods.

Business Ethics Strategy

G1-1, G1-2, G1-3, MDR-A

Our view of corporate culture

Kährs' corporate culture is established through a set of formal policies and governance structures, including our Code of Conduct.

We develop and promote our corporate culture through continuous communication, management commitment, and the integration of the Code of Conduct into daily management practices. Recruitment, onboarding, performance reviews, and professional development all contribute to reinforcing our expectations and ensuring they align with our values. Our focus on health and safety, diversity and inclusion, and employee well-being further reflects how our cultural priorities are integrated into our operations.

Our culture is assessed through employee surveys, workplace evaluations, and dialogue with labour unions and employee representatives. Feedback from these channels, along with insights gathered through our whistleblower system and our compliance monitoring, helps us identify areas for improvement and guide actions to strengthen trust, integrity, and accountability within the organization. 's metrics for evaluating corporate culture are determined based on how we interact with our own employees, as described in more detail in S1-5 Summary of Objectives.

How We Protect Whistleblowers

Kährs protects whistleblowers through a comprehensive whistleblower policy that applies to all employees, contractors, suppliers, customers, and business partners globally. Several internal reporting channels are in place, including direct reporting to managers, HR, or compliance officers, as well as a dedicated whistleblower hotline available 24/7, anonymously by phone or online.

Whistleblowers may also report directly to external regulatory authorities when appropriate. Kährs Group maintains confidentiality throughout the investigation process and protects the identity of whistleblowers unless disclosure is required by law. The company prohibits retaliation, discrimination, or other adverse actions against whistleblowers who report in good faith, and takes immediate disciplinary action, including termination, against those who engage in retaliation. Whistleblowers have the right to report their concerns confidentially or anonymously and are protected against harassment, demotion, or termination.

The company informs employees about the policy, reporting channels, and their rights. The policy is reviewed and approved by Group Management and the Board of Directors to ensure continued effectiveness and compliance.

Established internal reporting channels for whistleblowers include reporting suspicions to a direct supervisor, the HR department, or a compliance officer. In addition, Kährs has a dedicated whistleblower hotline that is available anonymously 24/7 via phone or an online reporting platform.

Kährs maintains confidentiality throughout the investigation process to protect the identity of whistleblowers. Retaliation or discrimination against employees, suppliers, contractors, or stakeholders who report suspicions in good faith is prohibited. Retaliation, including threats, harassment, demotion, or termination, will result in immediate action and disciplinary measures, which may include termination or termination of business relationships. Whistleblowers have the right to report concerns confidentially or anonymously, and Kährs will not disclose their identity without consent unless required by law. The company offers training and awareness campaigns to ensure that all employees, suppliers, and stakeholders understand the whistleblower policy and reporting procedures.

Approach to Supplier Relationships and Payment Practices

Kährs does not have a formal policy regarding payment terms for suppliers, but there is a financial practice that outlines the payment terms Kährs should strive to achieve with each supplier. Any deviations from this require internal approval. Once a supplier agreement has been entered into, the agreed terms take precedence.

Kährs' strategy for supplier relationships is based on long-term partnerships, responsible procurement, and continuous development. Strategic suppliers are engaged through regular dialogue, on-site visits, audits, and structured follow-up activities to support improvements and ensure they meet our environmental, social, and ethical expectations. All new suppliers are screened through our Supplier Relationship Management (SRM) system, which includes ESG-related criteria. These criteria cover human rights, working conditions, health and safety, environmental management, and responsible forestry. Existing key suppliers undergo an annual ESG review, which enables us to identify risk areas and implement targeted improvement measures. High-risk suppliers may be subject to enhanced monitoring, including document reviews, on-site assessments, and corrective action requirements.

Our supplier relationships are governed by Kährs' Supplier Compliance Policy and Kährs' Code of Conduct, which outline requirements regarding human rights, working conditions, environmental performance, anti-corruption, and business ethics. All suppliers are required to comply with our Code of Conduct and to sign our Supplier Code of Conduct annually via the SRM system.

Management of Corruption and Bribery

Kährs has implemented procedures to prevent, detect, and manage corruption and bribery through a combination of policies, controls, and reporting mechanisms. Our Code of Conduct and our Supplier Policy set clear requirements prohibiting corruption, bribery, kickbacks, and conflicts of interest, and apply to all employees and suppliers. Preventive measures include mandatory compliance with these policies, pre-

screening of suppliers, annual confirmation of suppliers' adherence to the Code of Conduct, as well as ongoing monitoring via our SRM system and on-site visits to strategic suppliers.

Potential incidents can be reported confidentially through our whistleblower system, which provides an independent channel where employees and external stakeholders can raise their concerns without fear of retaliation. All allegations are evaluated immediately and objectively, and when issues are confirmed, Kährs follows established procedures for corrective actions, including measures against the supplier, contract implications, or internal disciplinary actions.

Kährs ensures that all investigations into alleged cases of corruption or bribery are conducted by parties independent of the management chain involved in the matter. If necessary, investigations may be referred directly to the Board of Directors. When required, Kährs engages independent third-party investigators to maintain neutrality. All procedures are documented in our whistleblower policy and our Code of Conduct, which establish responsibilities, escalation channels, and protections for all parties involved.

The results of whistleblowing cases are reported to administrative, management, and supervisory bodies as needed. Reports received through the whistleblowing channels are handled confidentially by designated personnel, and investigations are conducted independently of those involved in the matter. When an investigation is concluded, relevant findings and corrective actions are communicated to the audit committee or equivalent supervisory body, while preserving the anonymity of the reporting individual. The process ensures that supervisory bodies are informed of material events and trends, enabling them to take strategic or governance actions where necessary.

This procedure is in line with the whistleblower policy and code of conduct and is supported by a structured workflow: acknowledgment of receipt within 7 days, investigation where warranted, and feedback to the whistleblower within 3 months. Internal or external expertise may be engaged during investigations, provided that confidentiality measures are taken and the whistleblower gives their consent.

Kährs communicates its anti-corruption and business ethics policies through multiple channels to ensure accessibility and understanding among all relevant parties. All employees, including new hires, receive the Code of Conduct and the Whistleblower Policy during onboarding and through regular mandatory training sessions.

Suppliers and business partners are informed of their obligations through the supplier compliance policies, contractual commitments, and the annual confirmation of the Code of Conduct via the Supplier Relationship Management (SRM) system.

The policy is made available to the public on the company's intranet and internal communication platforms, and the key principles are reinforced through internal communications, training modules, and workshops.

Metrics

G1-3, G1-4, G1-6, MDR-M

Metrics for corruption and bribery

During the 2025 fiscal year, there were no violations of procedures and standards for combating corruption and bribery, and no corrective actions were required.

Description	2025
Number of convictions for violations of laws on combating corruption and bribery	0
Amount of fines for violations of anti-corruption and anti-bribery laws (SEK)	0
Total number of confirmed cases of corruption or bribery	0

Number of confirmed incidents in which the company's own employees have been dismissed or subjected to disciplinary action due to corruption or bribery	0
Number of confirmed incidents involving contracts with business partners that have been terminated or not renewed due to violations related to corruption or bribery	0

Payment Practices Metrics

Kährs monitors its payments to suppliers, including small and medium-sized enterprises (SMEs), in accordance with internal procedures for purchasing and accounts payable. Timely payments are prioritized to support the financial stability of SMEs and maintain strong supplier relationships.

Delayed payments are tracked and investigated; in the event of delays, corrective actions are taken to prevent recurrence. Payment performance metrics are reviewed by management and integrated into supplier relationship evaluations to ensure continuous improvement.

Description	2025
Average time it takes for the company to pay an invoice, from the day the contractual or statutory payment deadline begins (days)	50
Number of ongoing legal proceedings regarding late payments	0

Entity-specific business ethics metrics

Kährs has not identified any company-specific climate metrics for this reporting period; therefore, no disclosures regarding company-specific metrics are provided under G1.

Accounting principles

G1-4 Incidents of corruption or bribery

Group management, and in particular the CFO, confirms any instances of corruption or bribery. External auditors review financial and IT-related control processes and report any deficiencies that could lead to violations of policies and procedures regarding corruption and bribery.

Information regarding corruption and bribery is not validated by any external party other than the one conducting the audit.

G1-6 Payment Practices

At Kährs, we use a representative sample to calculate the average time it takes to pay an invoice. The method is based on the average accounts payable over three months divided by the average cost of goods sold over three months, multiplied by 30 days.

The information regarding payment practices is not validated by any external party other than the issuer of the statement.

G1 Company-specific metrics

Kährs has not identified any company-specific climate metrics for this reporting period; therefore, no information regarding company-specific metrics is provided under G1.

Appendix 1: Statement on due diligence

ESRS 2 GOV-4

Core elements of due diligence	Sections or pages in the sustainability report	Does the disclosure relate to people and/or the environment?
a) Integration of due diligence into governance, strategy, and business model		People and the environment
	ESRS 2 GOV-3, p. 21	People and the environment
	ESRS 2 SBM-3, pp. 25–35	People and the Environment
	ESRS 2 SBM-3-E2, pp. 25–35	Environment
	ESRS 2 SBM-3-E3, pp. 25–35	
	ESRS 2 SBM-3-E5, pp. 25–35	
	ESRS 2 SBM-3-S1, pp. 25–35 ESRS 2 SBM-3-S3, pp. 25–35	People
	ESRS 2 SBM-3-G1, pp. 25–35	People and Environment
b) Collaboration with relevant stakeholders at all key stages of the due diligence process	ESRS 2 GOV-2, pp. 15–21	People and the environment
	ESRS 2 SBM-2, pp. 13–14	People and the environment
	ESRS 2 IRO-1, pp. 22–25	People and the Environment
	E1-2, pp. 39–41 E2-1, pp. 55–58	Environment
	E3-1, pp. 64–66 E5-1, pp. 67–69	
	S1-1, pp. 79–80	People
	G1-1, pp. 105–107	People and the Environment
	S1-2, pp. 81–83	People
c) Identification and assessment of adverse impacts	ESRS 2 IRO-1, pp. 22–25	People and the environment
	ESRS 2 SBM-3, pp. 25–35	People and the environment
	ESRS 2 SBM-3-E1, pp. 25–35 ESRS 2 SBM-3-E2, pp. 25–35 ESRS 2 SBM-3-E3, pp. 25–35 ESRS 2 SBM-3-E5, pp. 25–35	Environment
	ESRS 2 SBM-3-S1, pp. 25–35	
	ESRS 2 SBM-3-G1, pp. 25–35	People
		People and the environment
d) Take measures to address these negative impacts		
	E1-3, pp. 39–42 E2-2, pp. 55–61 E3-2, pp. 64–66 E5-2, pp. 67–69	Environment

	S1-4, pp. 81–84	People
	E1-1, pp. 36–38	Environment
	G1-1, pp. 105–107	People and the environment
	G1-3, pp. 105–109	
e) Monitoring the effectiveness of these efforts and communication		
	E1-5, pp. 43–44	Environment
	E1-6, pp. 45–50	
	E2-5, pp. 61–63	
	E3-4, pp. 65–66	
	E5-4, pp. 70–75	
	S1-6, pp. 87–91	People
	S1-9, pp. 87–91	
	S1-10, p. 90	
	S1-14, pp. 91–92	
	S1-16, pp. 92–93	
	S1-17, pp. 93–95	
	G1-4, pp. 108–110	People and the Environment
	G1-6, p. 110	
	E2-3, pp. 59–60	Environment
	E3-3, p. 65	
	E5-3, pp. 69–70	
	S1-5, pp. 84–86	People

Appendix 2: Disclosure requirements in the ESRS addressed in the Kährs Group’s sustainability report

ESRS 2 IRO-2

List of material DRs	Location in the Sustainability Report
ESRS 2 – General disclosures	
BP-1 General basis for preparation	pp. 11–12
BP-2 Specific circumstances	pp. 35–36
GOV-1 Role of the Board	pp. 15–17
GOV-2 Sustainability issues addressed by governing bodies	pp. 15–21
GOV-3 Sustainability-related	p. 21
GOV-4 Statement on due diligence	Appendix 1

GOV-5 Risk management	pp. 22–23
SBM-1 Strategy, business model, value chain	pp. 11–13
SBM-2 Stakeholders	pp. 13–14
SBM-3 Materials	pp. 25–35
IRO-1 Process for	pp. 22–25
IRO-2 DRs	Appendix 2
E1 – Climate Change	
ESRS 2 GOV-3-E1 Integration of sustainability-related performance into incentive systems	p. 21
E1-1 Transition plan for climate change mitigation	pp. 36–38
ESRS 2 SBM-3-E1 Material impacts, risks, and opportunities, and their interaction with strategy and business model	pp. 25–35
ESRS 2 IRO-1-E1 Description of the processes for identifying and assessing material climate-related impacts, risks, and opportunities	pp. 22–25
E1-2 Policies related to climate change mitigation and adaptation	pp. 39–41
E1-3 Measures and resources related to climate policy	pp. 39–42
E1-4 Goals related to climate change mitigation and adaptation	pp. 41–42
E1-5 Energy consumption and energy mix	pp. 43–44
E1-6 Gross emissions according to Scope 1, 2, 3, and total greenhouse gas emissions	pp. 45–52
E1-7 Emissions reductions and greenhouse gas reduction projects financed through carbon credits	pp. 51–53
E1-8 Internal carbon pricing	pp. 52–54
E1-9 Expected financial impacts of material physical and transition risks, as well as potential climate-related opportunities	Deferred in accordance with the phase-in plan
E2 – Pollution	
ESRS 2 SBM-3-E2 Significant impacts, risks, and opportunities, and their interaction with strategy and business model	pp. 25–35

ESRS 2 IRO-1-E2 Description of the processes for identifying and assessing material pollution-related impacts, risks, and opportunities	pp. 22–24
E2-1 Policies related to pollution	pp. 55–57
E2-2 Actions and resources related to pollution	pp. 55–61
E2-3 Objectives related to pollution	pp. 59–60
E2-4 Air, water, and soil pollution	pp. 59–62
E2-5 Substances of concern and substances of very high concern	pp. 61–63
E2-6 Expected economic impacts of significant pollution-related impacts, risks, and opportunities	Postponed according to the phase-in plan
E3 – Water and marine resources	
ESRS 2 SBM-3-E3 Significant impacts, risks, and opportunities, and their interaction with strategy and business model	pp. 25–35
ESRS 2 IRO-1-E3 Description of the processes for identifying and assessing material impacts, risks, and opportunities related to water and marine resources	pp. 22–24
E3-1 Policies related to water and marine resources	p. 64
E3-2 Measures and resources related to water and marine resources	pp. 64–66
E3-3 Objectives regarding water and marine resources	p. 65
E3-4 Water consumption	pp. 65–66
E3-5 Expected financial impact of significant risks and opportunities related to water and marine resources	Deferred in accordance with the phase-in plan
E4- Biodiversity and ecosystems	
Entire standard	Not reported according to Quick-Fix
E5- Resource use and circular economy	
ESRS 2 SBM-3-E5 Material impacts, risks, and opportunities, and their interaction with strategy and business model	pp. 25–35
ESRS 2 IRO-1-E5 Description of the processes for identifying and assessing material resource use and circular economy-related impacts, risks, and opportunities	pp. 22–24

E5-1 Policies related to resource use and the circular economy	pp. 67–68
E5-2 Initiatives and resources related to resource use and the circular economy	pp. 67–69
E5-3 Targets related to resource use and the circular economy	pp. 69–70
E5-4 Resource inputs	pp. 70–75
E5-5 Resource outflows	pp. 75–78
E5-6 Expected financial impacts of significant resource use, and impacts, risks, and opportunities related to the circular economy	Deferred during the phase-in period
S1 – Own personnel	
ESRS 2 SBM-2-S1 – Stakeholder interests and views	pp. 13–14
ESRS 2 SBM-3-S1 – Significant impacts, risks, and opportunities, and their interaction with strategy and business model	pp. 25–35
S1-1 Policies regarding the company’s own personnel	pp. 79–80
S1-2 Processes for engaging with employees and employee representatives regarding impacts	pp. 81–83
S1-3 Processes for addressing adverse impacts and channels for employees to provide feedback	pp. 82–83
S1-4 Actions taken in response to material impacts on employees, as well as strategies to mitigate material risks and capitalize on material opportunities related to employees, and the effectiveness of these actions	pp. 81–84
S1-5 Objectives related to managing material adverse impacts, promoting positive impacts, and managing material risks and opportunities	pp. 84–86
S1-6 Characteristics of the company’s employees	pp. 87–91
S1-7 Characteristics of non-employees within the company’s workforce	Not reported — Quick-Fix
S1-8 Coverage of collective bargaining agreements and social dialogue	Not reported — Quick-Fix
S1-9 Diversity metrics	pp. 87–91
S1-10 Fair wages	p. 90
S1-11 Social protection	Not reported — Quick-Fix

S1-12 People with disabilities	Not reported — Quick-Fix
S1-13 Metrics for education and skills development	Not reported — Quick-Fix
S1-14 Metrics for health and safety	pp. 91–92
S1-15 Metrics for work-life balance	Not reported — Quick-Fix
S1-16 Compensation metrics (pay gaps and total compensation)	pp. 92–93
S1-17 Incidents, complaints, and serious human rights impacts	pp. 93–95
S2 – Workers in the value chain	
Entire standard	Not reported according to Quick-Fix
S3 – Affected communities	
Entire standard	Not material according to DMA and not reported
S4 – Consumers and end users	
Entire standard	Not reported according to Quick-Fix
G1 – Business ethics	
ESRS 2 SBM-3-G1 Material impacts, risks, and opportunities, and their interaction with strategy and business model	pp. 25–35
ESRS 2 GOV-1-G1 The role of the administrative, management, and supervisory bodies	pp. 15–17
ESRS 2 IRO-1-G1 Description of the processes for identifying and assessing significant impacts, risks, and opportunities	pp. 22–24
G1-1 Policies on business ethics and corporate culture	pp. 105–107
G1-2 Management of supplier relationships	pp. 105–107
G1-3 Prevention and detection of corruption and bribery	pp. 105–109
G1-4 Incidents of corruption or bribery	pp. 108–110
G1-5 Political influence and lobbying	Not material according to DMA and not reported
G1-6 Payment practices	p. 110

Appendix 3: Information from other EU legislation

ESRS 2 IRO-2

Disclosure requirements and related data point	SFDR reference	Reference to Pillar 3	Reference to the Benchmark Regulation	Reference to the EU Climate Law	Material/Non-material	Page number
ESRS 2 GOV-1 Gender composition of the board, item 21 (d)	Indicator No. 13 in Table 1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Significant	15-17
ESRS GOV-1 Proportion of independent board members, paragraph 21(e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	15-17
ESRS 2 GOV-4 Statement on Due Diligence, paragraph 30	Indicator No. 10 Table 3 in Annex 1				Material	Appendix 1
ESRS 2 SBM-1 Engagement in activities related to fossil fuels, item 40 (d) in	Indicator No. 4 Table 1 in Appendix 1	Article 449a of Regulation (EU) No 575/2013: Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material – no information provided	-
ESRS 2 SBM-1 Participation in activities related to the production of chemical substances , paragraph 40 (d) ii	Indicator No. 9 Table 2 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material – no information provided	-
ESRS 2 SBM-1 Participation in activities related to controversial	Indicator No. 14 Table 1 in Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated		Not material – no information provided	-

weapons, item 40 (d) iii			Regulation (EU) 2020/1816, Annex II			
ESRS 2 SBM-1 Participation in activities related to the cultivation and production of tobacco, item 40(d)(iv)			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material – no information provided	-
ESRS E1-1 Transition Plan to Achieve Climate Neutrality by 2050, paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Significant	36–38
ESRS E1-1 Entities exempt from Paris-aligned benchmarks, paragraph 16(g)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking Book Climate Change Risk: Credit Quality of Exposures by Sector, Emissions, and Remaining Maturity	Delegated Regulation (EU) 2020/1818, Article 12(1)(d)–(g) and Article 12(2)		Not applicable	-
ESRS E1-4 Greenhouse gas emission reduction targets, paragraph 34	Indicator No. 4 Table 2 in Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking Book – Risks associated with climate transition: adaptation measures	Delegated Regulation (EU) 2020/1818, Article 6		Material	41-42
ESRS E1-5 Energy consumption	Indicator No. 5,				Significant	43-44

from fossil sources broken down by source (only sectors with significant climate impact) paragraph 38	Table 1, and Indicator No. 5, Table 2, in Annex 1					
ESRS E1-5 Energy consumption and energy mix, item 37	Indicator No. 5 Table 1 in Annex 1				Significant	43–44
ESRS E1-5 Energy intensity related to operations in sectors with a significant climate impact, paragraphs 40–43	Indicator No. 6 Table 1 in Annex 1				Material	43-44
ESRS E1-6 Gross greenhouse gas emissions according to Scope 1, 2, 3, and total, item 44	Indicators 1 and 2, Table 1 in Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking Book – Climate Change Risk: Credit Quality of Exposures by Sector, Emissions, and Remaining Maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 5(6), and 8(1)		Material	45–52
ESRS E1-6 Gross greenhouse gas emissions intensity, paragraphs 53–55	Indicator No. 3 Table 1 in Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking Book – Climate-related risk : adaptation measures	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	45-52
ESRS E1-7 Emission reductions and carbon credits, paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Significant	51–53

ESRS E1-9 Exposure of the reference portfolio to climate-related physical risks, paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Information not provided – Transitional provision	-
ESRS E1-9 Breakdown of amounts by acute and chronic physical risks, paragraph 66(a) ESRS E1-9 Location of significant assets exposed to material physical risk, paragraph 66(c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking Book – Physical risk arising from climate change: Exposures subject to physical risk.			Data not provided – Transitional provision	-
ESRS E1-9 Breakdown of the carrying amount of real estate assets by energy efficiency classes, paragraph 67(c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking Book – Climate Change and Energy Transition Risk: Loans Secured by Real Estate – Energy Efficiency of the Collateral			No data provided – Transitional provision	-
ESRS E1-9 Portfolio exposure to climate-related opportunities, paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Information not provided – Transitional provision	-
ESRS E2-4 Quantity of each pollutant listed	Indicator No. 8 Table 1 in				Significant	59-62

in Annex II to the E-PRTR Regulation (European Pollutant Release and Transfer Register) released to air, water, and land, paragraph 28	Annex 1 Indicator No. 2 Table 2 in Annex 1 Indicator No. 1 Table 2 in Annex 1 Indicator No. 3 Table 2 in Annex 1					
ESRS E3-1 Water and marine resources, point 9	Indicator No. 7 Table 2 in Annex 1				Significant	64
ESRS E3-1 Specific policy, point 13	Indicator No. 8 Table 2 in Annex 1				Significant	64
ESRS E3-1 Sustainable seas and oceans, point 14	Indicator No. 12 Table 2 in Annex 1				Not material	-
ESRS E3-4 Total recycled and reused water, item 28 (c)	Indicator No. 6.2 Table 2 in Appendix 1				Significant	65-66
ESRS E3-4 Total water consumption in m ³ per net revenue from own operations, item 29	Indicator No. 6.1 Table 2 in Appendix 1				Material	65–66
ESRS 2 – SBM-3 – E4, paragraph 16(a) in	Indicator No. 7 Table 1 in Annex 1				Not published – Quick-Fix	-
ESRS 2 – SBM-3 – E4, paragraph 16(b)	Indicator No. 10, Table No. 2 in Annex 1				Not published – Quick-Fix	-
ESRS 2 – SBM-3 – E4, paragraph 16 (c)	Indicator No. 14, Table No. 2 in Annex 1				Not published – Quick-Fix	-

ESRS E4-2 Sustainable land and agricultural practices or strategies, paragraph 24 (b)	Indicator No. 11 Table 2 in Annex 1				Not published – Quick-Fix	-
ESRS E4-2 Sustainable marine and maritime practices or strategies, paragraph 24 (c)	Indicator No. 12 Table No. 2 in Annex 1				Not published – Quick-Fix	-
ESRS E4-2 Policies for Addressing Deforestation, paragraph 24 (d)	Indicator No. 15, Table 2 in Annex 1				Not published – Quick-Fix	-
ESRS E5-5 Non- recycled waste, item 37 (d)	Indicator No. 13 Table 2 in Annex 1				Significant	75–78
ESRS E5-5 Hazardous waste and radioactive waste, item 39	Indicator No. 9 Table 1 in Annex 1				Significant	75–78
ESRS 2- SBM3 - S1 Risk of forced labour, item 14 (f)	Indicator No. 13 Table 3 in Annex I				Not material	-
ESRS 2- SBM3 - S1 Risk of the occurrence of child labour, item 14 (g)	Indicator No. 12 Table 3 in Annex I				Not material	-
ESRS S1-1 Commitments regarding human rights, paragraph 20	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, in Annex I				Material	79–81
ESRS S1-1 Due Diligence Policies Regarding Issues Addressed in the International Labour Organization’s Core			Delegated Regulation (EU) 2020/1816, Annex II		Relevant	79-81

Conventions 1–8, paragraph 21						
ESRS S1-1 processes and measures to prevent human trafficking, point 22	Indicator No. 11 Table 3 in Annex I				Not material	-
ESRS S1-1 policy or management system for the prevention of workplace accidents, section 23	Indicator No. 1, Table 3 in Annex I				Significant	84-85
ESRS S1-3 mechanisms for handling complaints, paragraph 32 (c)	Indicator No. 5 Table 3 in Annex I				Significant	82–83, 93–95
ESRS S1-14 Number of fatalities and number and proportion of work-related accidents, items 88(b) and (c)	Indicator No. 2 Table 3 in Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Significant	91-92
ESRS S1-14 Number of working days lost due to injuries, accidents, deaths, or illness, item 88 (e)	Indicator No. 3 Table 3 in Annex I				Significant	91-92
ESRS S1-16 Unadjusted gender pay gap, item 97(a)	Indicator No. 12 Table 1 in Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Significant	92-93
ESRS S1-16 Excessive pay gap between the CEO and other employees, paragraph 97(b)	Indicator No. 8 Table 3 in Annex I				Significant	92-93
ESRS S1-17 Cases of discrimination, paragraph 103 (a)	Indicator No. 7 Table 3 in Annex I				Significant	93-95

ESRS S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 104(a)	Indicator No. 10, Table 1, and Indicator No. 14, Table 3, in Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Significant	93-95
ESRS 2- SBM-3 – S2 Significant risk of child labour or forced labour in the supply chain, point 11 (b)	Indicators No. 12 and No. 13, Table 3 in Annex I				Not published – Quick-Fix	-
ESRS S2-1 Human Rights Commitments, paragraph 17	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, in Annex 1				Not published – Quick-Fix	-
ESRS S2-1 Policies regarding workers in the value chain, paragraph 18	Indicators No. 11 and No. 4, Table 3 in Annex 1				Not published – Quick-Fix	-
ESRS S2-1 Failure to comply with the principles of the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (), paragraph 19	Indicator No. 10 Table 1 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Not published – Quick-Fix	-
ESRS S2-1 Guidelines on due diligence regarding matters covered by the International Labour Organization's fundamental			Delegated Regulation (EU) 2020/1816, Annex II		Not published – Quick-Fix	-

Conventions 1–8, paragraph 19						
ESRS S2-4 Human rights issues and incidents linked to the company's upstream and downstream value chain, paragraph 36	Indicator No. 14, Table 3 in Annex 1				Not reported – Quick-Fix	-
ESRS S3-1 Human Rights Commitments, paragraph 16	Indicator No. 9, Table 3 in Appendix 1, and Indicator No. 11, Table 1 in Appendix 1				Not material	-
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, the ILO principles, or the OECD Guidelines, paragraph 17	Indicator No. 10 Table No. 1 Appendix 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		Not material	-
ESRS S3-4 Human Rights and Incidents, paragraph 36	Indicator No. 14 Table 3 in Annex 1				Not material	-
ESRS S4-1 Policies regarding consumers and end users, paragraph 16	Indicator No. 9, Table 3, and Indicator No. 11, Table 1 in Appendix 1				Not published – Quick-Fix	-
ESRS S4-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 17	Indicator No. 10, Table 1 in Annex 1		Delegation Regulation (EU) 2020/1816, Annex II Delegation Regulation (EU)		Not published – Quick-Fix	-

			2020/1818, Article 12(1)			
ESRS S4-4 Human Rights and Incidents, paragraph 35	Indicator No. 14 Table 3 in Annex 1				Not published – Quick-Fix	-
ESRS G1-1 UN Convention against Corruption, paragraph 10 (b)	Indicator No. 15, Table 3 in Annex 1				Material	105–107
ESRS G1-1 Protection of Whistleblowers, paragraph 10 (d)	Indicator No. 6, Table 3 in Appendix 1				Significant	105-107
ESRS G1-4 Fines for violations of laws against corruption and bribery, item 24 (a)	Indicator No. 17 Table 3 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Significant	108-110
ESRS G1-4 Standards on Anti-Corruption and Anti-Bribery, paragraph 24(b)	Indicator No. 16 Table 3 in Annex 1				Significant	105–110

EU Taxonomy

Kährs Group reporting in accordance with the EU Taxonomy Regulation

Kährs reports in accordance with the EU Taxonomy Regulation (EU 2020/852). Only a limited part of Kährs' operations is covered by the taxonomy. Although the Kährs Group's core business is not included among the taxonomy's activities, the Group is nevertheless assessed as being able to contribute to the transition. For many years, the Kährs Group has been engaged in extensive sustainability work, with sustainability being an integral part of the entire business. Several of the Group's sustainability goals are aligned with the UN's Sustainable Development Goals, even though they are not currently covered by the six environmental goals that Kährs has evaluated within the taxonomy. No portion of the Kährs Group's revenue is included among activities classified as directly revenue-generating under the taxonomy. However, the Group has an indirect impact on the economic activities mentioned in the taxonomy's first two delegated acts on climate change mitigation and adaptation, respectively. The Group's investments in property, plant, and equipment, as well as right-of-use assets and related costs, are the areas most extensively covered by the taxonomy.

Assessment of compliance with the Taxonomy Regulation

Transport by motorcycles, passenger cars, and light motor vehicles

Kährs falls under economic activity 6.5 *Transport by motorcycles, passenger cars, and light-duty vehicles* according to the environmental objective "*Climate Change Mitigation*" regarding the purchase of taxonomy-related products and services. More specifically, this refers to capital expenditures for the leasing of passenger and company cars. To assess compliance with the EU Taxonomy, there is insufficient information to ensure that we meet the technical criteria.

Acquisition and ownership of buildings

Kährs is covered by economic activity 7.7 *Acquisition and ownership of buildings* under the environmental objective *Mitigation of climate change regarding the procurement of taxonomy-related products and services*. More specifically, this refers to capital expenditures for newly entered into and renegotiated leases of premises. To assess compliance with the EU Taxonomy, there is insufficient information to ensure that we meet the technical criteria.

Accounting Principles / Accounting Policy

Within the framework of reporting in line with the EU Taxonomy, revenue, capital expenditures, and operating expenses are defined as follows. The definitions of capital expenditures and operating expenses differ here from our regular financial reporting.

Revenue

The reporting of total revenue corresponds to the item “Net revenue” in the consolidated income statement, as well as Notes C4 “Segment Reporting” and C5 “Revenue Recognition.”

Capital

expenditures

The reporting of total capital expenditures refers to additions to tangible and intangible assets during the year before depreciation, revaluations, and write-downs, as well as the exception for changes in fair value. It also includes additions to rights of use and tangible and intangible assets arising from business combinations, excluding goodwill. See Note C15 “Intangible Assets,” C16 “Property, Plant, and Equipment, Owned,” and C32 “Property, Plant, and Equipment, Right-of-Use.”

Operating

expenses

The reporting of operating expenses within the framework of the EU Taxonomy includes the Group’s direct costs related to research and development, building renovations, short-term leases, and maintenance and repairs. According to the taxonomy, operating expenses covered must correspond to direct, non-capitalizable costs for daily maintenance that are or may become environmentally sustainable. More specifically, this includes building renovations, short-term leases, and maintenance and repairs. Kährs is not subject to any operating expenses.

The Kährs Group’s activities covered by the Taxonomy Regulation, and which may be or become environmentally sustainable, are reported here:

Revenue

Räkenskapsåret 2025	År		Kriterier för väsentligt bidrag							Kriterier avseende att inte orsaka betydande skada (DNSH)									
	Kod (2)	Omsättning (3)	Andel av omsättning , år 2025 (4)	Begränsning av klimat-förändringar (5)	Anpassning till klimat-förändringar (6)	Vatten och marina resurser (7)	Cirkulär ekonomi (8)	Föröre-ningar (9)	Biologisk mångfald och ekosystem (10)	Begränsning av klimat-förändringar (11)	Anpassning till klimat-förändringar (12)	Vatten och marina resurser (13)	Cirkulär ekonomi (14)	Föröre-ningar (15)	Biologisk mångfald och ekosystem (16)	Minimi-skydds-åtgärder (17)	Taxonomi-förenlig andel av omsättningen, år 2024 (18)	Kategori möjliggörande verksamhet (19)	Kategori omställnings-erksamhet (20)
		Mkr	%	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN																			
A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter																			
De miljömässigt hållbara (taxonomiförenliga) verksamheternas omsättning (A.1)																			
Varav möjliggörande verksamheter																			
Varav omställningsverksamheter																			
A.2 Verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga)																			
EL1: N/EL EL1: N/EL EL1: N/EL EL1: N/EL EL1: N/EL EL1: N/EL																			
Omsättning hos de verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga) (A.2)																			
- 0% 0% 0% 0% 0% 0% 0%																			
Totalt (A.1 + A.2)																			
- 0% 0% 0% 0% 0% 0% 0%																			
B. VERKSAMHETER SOM INTE OMFATTAS AV TAXONOMIN																			
Omsättningen hos verksamheter som inte omfattas av taxonomin (B)																			
1 972 100%																			
Totalt (A + B)																			
1 972 100%																			

J = Verksamheten omfattas av och är förenlig med taxonomin för det relevanta miljömålet
N = Verksamheten omfattas av men är inte förenlig med taxonomin för det relevanta miljömålet
N/EL = Omfattas ej, verksamheten omfattas inte av taxonomin och är inte förenlig med det relevanta målet
EL = Verksamhet som omfattas av taxonomin för det relevanta målet
T = Omställningsverksamheter
E = Möjliggörande
CCM = Begränsning av klimatförändringar
CCA = Anpassning till klimatförändringar
WTR = Hållbar användning och skydd av vatten och marina resurser
CE = Övergång till en cirkulär ekonomi
PPC = Förebyggande och kontroll av föroreningar
BIO = Skydd och återställande av biologisk mångfald och ekosyste

Fördelning av andel av omsättningen/total omsättning		
	Andel taxonomi-förenligt per mål	Andel som omfattas-av taxonomin per mål
CCM	0,0%	0,0%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	0,0%
BIO	0,0%	0,0%

Capital expenditures

Räkenskapsåret 2025	År			Kriterier för väsentligt bidrag						Kriterier avseende att inte orsaka betydande skada (DNSH)									
Ekonomiska verksamheter (1)	Kod (2)	Kapital-utgifter (3)	Andel av kapital-utgifter, år 2025 (4)	Begränsning av klimat-förändringar (5)	Anpassning till klimat-förändringar (6)	Vatten och marina resurser (7)	Cirkulär ekonomi (8)	Föröre-ningar (9)	Biologisk mångfald och ekosystem (10)	Begränsning av klimat-förändringar (11)	Anpassning till klimat-förändringar (12)	Vatten och marina resurser (13)	Cirkulär ekonomi (14)	Föröre-ningar (15)	Biologisk mångfald och ekosystem (16)	Minimi-skydds-åtgärder (17)	Taxonomi-förenlig andel av kapitalutgifter , år 2024 (18)	Kategori möjliggörande verksamhet (19)	Kategori omställnings-erksamhet (20)
A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN																			
A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter																			
Kapitalutgifter för de miljömässigt hållbara (taxonomiförenliga) verksamheterna (A.1)																			
Varav möjliggörande verksamheter																			
Varav omställningsverksamheter																			
A.2 Verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga)																			
Transport med motorcyklar, personbilar och lätta motorfordon																			
Förvärv och ägande av byggnader																			
Kapitalutgifter för verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara																			
Totalt (A.1 + A.2)																			
B. VERKSAMHETER SOM INTE OMFATTAS AV TAXONOMIN																			
Kapitalutgifter hos verksamheter som inte omfattas av taxonomin (B)																			
Totalt (A + B)																			

J = Verksamheten omfattas av och är förenlig med taxonomin för det relevanta miljömålet
N = Verksamheten omfattas av men är inte förenlig med taxonomin för det relevanta miljömålet
N/EL = Omfattas ej, verksamheten omfattas inte av taxonomin och är inte förenlig med det relevanta målet
EL = Verksamhet som omfattas av taxonomin för det relevanta målet
T = Omställningsverksamheter
E = Möjliggörande
CCM = Begränsning av klimatförändringar
CCA = Anpassning till klimatförändringar
WTR = Hållbar användning och skydd av vatten och marina resurser
CE = Övergång till en cirkulär ekonomi
PPC = Förebyggande och kontroll av föroreningar
BIO = Skydd och återställande av biologisk mångfald och ekosyste

Fördelning av andel av kapitalutgifter/totala kapitalutgifter		
	Andel taxonomi-förenligt per mål	Andel som omfattas-av taxonomin per mål
CCM	0,0%	73,1%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	0,0%
BIO	0,0%	0,0%

Operating expenses

Räkenskapsåret 2025	År		Kriterier för väsentligt bidrag							Kriterier avseende att inte orsaka betydande skada (DNSH)										Taxonomi-förenlig andel av driftsutgifter, år 2024 (18)	Kategori möjliggörande verksamhet (19)	Kategori omställnings-erksamhet (20)												
Ekonomiska verksamheter (1)	Kod (2)	Drifts-utgifter (3)	Andel av driftsutgifter , år 2025 (4)	Begränsning av klimat-förändringar (5)	Anpassning till klimat-förändringar (6)	Vatten och marina resurser (7)	Cirkulär ekonomi (8)	Före-ningar (9)	Biologisk mångfald och ekosystem (10)	Begränsning av klimat-förändringar (11)	Anpassning till klimat-förändringar (12)	Vatten och marina resurser (13)	Cirkulär ekonomi (14)	Före-re-ningar (15)	Biologisk mångfald och ekosystem (16)	Minimi-skydds-åtgärder (17)																		
				(5)	(6)	(7)	(8)		(10)						(16)	(17)																		
	Mkr	%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	J/N																	
A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN																																		
A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter																																		
Driftsutgifter för de miljömässigt hållbara (taxonomiförenliga) verksamheterna (A.1)																																		
Varav möjliggörande verksamheter																																		
Varav omställningsverksamheter																																		
A.2 Verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga)																																		
																			EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Driftsutgifter för verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga) (A.2)																			0	0%	0%	0%	0%	0%	0%	0%						0%		
Totalt (A.1 + A.2)																			0	0%	0%	0%	0%	0%	0%	0%						0%		
B. VERKSAMHETER SOM INTE OMFATTAS AV TAXONOMIN																																		
Driftsutgifter hos verksamheter som inte omfattas av taxonomin (B)																			9	100%														
Totalt (A + B)																			9	100%														

J = Verksamheten omfattas av och är förenlig med taxonomin för det relevanta miljömålet
N = Verksamheten omfattas av men är inte förenlig med taxonomin för det relevanta miljömålet
N/EL = Omfattas ej, verksamheten omfattas inte av taxonomin och är inte förenlig med det relevanta målet
EL = Verksamhet som omfattas av taxonomin för det relevanta målet
T = Omställningsverksamheter
E = Möjliggörande
CCM = Begränsning av Klimatförändringar
CCA = Anpassning till klimatförändringar
WTR = Hållbar användning och skydd av vatten och marina resurser
CE = Övergång till en cirkulär ekonomi
PPC = Förebyggande och kontroll av föroreningar
BIO = Skydd och återställande av biologisk mångfald och ekosyste

Fördelning av andel av driftsutgifter/totala driftsutgifter		
	Andel taxonomi-förenligt per mål	Andel som omfattas-av taxonomin per mål
CCM	0,0%	0,0%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	0,0%
BIO	0,0%	0,0%

Nuclear energy and fossil gas-related operations

Under the EU taxonomy, companies must also disclose their involvement in nuclear energy and fossil gas-related activities. Kährs has no such activities.

Activities related to nuclear power and fossil gas

Rad	Kärnenergirelaterade verksamheter	
1.	Företaget utför, finansierar eller är exponerat mot forskning, utveckling, demonstration och utbyggnad av innovativa elproduktions-anläggningar som producerar energi från kärnenergiprocesser med minimalt avfall från bränslecykeln.	Nej
2.	Företaget utför, finansierar eller är exponerat mot uppförande och säker drift av nya kärntekniska anläggningar för produktion av el eller processvärme, inbegripet för fjärrvärme eller industriella processer, såsom vätgasproduktion, samt för säkerhetsupp-graderingar av dessa, med hjälp av bästa tillgängliga teknik.	Nej
3.	Företaget utför, finansierar eller är exponerat mot säker drift av befintliga kärntekniska anläggningar som producerar el eller processvärme, inbegripet för fjärrvärme eller industriella processer, såsom vätgasproduktion från kärnenergi, samt säkerhetsuppgraderingar av dessa.	Nej
Fossilgasrelaterade verksamheter		
4.	Företaget utför, finansierar eller är exponerat mot uppförande eller drift av elproduktionsanläggningar som producerar el med hjälp av fossila gasformiga bränslen.	Nej
5.	Företaget utför, finansierar eller är exponerat mot uppförande, renovering och drift av anläggningar för kombinerad produktion av värme/kyla och el med hjälp av fossila gasformiga bränslen.	Nej
6.	Företaget utför, finansierar eller är exponerat mot uppförande, renovering och drift av värmeproduktionsanläggningar som producerar värme/kyla med hjälp av fossila gasformiga bränslen.	Nej

Corporate Governance Report

Corporate governance comprises the decision-making systems through which owners govern the company indirectly or directly. This report describes the corporate governance of Kährs BondCo AB (publ) during the 2025 financial year.

Articles of Association

The company's registered name according to the Articles of Association is Kährs BondCo AB (publ). The Board has its registered office in Nybro. The company is a holding company, and its operations consist of buying, selling, owning and managing shares, bonds and other securities, as well as conducting other business compatible with this.

Corporate governance principles

The Corporate Governance Report has been prepared in accordance with the rules set out in the Annual Accounts Act (1995:1554). Kährs is not subject to the Swedish Corporate Governance Code.

Some of the most important governance documents within the company include:

- Kährs Articles of Association
- The Board's rules of procedure, including instructions for the CEO
- Instructions for the Audit Committee
- Instructions for the Owners' Committee
- Kährs strategic plan
- Kährs finance policy
- Kährs communications policy
- Kährs finance manual

General Meeting

The General Meeting is the company's highest decision-making body. At the General Meeting, shareholders are given the opportunity to exert the influence over the company that their respective number of shares represents.

Annual General Meeting and Extraordinary General Meetings

At the Annual General Meeting of Kährs BondCo AB (publ) on 15 May 2025, the Board's proposal for the appropriation of profit was adopted. The Annual General Meeting also resolved to re-elect Anders Wassberg, Mats Therman, Christoffer Marköö and Jonas Köhlin. Anders Wassberg was re-elected as Chair of the Board. It was also decided that no fees would be paid to the members of the Board.

At the Annual General Meeting of Kährs Holding AB (publ) on 15 May 2025, the Board's proposal for the appropriation of profit was adopted. The Annual General Meeting also resolved to re-elect Anders Wassberg, Mats Therman, Christoffer Marköö and Jonas Köhlin. Anders Wassberg was re-elected as Chair of the Board. The Meeting further resolved that annual fees of SEK 300,000 each are to be paid to the Board members and SEK 600,000 is to be paid to the Chair of the Board. It was also decided that a fee of SEK 20,000 each is to be paid to the ordinary employee representatives. No fees are paid to members of the Audit Committee or the Remuneration Committee.

Board of Directors

The task of the Board is to contribute to sound business development and the control of the Group's operations. One of the most important tasks of the Board of Kährs is to ensure long-term strategy, governance, follow-up and control of the Group's operations with the aim of creating value for shareholders, customers and other stakeholders. The Board's responsibility also includes ensuring that laws and other regulations that apply to the company's operations are adequately complied with. The Board appoints the CEO, who is also the Group President.

The Board shall consist of a minimum of three and a maximum of seven members, with a maximum of three deputies. Members and deputies are elected annually at the Annual General Meeting for the period until the next Annual General Meeting.

During the 2025 financial year, the Board of Directors of Kährs BondCo AB held 6 minuted Board meetings. Anders Wassberg attended all 6 Board meetings. Mats Therman, Christoffer Marköö and Jonas Köhlin attended 5 Board meetings.

During the 2025 financial year, the Board of Directors of Kährs Holding AB held 7 minuted Board meetings. Anders Wassberg, Christoffer Marköö, Jonas Köhlin and Mats Therman attended all 7 Board meetings. Employee representative Ola Sjöviill attended 6 Board meetings. Jakob Jakobsson, employee representative, and Johan Blasiusson (deputy employee representative) attended 4 Board meetings during the financial year.

The Board of Kährs has adopted rules of procedure for its operations that specify how work is to be divided between the Board, its committees and the CEO. The rules of procedure are established by the Board, and the current rules of procedure, including the instructions for the CEO, were adopted on 14 May 2025. Fees are paid to the Chair of the Board and the ordinary members in accordance with the Annual General Meeting's resolution. No remuneration other than what has been resolved by the General Meeting is paid to the Board. The total Board fees paid for the year were SEK 2.1 million (2.4). As at 31 December 2025, SEK 1.5 million had been reserved for Board fees in accordance with the resolution passed by the Annual General Meeting of Kährs Holding on fees for 2025. Payment is scheduled after the 2025 Annual General Meeting.

Audit Committee

The Board of Kährs has appointed an Audit Committee with the main task of working with the executive management team to quality-assure financial reporting. The Audit Committee's work also involves, on behalf of the Board, continuously following up and evaluating the auditors' work, and also preparing matters regarding the company's accounting, external audit, financial information and internal control. The committee's work is reported continuously at the company's subsequent Board meeting. Kährs' Audit Committee consists of Chair Christoffer Marköö and Board member Mats Therman.

Remuneration Committee

Kährs' Remuneration Committee consists of Chair Anders Wassberg and Board member Christoffer Marköö regarding remuneration to senior executives. Remuneration to the CEO and other senior executives must be market-based and consist of a fixed and a variable component as well as any benefits and pension. Decisions on fixed and variable salary for all senior executives are made according to the "grandfather principle".

Direct or indirect shareholdings

As at 31 December 2025, Saltri II Luxco Sarl in Luxembourg was the sole owner of all shares in Kährs BondCo AB (publ). Saltri II Luxco Sarl is owned by Triton Partners through Triton III Continuation GP Sarl (66 per cent), Hartwall (16 per cent) and senior executives in the Kährs Group (18 per cent).

Kährs' Articles of Association contain no limitations regarding how many votes individual shareholders may cast at a General Meeting.

Election of the Board or amendment of Articles of Association

Kährs' Articles of Association contain no special provisions regarding the appointment and dismissal of Board members or regarding amendments to the Articles of Association.

Internal control

According to the Swedish Companies Act, the Board is responsible for internal control. The CEO and the Group management team manage the work of efficiently producing reliable financial reports for external publication. The cornerstones of Kährs' system for internal control are the control environment, risk assessment, control activities, information and communication, and follow-up.

- Control environment

The foundation for internal control within Kährs is the decisions on organisation, authority and guidelines made by the Board. The internal control is based on documented policies, guidelines, process descriptions, divisions of responsibility and duties, such as the Board's rules of procedure, instructions for the CEO, authorisation instructions, finance policy and instructions for financial reporting. Integrating the monthly reporting of financial and operational activities ensures a strong foundation for external financial reporting. The central finance department is responsible for continuously updating accounting and reporting

instructions, taking into account new external and internal requirements as described in Kährs' Finance Manual.

- Risk assessment and control activities

Risk management and risk assessment are an integral part of the business's management and decision-making processes. The risk areas identified regarding financial reporting are managed and checked by Kährs' controller organisation in day-to-day operations. The controller organisation, as well as the financial responsibility, follows the company's organisation and responsibility structure. This is clearly and regularly reported to the senior management to ensure a strong understanding of how the business is reflected in the figures. The Board also ensures the quality of financial reporting by processing the company's financial reporting every month at meetings held directly with the company's CEO and CFO. The Audit Committee prepares interim reports, handles significant valuation and accounting issues, and analyses and decides on risks in financial reporting.

- Information and communication

To inform, instruct and coordinate financial reporting, Kährs Group has formal internal information and communication channels for relevant employees regarding policies, guidelines, reporting manuals and other instructions. Communication with relevant employees takes place via the Group's intranet. The formal channels are supplemented by frequent dialogue between the central finance department and those responsible at the operational units. There are also established routines for external communication of financial information in accordance with current regulations. Regarding external communication requirements, Kährs Group follows the guidelines that aim to ensure efficient and accurate information disclosure. The company's guidelines follow Swedish legislation.

- Follow-up

Follow-up on results achieved compared with budget and forecasts takes place continuously at several levels in the company, both at local level and Group level. The company is managed and reported by operating profit for the Group, which constitutes one operating segment. Total assets/liabilities per segment are not reported. Reporting takes place monthly to the CEO, management team and the Board.

Given the organisation and working methods described above, the company assesses that the internal control regarding financial reporting is appropriate with regard to the company's operations.

Consolidated income statement

SEK thousand	Note	2025	2024
Net sales	C4, C5, C31	1,972,304	2,391,251
Cost of goods sold	C7, C8, C13	-1,554,030	-1,953,979,
Gross profit		418,274	437,272
Selling and distribution expenses	C7, C8, C13	-285,876	-339,734
Administration expenses	C7, C8, C9, C13	-128,211	-147,899
Other operating income	C10, C13	17,178	10,789
Other operating expenses	C11, C13	-1,247	-14,826
Operating profit/loss	C31	20,118	-54,398
Financial income	C12	23,485	10,950
Financial expenses	C12	-148,716	-220,669
Profit/loss before tax		-105,113	-264,117
Income tax	C14	8,919	11,456
Profit/loss for the year		-96,194	-252,661
Profit/loss for the year attributable to:			
Parent company's shareholders		-96,604	-252,740
Non-controlling interests		410	79
Total		-96,194	-252,661
Earnings per share before and after dilution, SEK	C26	-193	-505

Consolidated Statement of Comprehensive Income

SEK thousand	Note	2025	2024
Profit/loss for the year		-96,194	-252,661
Other comprehensive income			
Items that may be reclassified to the income statement:			
Translation differences	C26	-66,441	24,668
Reclassification of currency translation reserve		-	6,918
Items that cannot be reclassified to the income statement:			
Actuarial gains and losses for pensions	C27	-44	23
Total		-66,485	31,609
Comprehensive income for the year		-162,679	-221,052
Comprehensive income for the year attributable to:			
Parent company's shareholders		-162,857	-221,357
Non-controlling interests		178	305
Total comprehensive income		-162,679	-221,052

Consolidated Statement of Financial Position

SEK thousand	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Intangible assets	C15	135,617	144,475
Property, plant and equipment, owned	C16, C31	397,803	446,298
Property, plant and equipment, right-of-use	C31, C32	117,717	71,826
Other financial assets	C17, C18	33,260	40,130
Deferred tax assets	C14	56,238	58,896
Total non-current assets		740,635	761,625
Current assets			
Inventories	C23, C31	666,101	717,150
Accounts receivable	C18, C20, C31	197,478	212,600
Other current assets	C21, C31	67,964	48,029
Cash and cash equivalents	C22, C31	106,243	193,597
Total current assets		1,037,786	1,171,376
TOTAL ASSETS		1,778,421	1,933,001

Consolidated Statement of Financial Position

SEK thousand	Note	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	C26	500	500
Reserves	C26	-120,552	-54,343
Retained earnings, including profit for the year		-172,679	-76,031
Total		-292,731	-129,874
Non-controlling interests		4,712	4,534
Total equity		-288,019	-125,340
Non-current liabilities			
Interest-bearing liabilities	C17, C25, C31	1,529,524	1,469,572
Provisions for pensions	C27	498	678
Other provisions	C28	3,237	3,163
Deferred tax liabilities	C14	71,855	79,734
Total non-current liabilities		1,605,114	1,553,147
Current liabilities			
Interest-bearing liabilities	C17, C25, C31	26,050	35,673
Other provisions	C28	15,000	30,419
Trade payables	C24, C31	164,329	141,279
Current tax liabilities		4,649	8,897
Derivatives	C19	557	2,347
Other current liabilities	C24, C31	250,741	286,579
Total current liabilities		461,326	505,194
TOTAL EQUITY AND LIABILITIES		1,778,421	1,933,001

Consolidated Statement of Changes in Equity

SEK thousand	Share capital	Reserves ¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2025	500	-54,343	-76,031	-129,874	4,534	-125,340
Profit/loss for the year	-	-	-96,604	-96,604	410	-96,194
Other comprehensive income	-	-66,209	-44	-66,253	-232	-66,485
Total comprehensive income	0	-66,209	-96,648	-162,857	178	-162,679
Transactions with shareholders:						
Dividend	-	-	-	-	-	-
As at 31 December 2025	500	-120,552	-172,679	-292,731	4,712	-288,019

¹⁾ Specification of reserves can be found in Note C26 "Equity"

SEK thousand	Share capital	Reserves ¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2024	500	-85,703	176,686	91,483	4,229	95,712
Profit/loss for the year	-	-	-252,740	-252,740	79	-252,661
Other comprehensive income	-	31,360	23	31,383	226	31,609
Total comprehensive income	0	31,360	-252,717	-221,357	305	-221,052
Transactions with shareholders:						
Dividend	-	-	-	-	-	-
As at 31 December 2024	500	-54,343	-76,031	-129,874	4,534	-125,340

¹⁾ Specification of reserves can be found in Note C26 Equity

Consolidated Statement of Cash Flows

SEK thousand	Note	2025	2024
Operating activities			
Profit/loss before tax		-105,113	-264,117
Adjustment for non-cash items	C29	233,691	383,552
Cash flow before interest and tax		128,578	119,435
Interest received		3,023	10,950
Interest paid		-136,137	-145,660
Tax paid		334	-37,918
Cash flow from operating activities before changes in working capital		-4,202	-53,193
Change in working capital			
Change in inventories		29,326	179,182
Change in operating receivables		-16,196	64,628
Change in operating liabilities		-11,448	-100,662
Cash flow from operating activities		-2,520	89,955
Investing activities			
Divestment of operations	C31	-	30,093
Acquisition of property, plant and equipment	C16, C31	-28,259	-36,731
Acquisition of intangible assets	C15	-9,305	-201
Change in financial assets	C18	1,683	-10,547
Divestment of non-current assets	C15, C16	-	6,370
Cash flow from investing activities		-35,881	-11,016
Financing activities			
Loans raised	C25	-	1,525,000
Repayment of loans raised	C25	-2,451	-1,525,000
Payment of costs when refinancing		-	-62,634
Repayment of lease liabilities	C25, C31	-41,860	-49,972
Cash flow from financing activities		-44,311	-112,606
Cash flow for the year		-82,712	-33,667
Cash and cash equivalents, opening balance	C22	193,597	224,294
Exchange rate differences in cash and cash equivalents	C22	-4,642	2,970
Cash and cash equivalents, closing balance		106,243	193,597

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Kährs BondCo AB (publ), 559339–3621, Dunderbergsgatan 10, 382 28 Nybro, Sweden. The Board of Directors has its registered office in Nybro, Sweden.

Note C1 Information about the business

The parent company Kährs BondCo AB (publ), CIN 559339–3621, is a Swedish public limited company with its registered office in Nybro, Sweden. The Annual Report and consolidated financial statements have been approved for issue by the Board of Directors on 15 April 2026. The Annual Report and consolidated financial statements will be presented for adoption at the Annual General Meeting on 14 May 2026.

Kährs BondCo AB (publ) is a leading manufacturer and distributor of flooring, with an ambition to make the customer's flooring experience exceed expectations. Kährs' innovations have shaped the industry throughout history, and the company offers flooring solutions for all rooms, environments and needs. Kährs delivers sustainable flooring solutions to approximately 70 countries and is the market leader in wood flooring in Sweden and Finland, whilst holding a strong position in other main markets such as Norway, the UK, the USA, Germany and Switzerland. The Group has 771 employees and an annual turnover of SEK 2.0 billion. Production facilities are located in Sweden, Finland, Romania and Poland. www.kahrsgroup.com

Note C2 Accounting Policies

General

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases specified below under the section 'Parent Company accounting policies'.

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board applicable to listed companies are also applied. RFR 2 means that the Parent Company, in the annual report for the legal entity, shall apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to IFRS are to be made.

Functional currency and reporting currency

The consolidated reporting currency according to IFRS is Swedish kronor (SEK), which is also the Parent Company's functional currency. The functional currency is established for each company in the Group, and the items included in each individual company's financial reporting are calculated in its functional currency.

Transactions and balance sheet items in foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise upon translation are recognised in the profit or loss for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate at the transaction date. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the exchange rate prevailing at the time of the fair value valuation. Exchange rate gains and losses arising in connection with the payment of financial non-current assets and interest-bearing liabilities are recognised as financial income/expenses, except for exchange rate differences attributable to shareholder loans, which are recognised in other comprehensive income and treated in the same manner as net investments in foreign operations.

Net investment in a foreign operation

Monetary non-current receivables or monetary non-current liabilities to a foreign operation for which settlement is not planned or likely to occur in the foreseeable future are, in practice, part of the company's net investment in the foreign operation. An exchange rate difference arising on the monetary non-current receivable or liability is recognised in other comprehensive income and accumulated in a separate item in equity called the translation reserve. Upon divestment of a foreign operation, the accumulated exchange rate differences attributable to monetary non-current receivables or monetary non-current liabilities are included in the accumulated translation differences reclassified from the translation reserve in equity to profit or loss for the year.

Basis of accounting

The consolidated financial statements have been prepared on the basis of the going concern principle and on historical cost, unless otherwise stated, for example regarding fair values of financial instruments.

Basis of consolidation

The consolidated financial statements comprise the financial reporting for the Group and its subsidiaries as at 31 December 2025.

Subsidiaries are included in the consolidated financial statements from the date of acquisition, i.e., the day the Group assumes control of the company, and continue to be included until the date the Group's control of the company ceases. Subsidiaries' annual reports are prepared for the same period and in accordance with the same accounting policies as applied for the Parent Company. All intra-group balances, transactions, unrealised gains and losses in connection with intra-group transactions and dividends are eliminated in their entirety.

Subsidiaries

Subsidiaries are companies that are under the controlling influence of the Parent Company. A controlling influence exists if Kährs BondCo has influence over the investment object, is exposed to or entitled to variable returns from its involvement, and can use its influence over the investment to affect the returns. When assessing whether a controlling influence exists, potential voting shares are considered, as well as whether de facto control exists. Divested companies are included in the consolidated financial statements until the point in time when the Group loses control or a controlling influence over them.

Translation of foreign subsidiaries

Translation of foreign subsidiaries takes place into Swedish kronor (SEK), which is the Group's reporting currency. In the balance sheet, all balance sheet items are translated at the closing rate, except for net profit, which is translated at the average rate. The income statement is translated in its entirety at the average rate. For exchange rate differences arising during the translation of foreign subsidiaries, the translation difference is recognised in other comprehensive income.

All reported surplus values in the acquisition of a foreign subsidiary, such as goodwill and other unrecognised intangible assets, are translated at the closing rate. The translation difference that arises is taken to other comprehensive income. Upon divestment of a subsidiary, the translation difference is reversed to the income statement.

Non-controlling interests

Non-controlling interests' share in the results of subsidiaries is recognised in the income statement, where the net profit is distributed between the Parent Company's shareholders and non-controlling interests. Non-controlling interests are recognised as a separate item in the Group's equity. Acquisitions from non-controlling interests are recognised as a transaction within equity, i.e., between the Parent Company's shareholders and the non-controlling interests. Therefore, no goodwill arises in these transactions. Profit from sales to non-controlling interests is also recognised in equity.

Gross accounting

Gross accounting has been consistently applied to the reporting of assets and liabilities, except in cases where assets and liabilities are attributable to one and the same counterparty and where offsetting can be done on legal grounds. Unless otherwise stated, gross accounting is also applied to revenues and expenses.

Classification of assets and liabilities

Recovery or settlement of non-current assets and long-term liabilities is expected to take place later than twelve months after the balance sheet date. Recovery or settlement of current assets and current liabilities is expected to take place earlier than twelve months after the balance sheet date.

New or amended accounting standards applicable in 2025

The following amended accounting standards were applicable from 1 January 2025 (adopted by the EU on 12 November 2024): IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the addition of 'lack of exchangeability'. The standard amendment has not had any material impact on Kährs' financial reporting.

New or amended accounting standards applicable in 2026 or later

The following amended accounting standards were adopted by the EU in 2025 and shall be applied from 1 January 2026: IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments, and Annual Improvements Volume 11. The standard amendments and the new standards mentioned above are not expected to have any material impact on the Group's financial reports.

The following amended accounting standards were adopted by the EU in 2025 and shall be applied from 1 January 2027: IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 requires retrospective application, meaning that comparative information for the financial year ending 31 December 2026 will be restated. The standard amendment is not expected to have any material impact on Kährs' financial reports. However, IFRS 18 will affect the presentation of the financial statements and the final impact for Kährs is still under evaluation.

The following new and amended accounting standards are applicable from 1 January 2027 and have been published but not yet adopted by the EU: IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments published 21 August 2025) and IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a hyperinflationary presentation currency. The standard amendments and the new standards mentioned above are not expected to have any material impact on the Kährs Group's financial reports.

Related party transactions

Transactions with related parties take place on current market terms. Related parties refer to companies where Kährs BondCo has a controlling or significant influence over decisions regarding operational issues and financial matters. The term 'related party' also includes companies and individuals, such as Board members and company management, who have control over, or can exercise significant influence over, the Group's financial and operational decisions.

Reporting per operating segment

The Group's highest executive decision-maker monitors the operations' results at a consolidated level without allocation to segments or business lines. As a basis for decisions, the highest executive decision-maker uses the company's aggregate operating profit. The Kährs BondCo Group thus consists of only one segment. For financial information about the segment, reference is made to the Group's income statement, reports on comprehensive income and financial position, cash flow, notes C5 'Revenue recognition', C15 'Intangible assets', C16 'Property, plant and equipment, owned' and C32 'Property, plant and equipment, right-of-use' regarding investments and depreciation/amortisation, and note C29 'Reconciliation of profit before tax and net cash flow' regarding cash flow effects.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances as well as current financial investments with a maturity date within three months from the acquisition date which are exposed to an insignificant risk of value fluctuations.

Intangible assets

Goodwill

The amount by which the transferred consideration, any non-controlling interests and the fair value on the date of acquisition of previous shareholdings exceed the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill. Goodwill on the acquisition of subsidiaries is recognised as an intangible asset. Goodwill is recognised as an intangible non-current asset with an indefinite useful life. For non-amortisable assets such as goodwill, an impairment test is performed annually, in addition to testing when there is an indication of impairment. Goodwill is allocated to and assessed at the level of cash-generating units which are identified as the Kährs BondCo Group as a single operating segment. If the carrying amount of the assessed cash-generating unit exceeds the estimated recoverable amount, the difference is recognised as an impairment. The recoverable amount of the cash-generating unit is determined by the value in use, which is based on a discounted cash flow model with a forecast period of five years. The valuation is based on a financial business plan which is part of the Group's business plan and represents the executive management team's best assessment of the development of the business.

IT software

Acquired software licenses and development expenses are capitalised based on the costs incurred for their acquisition and implementation. The expense is amortised over the useful life using the straight-line method.

Other intangible assets

Trademarks, customer relationships and customer contracts are included in the category of other intangible assets. Trademarks are recognised as an intangible non-current asset with an indefinite useful life. For non-amortisable assets such as trademarks, an impairment test is performed annually, in addition to testing when there is an indication of impairment. Customer relationships, customer contracts and IT software are recognised at cost less accumulated amortisation and impairment. Amortisation of intangible assets is carried out on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are reviewed annually and adjusted as necessary. When determining the amortisable amount, the residual value of the asset is taken into consideration if there is evidence that a residual value exists.

Development expenses are recognised as an intangible asset if the company intends, and has the necessary technical and financial resources, to complete the product or application for use or sale, and the planning and resources are in place to market the product. For development expenses to be recognised, they must result in future economic benefits and the development expenses must be able to be measured in a reliable way. Development expenses that do not meet these criteria are recognised as expenses. Amortisation of capitalised development expenses commences at the time the asset is first used for the purpose intended by the executive management team. Estimated useful lives are reviewed at the end of each year and adjusted as necessary. For more information, see Note C15 'Intangible assets'.

The following amortisation periods are applied:

	Period
Goodwill	Not amortisable
Trademark	Not amortisable
Customer relationships	8 years
Customer contracts	1 year
IT software	3–5 years

Property, plant and equipment

Cost

Property, plant and equipment are recognised in the consolidated accounts at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the acquisition. Examples of directly attributable costs that are included in cost are the costs of delivery and handling, installation, ownership documents, consultant fees and legal services. The cost of property, plant and equipment produced by the Group itself includes expenditure for materials and remuneration to employees, plus other applicable manufacturing costs that are considered directly attributable

to the assets, borrowing costs and the estimated costs for dismantling and removing the assets and restoring the site or area on which they are located. The Group applies 'component-based' depreciation, which means that the acquisition cost of each component that is of significance to the total acquisition cost of an item of property, plant and equipment is subject to separate depreciation.

Impairment of fixed assets

When there are indications that property, plant and equipment has fallen in value, the recoverable amount is measured. If the carrying amount exceeds the recoverable amount, the asset is written down to the recoverable amount. Previously recognised impairment losses are reversed when the recoverable amount is calculated to be higher than the carrying amount. This reversal may not exceed the amount that was previously written down.

Divestments

Property, plant and equipment are derecognised from the balance sheet upon divestment or when no future economic benefits are expected from their use. Gain or loss is measured as the difference between the sales price and the carrying amount. Gain or loss is recognised for the financial year during which the asset was divested under other operating expenses or other operating income.

Depreciation

Depreciation of property, plant and equipment is carried out on a straight-line basis systematically over the expected useful life of the assets. The expected useful lives are reviewed at the end of each reporting period and adjusted as necessary. If the impairment amount has been determined, the residual value of the asset is taken into account. Straight-line depreciation is applied to all assets where the useful life can be determined.

The following depreciation periods are applied:

	Period
Buildings	8–50 years
Improvement of rented property	15 years
Land improvements	20 years
Machinery and other technical equipment	3–15 years
Equipment, tools and installations	3–15 years

Financial assets measured at amortised cost

Financial assets measured at amortised cost consist primarily of accounts receivable and cash and cash equivalents. Financial non-current assets and other current assets are also included in this category.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets that are debt instruments and are not recognised at fair value. The Group recognises a provision for such losses on each reporting date. The measurement of expected credit losses reflects an unbiased and probability-weighted amount based on reasonable and supportable information available, such as past events, current conditions and forecasts of future economic conditions. For accounts receivable, the Group applies the 'simplified approach', which means that the provision for bad debt will equal the expected credit losses over their remaining lifetime. To measure the expected credit losses, accounts receivable are grouped into six categories based on credit risk and maturity periods. If a provision is considered insufficient due to individual considerations, the provision is extended to cover the actual anticipated losses.

Derecognition - A financial asset, or part thereof, is derecognised from the balance sheet when the contractual rights to receive cash flows from the asset expire or have been transferred and the Group either (i) transfers substantially all the risks and rewards of ownership or (ii) neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the asset.

The impairment that would come into question for cash and cash equivalents and other financial assets that are within the scope of expected credit losses has not been deemed to be material.

Financial assets measured at fair value through profit or loss

At the balance sheet date, this category consists of derivatives with a positive fair value that are not used for hedge accounting.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost primarily consist of interest-bearing liabilities and trade payables. Other current liabilities are also included in this category.

Amortised cost is determined based on the effective interest rate calculated at the time of borrowing. Direct transaction costs are amortised over the term of the loan. Non-current loan liabilities have an expected maturity of more than one year, while current loan liabilities have a maturity of less than one year.

Financial liabilities measured at fair value through profit or loss

At the balance sheet date, this category consists of derivatives with a negative fair value that are not used for hedge accounting.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are recognised as assets when the fair value is positive and as liabilities when the

fair value is negative. Gains or losses arising from changes in the fair value of derivatives not identified as, or not qualifying as, hedging instruments are recognised in profit or loss.

No hedge accounting has been applied within the Group for the 2026 or 2025 financial years.

Provisions

Provisions are recognised when the Group has an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. In the event that the Group expects a recognised provision to be covered by a third party, e.g. an insurance company, the anticipated reimbursement is recognised as a separate asset, but only if it is virtually certain that the reimbursement can be obtained.

If the time value is material, the future payment is discounted. The calculation uses the discount rate that reflects market expectations regarding the specific risks attributable to the obligation.

A provision for restructuring expenses is recognised in the period when the Group is legally or constructively bound by the plan.

Provisions for future warranty claims are based on historical warranty records and current trends that may provide an indication that future claims may deviate from historical claims. Provisions for future operating losses are not recognised.

Contingent liabilities

Contingent liabilities represent a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group. A contingent liability may also be an obligation arising from past events, but which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation, or the size of the obligation cannot be calculated with sufficient reliability.

Employee benefits

Short-term employee benefits

Short-term employee benefits, such as salaries, social security contributions, holiday pay and bonuses, are expensed in the period in which the service is rendered.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement age, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when the Group has a legal or constructive obligation and it is highly probable that an outflow of resources will be required to settle the obligation, and the amount can be calculated reliably.

Pensions

The Group has both defined-benefit and defined-contribution pension plans. A defined-contribution plan is a pension plan under which the Group pays fixed contributions to an independent pension fund company. The Group has no other legal or constructive obligations to pay additional contributions if the pension fund does not have sufficient assets to pay all benefits associated with employee service during the current period or previous periods. The Group's costs for defined-contribution pension plans are charged to the profit for the financial year in which they arise.

A defined-benefit plan is calculated using the so-called Projected Unit Credit method and is recognised in the balance sheet. In addition to considering the pension and statutory rights known at the balance sheet date, assumptions are made regarding expected pension and salary increases and other important factors. The calculation is based on actuarial calculation methods.

Actuarial gains and losses in defined-benefit pension plans are recognised in other comprehensive income for the period in which they arise. The estimated pension cost for service during previous periods is determined when adjusting the defined-benefit pension plan. Adjustments are recognised in the income statement. The total net obligation (i.e. the present value of the defined-benefit plan minus the fair value of the assets) in each plan is recognised in the Group's balance sheet.

Leases

Upon initiation of a contract, Kährs assesses whether it is, or contains, a lease. If a contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, it is, or contains, a lease. The right to control the use of an identifiable asset is assessed by Kährs based on whether there is an identifiable asset, whether Kährs has the right to obtain substantially all economic benefits from the use of the asset, and whether Kährs has the right to direct the use thereof.

Kährs Group, as the lessee, evaluates all new contracts to see whether they contain leasing components. An evaluation is conducted to determine whether a lease exists by evaluating whether Kährs has the right to obtain substantially all economic value from the use of the asset, has the right to control the use of the asset, and that the supplier has no substantial right of substitution. Leased assets may not be used as security for loans.

Kährs recognises all contracts that meet the definition of a lease contract as right-of-use assets and lease liabilities in the balance sheet, with recognition of depreciation and interest expense in the income statement. Each lease payment is allocated between amortisation of the liability and financial cost. The financial cost is allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Lease agreements are normally written for fixed periods of between three to five years for premises, three to six years for vehicles, and three years for IT equipment, but possibilities to extend or terminate agreements may exist; this is described below. The Group's lease agreements primarily relate to land and buildings, forklift trucks, vehicles, machinery and office equipment.

A marginal loan interest rate is established per country, contract length, and for the right-of-use classes of land and buildings, forklift trucks, vehicles, machinery, and office equipment. The marginal loan interest rate is used for the discounting of remaining lease payments. The model for establishing the marginal loan interest rate is reviewed at least annually, or when there is an indication of a need for review, to ensure the validity of the model. For further information, see Note C32 "Property, plant and equipment, right-of-use".

Revenue

Revenue recognition

Kährs manufactures and sells premium flooring, primarily for residential and commercial environments. Kährs' products include parquet flooring and other wood flooring, plastic flooring, and other products. Sales revenue is recognised net of value-added tax, specific sales taxes, returns and discounts. Kährs' product groups include several categories. Intra-group sales transactions have been eliminated in the consolidated accounts. For further details, see Note C5 "Revenue recognition".

Sales of finished products including accessories

Sales of products are revenue recognised at a specific point in time, for example when control over the products has been transferred by the products being delivered to the customer. Delivery occurs when the products have been shipped to a specific location, the risks regarding obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance conditions have expired, or there is objective evidence that all criteria for approval have been satisfied. In practice, the transfer of control, and thus revenue recognition, normally depends on the delivery terms.

Transaction price – Bonuses and other volume discounts

Products are often sold with bonuses and other volume discounts based on total sales over a certain period, normally 3–12 months. Revenue from such sales is recognised based on the price stated in the contract, after deduction of the estimated volume discounts. Discounts are calculated and recognised based on experience, using either the expected value or an assessment of the most likely amount. Revenue is recognised only to the extent that it is highly probable that a material reversal will not occur. Contract liabilities are recognised for anticipated volume discounts paid to customers in relation to sales made up to the end of the reporting period. The calculated volume discount is revised quarterly.

Receivables, contract assets and contract liabilities

A receivable is recognised when the goods are delivered, as it is at that point in time the consideration is unconditional, because only the passage of time is required before payment is due. If the consideration is conditional on additional performance, a contract asset is recognised. If Kährs receives prepayments from a customer, a contract liability is recognised. For further details, see Note C5 "Revenue recognition", Note C20 "Trade receivables" and Note C24 "Trade payables and other current liabilities".

Payments to customers

Agreements can be made with customers to compensate the customer for various services or activities that the customer performs. This relates, for example, to agreements under which Kährs agrees to compensate the customer for marketing activities that the customer carries out. When this type of compensation is paid, these are recognised as a reduction of sales revenue.

Marketing activities and floor samples

Marketing activities as well as floor samples that are not related to Kährs' product range are recognised as selling expenses.

Warranties

The most common warranty measure for Kährs is to replace a faulty product according to statutory and general practice. In these cases, the warranty obligation is recognised as a provision. Manufacturing-related warranties are recognised as part of the Group's cost of goods sold, and other warranty expenses are recognised as selling expenses.

Sales with right of return

A right of return is not a separate performance obligation but affects the transaction price for the delivered goods.

Regarding right of return that follows from legislation, practice or that is stated in agreements with customers, revenue is not recognised for goods that are expected to be returned. Instead, a liability is recognised for anticipated repayment to the customer. An asset

is also accounted for in respect of expected returned products. The estimated quantity of returned goods in each sale with a right of return is based on the expected value or the most likely amount, depending on which method is considered best to predict the amount. The estimate is revised at each reporting date.

Freight costs

Freight costs are included in the cost of goods sold for the product and are recognised at the same time as the revenue from the product sale.

Interest income

Interest income is recognised as it accrues (the calculation is based on the underlying asset in accordance with the effective interest method).

Dividend

Revenue is recognised when the shareholder's right to receive payment has been established.

Income tax

Current income tax and deferred income tax

Total income tax consists of current tax and deferred tax. Income taxes are recognised in the profit for the year except when an underlying transaction is recognised in other comprehensive income. In such cases, the associated tax effects are recognised in other comprehensive income. Deferred income tax is recognised based on temporary differences between the tax base and the carrying amount.

Current tax assets or tax liabilities

Current tax assets or tax liabilities for the current period and earlier periods are based on the amount expected to be refunded by, or paid to, the tax authorities. The applicable tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date are the basis for the calculation of the amounts. Current tax liabilities are offset against current tax assets when the company has a legal right to offset these items against each other.

Deferred tax assets and tax liabilities

Deferred tax assets regarding deductible temporary differences and tax loss carryforwards are recognised only to the extent that it is considered probable that these will lead to lower tax payments in the future. An assessment of deferred tax assets is made at each balance sheet date and is adjusted if it is no longer probable that sufficient profit will be generated and the deferred tax asset therefore cannot be utilised. Deferred tax assets or tax liabilities are determined based on the tax rates applicable to the period when the tax asset is realised or the tax liability is settled, based on tax rates (and legal provisions) that have been enacted or are substantially enacted by the balance sheet date. Deferred tax assets and deferred tax liabilities are net recognised if there is a legal right to offset these and if the deferred tax relates to the same company in the Group and the same tax authority.

Government grants

Government grants are recognised as accrued income in the balance sheet when it is reasonably certain that the grant will be received and the entity will fulfil the conditions for them. Grants are recognised in the profit for the year during the same periods as the related costs they are intended to compensate.

Cash flow

Cash and bank consist of cash and available bank balances, as well as other current liquid investments with a maturity of three months or less and which are exposed to an insignificant risk of value fluctuations. Cash flow from operating activities is calculated according to the indirect method.

Note C3 Significant assessments and significant sources of estimation uncertainty

In preparing the annual report in accordance with the applied accounting policies, the Board of Directors makes certain estimates and assumptions that may affect the carrying amounts of assets, liabilities, revenue and expenses. Areas where estimates and assumptions are significant for the Group and where changes may affect the financial reporting are indicated below:

Significant assessments

Valuation of right-of-use assets and lease liabilities

At the inception of lease agreements, assessments are made regarding the scope of the agreement, the lease term, and the interest rate used to discount future lease payments, which affect the valuation of the lease liability and the right-of-use asset.

An assessment is required when determining the contract's lease term. The lease term includes the non-cancellable period. If the Group is reasonably certain of exercising an option to extend the lease agreement or of not exercising an option to terminate the lease agreement early, this is taken into account. The contracts contain a variety of different conditions. Extension options and the possibility to terminate contracts early primarily relate to rental contracts for properties. Thus, all relevant facts and circumstances that create an economic incentive to include optional periods are evaluated. The importance of the underlying asset to the operations and its location, availability of suitable alternatives, significant improvements to the asset, the rent level during extension periods compared to the market price, and previous practice are examples of factors included in the analysis. The lease term is determined on an individual basis and is reassessed if an option is exercised.

Assessments are also required to determine the interest rate used to discount future lease payments and whether the implicit interest rate in the lease contract can be easily determined and used, or if the Group's marginal borrowing rate should be used. For further details, see Note C32 "Tangible fixed assets, right-of-use".

Valuation of deferred tax assets and deferred tax liabilities

Deferred tax assets regarding deductible temporary differences or other future tax-deductible items are recognised to the extent that it is considered probable that the deduction can be set off against a surplus in future taxation. Deferred tax liabilities regarding temporary differences relating to investments in subsidiaries are not recognised in the consolidated accounts as the parent company can control the timing of the reversal of the temporary differences and it is not considered probable that a reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities and when the deferred taxes relate to the same tax authority. For further details, see Note C14 "Tax".

Valuation of inventory

Inventory is valued by applying the first-in-first-out principle (FIFO) at the lower of acquisition cost and net realisable value on the balance sheet date. Before each reporting date, an assessment is made of the net realisable value of the various items in the inventory. The value is dependent on the company management's assessment of slow-moving goods, excess stock, damaged goods, and other sales costs. The chosen valuation method implies that inventory obsolescence has been taken into account. In the consolidated accounts, a deduction is made for internal profits arising from deliveries between Group companies. Work in progress and finished goods include both direct costs incurred and a reasonable allocation of indirect manufacturing costs; see Note C23 "Inventory".

Provision for warranty obligations

The Group normally offers warranty obligations for its products. The company management makes an estimate of provisions for any future compensation claims based on historical compensation claims and prevailing trends that give an indication of whether future claims differ from historical compensation claims; see Note C28 "Other provisions".

Significant sources of estimation uncertainty

Testing of impairment requirements for goodwill and trademarks with an indefinite useful life

When calculating the recoverable amount of cash-generating units for the assessment of any impairment requirements for goodwill with an indefinite useful life, several assumptions regarding future conditions and parameter estimates have been made.

In connection with the annual closing, the annual impairment test of goodwill with an indefinite useful life was carried out. No impairment requirement emerged from the test. The valuation was carried out while the global economy was characterised by uncertainty, which has affected the outside world and the demand for flooring. Even with this taken into account, the assessment is that there is a secure margin for cash-generating units for deteriorations in the estimates without this leading to an impairment requirement. For further information on the impairment test, see C15 "Intangible assets".

Note C4 Segment reporting

Information on operating segments

The Group's chief operating decision-makers monitor the operations' results at a consolidated level without distribution by segment or business branch. As a basis for decisions, the highest executive decision-makers use the company's aggregated operating profit. The Kährs BondCo Group thus consists of only one segment. On 3 December 2024, Kährs' Russian operations Karelia Upofloor CIS LLC were divested, which means that sales in Russia are only included up to this date. For financial information on the segment, reference is therefore made to the consolidated income statement, reports on total comprehensive income and financial position, cash flow, Note C5 "Revenue recognition" C15 "Intangible assets", C16 "Tangible fixed assets, owned" and C32 "Tangible fixed assets, right-of-use" and Note C29 "Reconciliation of profit before tax and net cash flow".

Turnover distributed per country where the customers operate:

Country	2025	2024
Sweden	674,563	771,808
USA	290,955	351,761
Germany	252,403	254,605
Finland	142,913	154,763
Norway	126,389	121,042
Switzerland	102,665	112,464
UK	61,944	79,480
Russia	-	133,356
Other countries	320,472	411,972
Total	1,972,304	2,391,251

The Group's total net sales relate to the sale of goods. No individual customer accounts for more than ten per cent of the Group's sales.

Property, plant and equipment	2025	2024
Sweden	403,872	369,471
Romania	72,810	91,694
Finland	20,792	27,314
Poland	5,142	7,117
USA	4,325	9,744
Other countries	8,579	12,784
Total	515,520	518,124

The items in the table above mostly comprise buildings, machinery and equipment, as well as right-of-use assets.

Note C5 Revenue recognition

Revenue distribution

As of 2025, Kährs has four geographical regions focusing on sales of flooring for residential and commercial use. Product group is also considered an important factor in segmenting Kährs' revenue. The business areas, which also constitute the Group's regions, are divided into: Nordics, Europe, North America and the APIM region (Asia Pacific India and Middle East). As Russia was divested on 3 December 2024, sales in Russia are only included up to this date in the comparative figures. Comparative figures for net sales by region, external customers for the previous year have been restated to ensure comparability between the years. The restatement has been carried out in accordance with applicable accounting policies, see Note C2 "Accounting policies - Revenue recognition".

Net sales by region, external customers	2025	2024
Nordics	924,571	1,028,597
Europe	643,736	703,210
North America	299,755	365,279
APIM region	54,789	66,465
Russia	-	170,753
Other	49,453	56,946
Group net sales, external customers	1,972,304	2,391,251

Net sales by product group	2025	2024
Parquet and other wood floors	1,308,314	1,685,929
Resilient Flooring (plastic floors)	519,793	530,683
Other products	144,197	174,639
Total	1,972,304	2,391,251

For further information regarding receivables from contracts with customers, see C20 "Accounts receivable"

The table below shows opening and closing balances, as well as changes during the year, regarding contract liabilities to customers. For further information, see C24 "Trade payables and other current liabilities".

Contract liabilities to customers	Prepayments from customers	Customer bonuses/ product discounts	Total
As at 1 January 2025	325	61,455	61,780
Gross increase during the year	40,990	114,146	155,136
Paid/agreed with customers	-	-129,434	-129,434
Revenue recognised during the year	-39,328	-	-39,328
As at 31 December 2025	1,987	46,167	48,154

Contract liabilities to customers	Prepayments from customers	Customer bonuses/ product discounts	Total
As at 1 January 2024	4,456	69,394	73,850
Gross increase during the year	66,456	124,959	191,415
Paid/agreed with customers	-	-132,898	-132,898
Revenue recognised during the year	-70,587	-	-70,587
As at 31 December 2024	325	61,455	61,780

Note C6 Related party transactions

Saltri II LuxCo SARL owns 100 per cent (500,000 shares) of the parent company and therefore has a controlling influence over the Group. Saltri II LuxCo SARL ultimately has a controlling influence of the Kährs BondCo AB (publ) Group.

Kährs has not issued any guarantees nor any other commitments to the benefit of Board members and senior executives. In the 2025 financial year there were no direct nor indirect transactions between the Group and Board members or senior executives, except for what is stated in Note C7 "Payroll costs and number of employees".

For intra-Group transactions, the same pricing principles are applied as for transactions with external customers.

Note C7 Payroll costs and number of employees

Salaries and other remuneration split between Board members, the CEO and other employees

2025			
	Salaries and benefits (of which bonuses)	Social security costs	Pension costs
Board and CEO	6,972 (462)	2,615	1,750
Other employees	396,167 (10,462)	102,092	34,091
Group	403,139 (10,924)	104,707	35,841

2024			
	Salaries and benefits (of which bonuses)	Social security costs	Pension costs
Board and CEO	6,908 (178)	2,671	1,631
Other employees	430,947 (10,135)	103,196	34,843
Group	437,855 (10,313)	105,867	36,474

Staff costs including social security costs per function in the income statement

	2025	2024
Cost of goods sold	293,456	314,526
Selling and distribution expenses	176,555	195,560
Administration expenses	70,718	67,211
Total	540,729	577,297

Gender distribution in the Group Board and other senior executives

2025		
	Total on balance sheet date	Of whom men
Board members	4	4
CEO and other senior executives	9	8
Group	13	12

2024		
	Total on balance sheet date	Of whom men
Board members	6	5
CEO and other senior executives	10	8
Group	16	13

2025		
	Average number of employees	Of whom men
Sweden	454	313
Romania	107	71
Finland	91	66
USA	29	16
Poland	23	10
Germany	20	16
Norway	10	8
United Kingdom	8	4
France	6	3
Switzerland	3	3
Denmark	1	1
Italy	1	1
Austria	1	1
Group	754	513

2024		
	Average number of employees	Of whom men
Sweden	459	315
Russia	215	138
Romania	178	111
Finland	90	65
USA	33	20
Poland	29	12
Germany	21	17
Norway	12	9
United Kingdom	7	4
France	6	3
Switzerland	3	3
Denmark	1	1
Italy	1	1
Austria	1	1
The Group	1 056	700

Note C8 Remuneration to senior executives

	2025	2024
Remuneration to senior executives in the Group		
Salaries and other benefits	23,868	24,163
Pensions and allowance for healthcare	5,231	4,942
Total	29,099	29,105

Principles applied

The Chair of the Board and Board members are remunerated based on resolutions made by the AGM. No remuneration is paid for work in the Audit Committee or Remuneration Committee.

Board of Directors

The AGM of Kährs Holding AB (publ) also resolved to re-elect Anders Wassberg, Christoffer Marköö, Jonas Köhlin and Mats Therman. Anders Wassberg was re-elected as Chair of the Board of Directors. The Meeting also resolved that an annual fee of SEK 300,000 would be paid to each member of the Board of Directors and that SEK 600,000 would be paid to the Chair of the Board. A resolution was also passed that a fee of SEK 20,000 would be paid to each of the ordinary employee representatives. No fees will be paid to the members of the Audit Committee.

Expensed remuneration to the Board amounted to SEK 1,540 (2,140) for the 2025 financial year. Pensions for Board members amounted to SEK 0 (0). This cost is recognised in the Parent Company. No other remuneration has been recognised in the Parent Company.

Senior executives

Principles for fixed and variable remuneration to the CEO are discussed and approved by the Remuneration Committee. Remuneration to other senior executives comprises salary, variable remuneration (including company car) and pension. Variable remuneration is based on the level to which the goals that have been set have been met. The variable remuneration is approved by the Chair of the Board before payment is made.

Remuneration and other benefits 2025	Salaries/Board fees	Other benefits	Variable remuneration	Pension costs	Total
Board:					
Anders Wassberg (Chair)	600	-	-	-	600
Mats Therman	300	-	-	-	300
Christoffer Marköö	300	-	-	-	300
Jonas Köhlin	300	-	-	-	300
Ola Sjövall (employee representative)	20				20
Jakob Jakobsson (employee representative)	12	-	-	-	12
Johan Blasiusson (employee representative)	8	-	-	-	8
Senior executives:					
CEO	4,760	210	415	1,750	7,135
Other senior executives (8)	17,031	730	722	3,481	21,964
Total	23,331	940	1,137	5,231	30,639

Remuneration and other benefits 2024	Salaries/ Board fees	Other benefits	Variable remuneration	Pension costs	Share- related benefits	Total
Board:						
Anders Wassberg (Chair)	600	-	-	-	-	600
Jan Johansson	300	-	-	-	-	300
Mats Therman	300	-	-	-	-	300
Lisa Gøttler	300	-	-	-	-	300
Christoffer Marköö	300	-	-	-	-	300
Jonas Köhlin	300	-	-	-	-	300
Ola Sjövall (employee representative)	20	-	-	-	-	20
Jakob Jakobsson (employee representative)	20	-	-	-	-	20
Senior executives:						
CEO	4,575	205	178	1,631	0	6,589
Other senior executives (10)	17,792	891	522	3,311	0	22,516
Total	24,507	1,096	700	4,942	0	31,245

Information regarding remuneration and severance pay to the CEO

Johan Magnusson has a notice period of six months if he resigns and 18 months if the employer terminates his employment. During the notice period, the CEO is entitled to his full salary and other employment benefits, regardless of whether he has an obligation to work. There is no entitlement to any additional severance pay.

In addition to the benefits pursuant to the Income-Based Old-Age Pension Act, pension payments of 30 per cent (30) of the fixed annual salary and annual leave remuneration are made to the CEO, which forms the pensionable salary. The company's obligation for the defined-contribution pension solution is limited to the payment of the annual premiums. The pension is protected.

Information regarding remuneration and severance pay to senior executives

Remuneration and other benefits for senior executives during 2025 were paid to the following persons: Andreas Larsson, Anna Roth, Kyösti Puurunen, Johan Lundgren, Rasmus Falck, Jonas Bäck, Carl-Henrik Stenermark, Rober Bieger and Sean Brennan.

In the event of termination by the company, severance pay shall not exceed one annual salary. Other senior executives have a notice period of 6–12 months. Fixed salary during the notice period and severance pay combined correspond to the fixed salary for a maximum of 12 months. During the notice period, the other senior executives are entitled to full salary and other employment benefits, regardless of whether there is an obligation to work or not. There is no entitlement to additional severance pay.

For other senior executives, a defined contribution pension plan and a traditional ITP2 plan are applied. The company's obligation for the defined contribution pension plan is limited to the payment of the annual premium. The pension is non-forfeitable.

Note C9 Remuneration to auditors

Audit refers to the statutory audit of the annual report and the accounts as well as the administration by the Board of Directors and the CEO. Other audit assignments refer to other quality assurance services that are required by legislation, the Articles of Association, statutes or agreements. Tax consultancy refers to services within the area of taxation. Other advice refers to all other advice not included above.

	2025	2024
Deloitte		
Audit	3,891	4,144
Other audit services than the audit assignment	340	-
Tax consultancy	25	30
Other	-	34
Total	4,256	4,208

Note C10 Other operating income

	2025	2024
Gain from the sale of machinery and equipment	-	75
Rental income	82	87
Electricity derivatives at fair value	1,790	3,567
Insurance compensation	318	396
Compensation related to won court case in Romania	8,367	-
Refund of payroll tax, USA	1,964	-
Refund of carbon tax on biogas, Finland	1,562	-
Other	3,095	6,664
Total	17,178	10,789

Note C11 Other operating expenses

	2025	2024
Loss from the sale of machinery and equipment	-	-756
Loss from divestment of operations in Russia	-	-13,981
Other	-1,247	-1,309
Total	-1,247	-14,826

Note C12 Financial income and expenses

	2025	2024
Financial income		
Interest income according to the effective interest method, assets measured at amortised cost	3,023	10,950
Exchange rate differences	20,462	-
Total financial income	23,485	10,950
Financial expenses		
Interest expenses according to the effective interest method from interest-bearing liabilities recognised at amortised cost	-136,926	-201,570
Interest expense for lease liabilities	-8,680	-5,275
Exchange rate differences	-	-9,433
Other financial expenses	-3,110	-4,391
Total financial expenses	-148,716	-220,669
Financial items, net	-125,231	-209,719

Note C13 Items affecting comparability

During the period, no significant revenue or expense items were recognised that, due to their nature and scope, are judged to be of significance for the understanding of the profit/loss for the period. All items are included in the Group's IFRS-profit/loss and are recognised in accordance with applicable accounting principles. A summary of these items is set out below.

	2025	2024
Operating profit before items affecting comparability (Operating EBIT)	20,118	54,965
Restructuring of operations in Russia	-	-84,541
Restructuring of operations in Romania	-	-13,659
Customs costs in the USA	-	-11,163
Total items affecting comparability	-	-109,363
Operating profit (EBIT)	20,118	-54,398
Distributed by function		
	2025	2024
Cost of goods sold	-	-81,135
Selling and distribution expenses	-	-1,534
Administration expenses	-	-16,468
Other operating expenses	-	-10,226
Total items affecting comparability	-	-109,363

Note C14 Tax

	2025	2024
Current tax:		
Income tax for the year	-578	-5,200
Adjustment of tax relating to previous years	716	-
Other taxes	-1,390	-1,498,
Total current tax	-1,252	-6,698
Deferred tax:		
Origination and reversal of temporary differences	10,171	18,154
Total deferred tax	10,171	18,154
Total income tax	8,919	11,456
Reconciliation of effective tax rate	2025	2024
Profit/loss before tax	-105,113	-264,117
Tax calculated using the Swedish tax rate of 20.6 per cent (20.6 per cent)	21,653	54,408
Difference between Swedish and foreign tax rates	763	314
Non-taxable income	814	416
Non-deductible expenses	-23,304	-58,909
Correction of tax expense from previous years	-1,513	3,041
Tax effect related to loss relief	10,506	12,186
Total income tax	8,919	11,456

Tax related to items in other comprehensive income:

2025

	Before tax	Tax effect	After tax
Translation difference	-66,441	-	-66,441
Tax on actuarial gains	-57	13	-44
Other comprehensive income	-66,498	13	-66,485

Tax related to items in other comprehensive income:

2024

	Before, tax	Tax, effect	After, tax
Translation difference	31,586	-	31,586
Tax on actuarial gains	28	-5	23
Other comprehensive income	31,614	-5	31,609

	2025	
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to:		
Property, plant and equipment, and intangible assets	2,067	19,420
Right-of-use assets	613	-
Inventories	2,674	0
Accounts receivable	735	-
Interest-bearing liabilities	-	3,382
Provisions	29,572	907
Untaxed reserves	-	48,146
Capitalised loss carryforward	20,577	-
Total	56,238	71,855

	2024	
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to:		
Property, plant and equipment, and intangible assets	2,910	23,020
Right-of-use assets	452	-
Inventories	4,729	0
Accounts receivable	1,686	-
Interest-bearing liabilities	-	4,399
Provisions	11,004	1,297
Untaxed reserves	-	51,018
Capitalised loss carryforward	38,115	-
Total	58,896	79,734

Reconciliation of deferred tax	2025	
	Deferred tax assets	Deferred tax liabilities
As at 1 January	58,896	79,734
Tax expense/income recognised in the income statement	5,205	-4,966
Exchange rate difference	-7,863	-2,913
As at 31 December	56,238	71,855

Reconciliation of deferred tax	2024	
	Deferred tax assets	Deferred tax liabilities
As at 1 January	39,447	81,709
Tax expense/income recognised in the income statement	16,160	-1,994
Exchange rate difference	3,289	19
As at 31 December	58,896	79,734

Deferred tax assets on loss carryforwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised. The loss carryforwards, where deferred tax assets have not been taken into consideration, amount to SEK 4,721 (54,264), i.e., 5 per cent (37) of the total loss carryforwards with time limits of SEK 94,835 (148,624), of which tax assets that have not been taken into consideration amount to SEK 944 (10,853). There are loss carryforwards with time limits. Maturity periods of loss carryforwards with time limits are set out in the table below.

Maturity periods, loss carryforwards with time limits	2025	2024
After 1 year	-	70 479
After 2 years	26,871	-
After 3 years	-	28,531
After 4 years	8,836	-
After 5 years	18,467	9,382
After 6 years or more	40,661	40,232
Total	94,835	148,624

Note C15 Intangible assets

Goodwill

Goodwill is recognised as an intangible asset with an indefinite useful life at cost less accumulated impairment. The value of goodwill, SEK 29,696 thousand (29,696), arose from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Trademarks

Taking into account that an assessment has been made that the cash flows attributable to trademarks cannot be separated from other cash flows within each cash-generating unit, an impairment test for both goodwill and trademarks is conducted jointly by calculating the recoverable amount for the cash-generating units to which goodwill and trademarks are allocated. The value of trademarks, SEK 30,200 thousand (30,200), arose from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Customer relationships

Customer relationships are recognised at cost less amortisation and impairment. Customer relationships are amortised over their useful life, using the straight-line method, over 8 years. The value of customer relationships, SEK 64,075 thousand (81,550), arose from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Customer contracts

Customer contracts are recognised at cost less amortisation and impairment. Customer contracts are amortised over their useful life, which is assessed to be 1 year, using the straight-line method.

The value of customer relations, SEK 0 thousand (0), has arisen from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Trademarks, customer relationships and customer contracts are included in the category of other intangible assets.

All intangible assets with an indefinite useful life are tested at least annually to ensure that the value does not deviate negatively from the current carrying amount. Individual assets may be tested more frequently if there are indications of a decline in value.

2025	Goodwill	IT Software	Other intangible assets	Total
Accumulated cost, opening balance	29,696	8,632	175,000	213,328
New acquisitions	-	9,305	-	9,305
Decrease attributable to divestment of operations	-	0	-	0
Exchange rate differences	-	-932	-	-932
Accumulated cost, closing balance	29,696	17,005	175,000	221,701

2025	Goodwill	IT Software	Other intangible assets	Total
Accumulated depreciation, opening balance	0	-5,603	-63,250	-68,853
Depreciation for the year	-	-459	-17,475	-17,934
Exchange rate differences	-	703	-	703
Accumulated depreciation, closing balance	-	-5,359	-80,725	-86,084

Carrying amount at end of year	29,696	11,646	94,275	135,617
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2024	Goodwill	IT software	Other intangible assets	Total
Accumulated cost, opening balance	29,696	9,964	175,000	214,660
New acquisitions	-	201	-	201
Decrease attributable to divestment of operations	-	-1,993	-	-1,993
Exchange rate differences	-	460	-	460
Accumulated cost, closing balance	29,696	8,632	175,000	213,328

2024	Goodwill	IT software	Other intangible assets	Total
Accumulated depreciation/amortisation, opening balance	-	-7,038	-45,775	-52,813
Depreciation/amortisation for the year	-	-201	-17,475	-17,676
Exchange rate differences	-	-357	-	-357
Accumulated depreciation/amortisation, closing balance	-	-5,603	-63,250	-68,853

Carrying amount at end of year	29,696	3,029	111,750	144,475
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Depreciation/amortisation per function in the income statement	2025	2024
Selling and distribution expenses	-17,596	-17,475
Administration expenses	-338	-201
Total amortisation	-17,934	-17,676

Assessment of the impairment need for goodwill and trademarks with an indefinite useful life

The annual impairment assessment for goodwill and trademarks with an indefinite useful life is performed in conjunction with the annual accounts. No impairment need emerged from the assessment. The valuation was conducted when the global economy was highly uncertain, which impacted the markets around us and demand

for flooring. The Group's goodwill with an indefinite useful life is allocated to the Kährs Holding AB Group as a cash-generating unit according to the table below:

Goodwill	2025	2024
Kährs Holding AB	29,696	29,696
Trademarks		
Kährs Holding AB	30,200	30,200
Total	59,896	59,896

The impairment test for goodwill with an indefinite useful life is performed annually and also following any indication of a decline in value. When testing for impairment of goodwill, the recoverable amount has been determined as value in use (VIU), calculated by discounting estimated future cash flows from the cash-generating unit.

Significant assumptions used in calculations of values in use are presented in the table below:

	2025	2024
Estimated long-term growth rate	2.0 %	2.0 %
Estimated average gross margin	37.0%	35.8%
Estimated average operating margin	10.5 %	12.2 %
Weighted average discount rate before tax	18.5 %	20.4 %

The assumptions above have been used to analyse the cash-generating unit. The executive management team has determined the budgeted and forecast gross margin based on historical results and the expectations for market development and the specific cash-generating unit. The applied growth rate for the margin before depreciation/amortisation, EBITDA, is consistent with the Group's business plan. The applied discount rate is stated before tax and reflects the risk for the cash-generating unit Kährs Holding AB Group.

Company management assesses that no reasonable changes in the important assumptions lead to the calculated total recoverable amount for the cash-generating unit Kährs Holding AB being lower than its total carrying amount.

Note C16 Property, plant and equipment, owned

2025	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated cost, opening balance	178,443	1,651,559	31,288	1,861,290
Additional items	482	2,974	24,803	28,259
Divestments	0	-137,098	0	-137,098
Reclassifications	0	37,983	-37,983	0
Exchange rate differences	-10,639	-33,424	-145	-44,208
Accumulated cost, closing balance	168,286	1,521,994	17,963	1,708,243

2025	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated depreciation, opening balance	-71,362	-1,343,630	0	-1,414,992
Depreciation for the year	-6,198	-63,041	-	-69,239
Divestments	0	137,601	-	137,601
Exchange rate differences	6,213	29,977	-	36,190
Accumulated depreciation, closing balance	-71,347	-1,239,093	0	-1,310,440
Carrying amount at end of year	96,939	282,901	17,963	397,803

2024	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated cost, opening balance	250,397	1,722,273	61,035	2,033,705
Decrease attributable to divestment of operations	-78,205	-136,316	-1,670	-216,191
Additional items	0	1,431	35,300	36,731
Divestments	-7,077	-11,942	0	-19,019
Reclassifications	7,122	56,278	-63,400	0
Exchange rate differences	6,206	19,835	23	26,064
Accumulated cost, closing balance	178,443	1,651,559	31,288	1,861,290

2024	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated depreciation, opening balance	-106,115	-1,384,908	0	-1,491,023
Decrease attributable to divestment of operations	47,767	125,273	-	173,040
Depreciation/amortisation for the year	-9,283	-79,411	-	-88,694
Divestments	472	12,948	-	13,420
Exchange rate differences	-4,203	-17,532	-	-21,735
Accumulated depreciation, closing balance	-71,362	-1,343,630	0	-1,414,992

2024	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated impairment, opening balance	-12,063	-5,041	0	-17,104
Decrease attributable to divestment of operations	23,622	9,665	-	33,287
Impairment for the year ¹	-11,559	-4,624	-	-16,183
Accumulated impairment, closing balance	-	-	-	-

Carrying amount at end of year	107,081	307,929	31,288	446,298
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¹⁾ Refers to impairment of property, plant and equipment in Russia, of which buildings were SEK 11,559 thousand (12,063), machinery and equipment SEK 4,624 thousand (5,041).

Depreciation by function in the income statement	2025	2024
Cost of goods sold	-59,263	-76,365
Selling and distribution expenses	-1,811	-2,446
Administration expenses	-8,165	-9,883
Total depreciation	-69,239	-88,694

Impairment by function in the income statement	2025	2024
Cost of goods sold	-	-16,183
Selling and distribution expenses	-	-
Administration expenses	-	-
Total depreciation	-	-16,183

For further information regarding the Group's lease commitments, please refer to Note C32 'Property, plant and equipment, right of use'.

Note C17 Financial risk management

The Group is exposed to a number of financial risks that are managed in accordance with the guidelines established by the Board of Directors. These risks are managed in accordance with the Group's financial policy. The Group is exposed to risks related to trade receivables, raw materials, currency exposure, and liquidity and refinancing risk. The Group's overall goal is to have cost-effective financing and to manage financial risks by using financial instruments. A description of the Group's financial risks and the policy applied to each risk area is provided below.

The quantitative information regarding financial risk exposure as at the balance sheet date is considered representative of the Group's exposure during the financial year. The Group's risk profile has been stable over the period, and there have been no significant changes in exposure to credit, liquidity or market risk that have occurred that are not reflected in the information provided on the balance sheet date.

Credit risk

Financial credit risk is defined as the risk of loss if the counterparties with whom Kährs has invested cash and cash equivalents, short-term bank investments or financial instruments with positive market values do not fulfil their obligations.

To limit these credit risks, Kährs only conducts transactions with issuers and counterparties with a long-term credit rating of at least A–, as these are considered to have a low credit risk for the purposes of impairment assessment. S&P Global Ratings or equivalent independent rating agencies provide information on creditworthiness.

Credit risks in trade receivables

Credit risks in trade receivables are defined as the risk of loss if the counterparties with whom Kährs has invested in trade receivables do not fulfil their obligations. There is no significant concentration of credit exposure related to trade receivables on the balance sheet date. The maximum exposure to credit risk is visible in the carrying amount for each financial asset in the statement of financial position. The Group's ten largest customers accounted for 18 per cent (16) of net sales in 2025. Kährs has established guidelines to ensure that products are sold to customers with a reliable credit history. According to the Group's credit policy, credit checks are always carried out on new customers. Credit risks related to operational activities are managed locally at company level and followed up at Group level. An analysis of past-due trade receivables and provisions for bad debts is set out in Note C20 'Trade receivables'.

Liquidity and refinancing risk

Refinancing risk/liquidity risk refers to the risk that Kährs cannot pay its obligations due to insufficient liquidity or difficulties in obtaining new loans. Kährs manages liquidity risk through continuous cash flow planning and monitoring, and through access to intra-Group financing. The Group has a stable financial situation and finances its operations partly through borrowing. The arrangement consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) and a bond loan of SEK 1,450 million in Kährs BondCo AB (publ). No part of the RCF facility was utilised as at 31 December 2025. Cash and cash equivalents in the Group as at 31 December 2025 were SEK 106 million (194). Consequently, available liquidity for the Group as at 31 December 2025 was SEK 656 million (744), which provides good flexibility going forward. Loan agreements between banks and Kährs contain specific terms and conditions, so-called covenants.

These covenants consist of the following financial key performance indicators:

–Net debt in relation to EBITDA.

The covenant is calculated for the Kährs Holding Group based on quarterly financial reports, i.e., 31 March, 30 June, 30 September and 31 December. The total outstanding borrowing amount under the RCF facility agreement is subject to this covenant. As at 31 December, Kährs meets the covenant according to the loan agreement.

Current payments and forecasts are monitored continually at a central level to ensure that the Group has

sufficient cash and cash equivalents to meet payment requirements in operating activities. The table below shows contractual undiscounted cash flows, including interest payments, for the remaining contractual terms for financial liabilities.

2025-12-31	<3 months	<1 year	1–2 years	2–5 years	>5 years	Total
Interest-bearing liabilities						
Bond loan	29,605	90,461	120,066	1,554,606	-	1,794,738
Lease liabilities	5,730	21,366	18,676	46,137	42,668	134,577
Other loans	-	-	-	-	-	-
Trade payables	164,329	-	-	-	-	164,329
Other financial liabilities	82,082	7,172	-	-	-	89,253
Total	281,746	118,999	138,742	1,600,743	42,668	2,182,897

2024-12-31	<3 months	<1 year	1–2 years	2–5 years	>5 years	Total
Interest-bearing liabilities						
Bond loan	32,491	99,278	131,769	1,696,570	-	1,960,108
Lease liabilities	7,509	27,148	27,352	17,203	1,102	80,315
Other loans	55	169	224	2,870	-	3,318
Trade payables	141,279	-	-	-	-	141,279
Other financial liabilities	134,416	11,555	-	-	-	145,970
Total	315,750	138,150	159,345	1,716,643	1,102	2,330,990

Capital risk

The Group's objective for its capital structure is to ensure the Group's ability to continue operations in order to generate higher yields for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce its capital costs.

The Group's financial goals for its managed capital are to generate an annual return on capital employed of at least 20 per cent. Return on capital employed for the 2025 financial year amounted to 1.7 per cent (-2.9).

Market risks

Market risks are the risks that the Group's profit/loss or financial position are affected by changes in market prices, such as exchange rates, interest rates and raw materials. Kährs' exposure to interest rate risk is monitored within the framework of the Group's finance policy.

Currency risk

Currency risk refers to the risk that exchange rate fluctuations negatively impact the Group's income statement, balance sheet and/or cash flows. Currency risk exists in the form of both transaction and translation risk.

Currency risk - Transaction exposure

Transaction exposure is defined as the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in exchange rates. The Group is exposed to currency risks when transactions occur in foreign currency. In general, Kährs offers its customers payment options in local currency via its global sales organisation. This means that the Group is continuously exposed to currency risks both in accounts receivable in foreign currency and in future sales to foreign customers. Kährs is also exposed to currency risks in trade payables in foreign currency and purchases from foreign suppliers.

The tables below show the Group's annual exposure per currency for the full year 2025 and how a change in exchange rates of +/-10% affects the Group's net sales and adjusted EBITDA.

Annual exposure per currency, full year 2025

Currency	kSEK	Net sales		Net flow (adjusted EBITDA)		
		+10%	-10%	kSEK	+10%	-10%
CHF	109,428	10,943	-10,943	98,211	9,821	-9,821
EUR	696,768	69,677	-69,677	-66,563	-6,656	6,656
GBP	65,734	6,573	-6,573	53,145	5,315	-5,315
NOK	128,491	12,849	-12,849	111,345	11,135	-11,135
USD	308,938	30,894	-30,894	34,135	3,414	-3,414
Other currencies	42,343	4,234	-4,234	-42,537	-4,254	4,254
Total	1,351,702	135,170	-135,170	187,736	18,774	-18,774

Annual exposure per currency, full year 2024

Currency	kSEK	Net sales		Net flow (adjusted EBITDA)		
		+10%	-10%	kSEK	+10%	-10%
CHF	112,098	11,210	-11,210	102,230	10,223	-10,223
EUR	682,717	68,272	-68,272	-42,082	-4,208	4,208
GBP	85,403	8,540	-8,540	71,682	7,168	-7,168
NOK	153,959	15,396	-15,396	135,798	13,580	-13,580
RUB	166,285	16,629	-16,629	16,887	1,689	-1,689
USD	363,047	36,305	-36,305	90,718	9,072	-9,072
Other currencies	58,798	5,880	-5,880	-71,154	-7,115	7,115
Total	1,622,307	162,231	-162,231	304,079	30,408	-30,408

Currency risk - Translation exposure

Translation exposure occurs when assets and liabilities are in different currencies and largely refers to the translation risk regarding the net assets of foreign subsidiaries. Since the Swedish krona (SEK) is Kährs' group currency, a translation risk arises related to the remeasurement of net assets in foreign subsidiaries as well as the profit/loss for the year in foreign currency. Exchange rate risks particularly arise when transactions are in Euro (EUR), US dollar (USD), British sterling (GBP), Norwegian krone (NOK), Polish zloty (PLN) and Swiss franc (CHF). In line with the decision made by the Board, the Group does not engage in currency hedging.

Translation exposure – income statement

Effects of restating the 2024 income statement at 2025 exchange rates

Currency	Net sales	EBIT	Profit after tax
CHF	-1,801	-16	-14
EUR	-14,110	553	1,261
GBP	-3,687	21	21
NOK	-6,066	-84	-52
USD	-25,516	443	396
Other currencies	-2,092	-718	-638
Total	-53,272	199	974

Translation risk – balance sheet

Effects of translating the Group's investments in foreign subsidiaries, as at 31 December 2025

Currency	Net investment, kSEK	Effect on equity if SEK weakens by 10%	Effect on equity if SEK strengthens by 10%
EUR	532,797	53,280	-53,280
NOK	42,538	4,254	-4,254
PLN	47,347	4,735	-4,735
USD	87,891	8,789	-8,789
Other currencies	58,570	5,857	-5,857
Total	769,144	76,914	-76,914

The translation rates applied are set out in the following table:

Currency SEK/ unit	Closing rate 31 dec 2025	Average rate 2025	Closing rate 31 dec 2024	Average rate 2024
CHF	11.6410	11.8116	12.1745	12.0045
EUR	10.8180	11.0677	11.4865	11.4321
GBP	12.4173	12.9216	13.8475	13.5045
INR	0.1024	0.1127	0.1286	0.1262
NOK	0.9147	0.9444	0.9696	0.9831
PLN	2.5596	2.6107	2.6928	2.6551
RON	2.1224	2.1953	2.3081	2.2981
USD	9.2013	9.8190	10.9981	10.5613

Interest rate risk

The Group's interest rate risk refers to non-current loans. Loans taken out at variable interest rates expose the Group to interest rate risks in the cash flow, which are partially offset by cash and cash equivalents at variable interest rates. For loans that have been taken out at a fixed rate, the Group is exposed to interest rate risks attributable to fair value. The Group's interest rate risk is managed through a combination of fixed and variable interest rates in the loan portfolio. The average interest rate on interest-bearing liabilities reflects this structure and constitutes a key measure for interest rate exposure. For further information regarding interest structure and average interest rates, see Note 25 "Interest-bearing liabilities".

The Group's financing consists of a bond loan in Kährs BondCo AB (publ) with a nominal value of SEK 1,450 million, issued on 14 November 2024 with a maturity date of 14 November 2028. The interest rate on the bond loan as of 31 December 2025 was 8.167 per cent per annum (8.963). If the variable interest rate on the bond loan changes by +/- 100 points (1 percentage point), given that all other variables are constant, the annual result will be affected by approximately +/- SEK 14.7 million (14.7). The Group's financing also consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) which runs at a variable interest rate based on three-month STIBOR + 2.0 per cent and is set every three months. No part of the RCF facility is utilized as of 31 December 2025.

Note C18 Financial instruments by category

The tables below show the fair value of the Group's financial assets and liabilities that are subject to risk management.

2025-12-31

	Assets at fair value through profit or loss	Assets measured at amortised cost	Total fair value	Carrying amount of financial assets
Assets				
Financial non-current assets ¹	-	33,032	33,032	33,032
Accounts receivable	-	197,478	197,478	197,478
Other current assets	-	20,319	20,319	20,319
Cash and cash equivalents	-	106,243	106,243	106,243
Total	-	357,072	357,072	357,072

¹ Comprises deposits SEK 26,233 thousand (31,389), endowment insurance SEK 4,453 thousand (6,072) and other items SEK 2,346 thousand (2,429)

2025-12-31

	Liabilities at fair value through profit or loss	Liabilities measured at amortised cost	Total fair value	Carrying value of financial liabilities
Liabilities in the balance sheet				
Interest-bearing liabilities	-	1,555,574	1,555,574	1,555,574
Trade payables	-	164,329	164,329	164,329
Derivatives ¹	557	-	557	557
Other current liabilities	-	100,839	100,839	100,839
Total	557	1,820,742	1,821,299	1,821,299

¹⁾ Consists solely of electricity derivatives. For further information, see C19 "Derivatives"

2024-12-31

	Assets at fair value via the income statement	Loans and receivables	Total fair value	Carrying amount of financial assets
Assets				
Financial non-current assets ¹	-	39,889	39,889	39,889
Accounts receivable	-	212,600	212,600	212,600
Other current assets	-	24,330	24,330	24,330
Cash and cash equivalents	-	193,597	193,597	193,597
Total	-	470,416	470,416	470,416

¹⁾ Consists of deposits SEK 31,388 thousand (21,630), endowment insurance SEK 6,072 thousand (3,184) and other items SEK 2,429 thousand (2,448)

2024-12-31

	Liabilities at fair value through profit or loss	Other financial liabilities	Total fair value	Carrying value of financial liabilities
Liabilities in the balance sheet				
Interest-bearing liabilities	-	1,505,245	1,505,245	1,505,245
Trade payables	-	141,279	141,279	141,279
Derivative ¹	2,347	-	2,347	2,347
Other current liabilities	-	146,378	146,378	146,378
Total	2,347	1,792,902	1,795,249	1,795,249

¹⁾ Consists only of electricity derivatives. For more information, see C19 "Derivatives"

Note C19 Derivatives

The Group's electricity derivatives consist of:

	2025-12-31	
	Assets	Liabilities
Raw material derivatives	-	557
Total	-	557

	2024-12-31	
	Assets	Liabilities
Raw material derivatives	-	2,347
Total	-	2,347

No electricity derivatives are identified as hedging instruments in hedge accounting. Electricity derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. All electricity derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative. Profit or loss from changes in fair value is recognised in the income statement as other operating income or other operating expenses. All electricity derivatives are valued according to level 2.

Commodity derivatives

Commodity derivatives consist of electricity derivatives with a maturity of up to 24 months (24).

Note C20 Accounts receivable

	2025	2024
Accounts receivable	207,553	225,945
Provision for bad debt	-10,073	-13,345
Total accounts receivable	197,480	212,600

The Group recognises a provision for expected credit losses at each reporting date. For accounts receivable, the Group applies the 'simplified approach', which means that the provision for bad debt corresponds to expected credit losses over the remaining maturity. As of 31 December 2025, overdue accounts receivable amounted to SEK 23,930 thousand (34,786) where no impairment was deemed necessary. Overdue accounts receivable relate to a number of customers who are not assessed as having payment difficulties.

<i>Age analysis of accounts receivable before impairment</i>	2025	2024
Accounts receivable not yet due	183,356	191,159
<30 days	13,928	20,070
30–90 days	7,539	8,196
91–180 days	1,566	4,481
>180 days	1,162	2,039
Amount at year-end	207,551	225,945

As of 31 December 2025, the provision for bad debt amounted to SEK 10,073 thousand (13,345).

An age analysis of these accounts receivable is provided below:

<i>Age analysis of overdue and impaired accounts receivable</i>	2025	%	2024	%
Accounts receivable not yet due	1,470	0.8%	965	0.5%
<30 days	3,065	22.0%	3,512	17.5%
30-90 days	3,385	44.9%	3,304	40.3%
91-180 days	1,256	80.2%	3,525	78.7%
>180 days	897	100.0%	2,039	100.0%
Amount at year end	10,073	4.9%	13,345	5.9%

The provision for bad debt amounts to 4.9 per cent (5.9) of total accounts receivable and has changed as follows:

<i>Provision for bad debt</i>	2025	2024
Provision at start of year	13,345	15,348
Provision for expected losses	-1,100	1,320
Incurred losses	-1,978	1
Unused amounts reversed	-2	-689
Exchange rate effects	-192	-2,635
Amount at year end	10,073	13,345

The provision and reversal of bad debt are included in selling and distribution expenses in the income statement. The maximum credit risk at the end of the reporting period is the nominal value of each of the above accounts receivable categories.

Note C21 Other current assets

	2025	2024
VAT receivables	21,396	5,981
Prepaid software licences	7,863	1,103
Prepaid operating expenses	14,785	20,090
Accrued interest income	25	-
Prepaid insurance	2,032	1,033
Employee receivables	204	465
Current tax assets	13,659	16,709
Other current receivables, interest-bearing	307	529
Other current receivables, non-interest-bearing	7,719	2,119
Amount at year end	67,990	48,029

Note C22 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the cash flow statement comprise cash at bank and in hand. The Group has a Cash Pool structure to streamline its cash management. The Group's total cash and cash equivalents as per 31 December amounted to SEK 106,243 thousand (193,597). For further information on financial risk management in cash and cash equivalents, see Note C17 "Financial risk management".

Note C23 Inventory

	2025	2024
Raw materials and consumables	131,472	126,848
Work in progress	221,117	229,135
Finished goods	313,512	361,167
Amount at year end	666,101	717,150

Impairment of obsolescence in outgoing inventory amounts to SEK 38,258 thousand (43,845). During the year, reversals of impairment of inventories were made in the amount of SEK 5,680 thousand (6,177). The basis for the reversal was primarily a thorough review of slow-moving inventory items, which as at 31 December were measured at net realisable value. In addition to this, an impairment of inventories in Russia has been made in the amount of SEK 0 thousand (50,118). The amount has been reported in the income statement under cost of goods sold. Approximately 47 per cent (47) of the inventory (mainly finished goods) is measured at net realisable value and 53 per cent (53) at historical cost.

Note C24 Trade payables and other current liabilities

	2025	2024
Trade payables	164,329	141,279
Employee liabilities	115,699	120,770
VAT liabilities	25,017	16,530
Customer liabilities	48,154	62,183
Accrued interest expense	15,461	17,328
Accrued licence fee Woodloc	4,895	5,217
Board fees including employer contributions	2,290	2,890
Consultancy costs	884	17,597
Special payroll tax	7,495	6,185
Accrued freight costs	13,039	15,859
Accrued costs related to new revolver facility	-	5,558
Accrued electricity costs	4,800	5,981
Other current liabilities	2,203	806
Other accruals and deferred income	10,943	9,664
Amount at year end	415,209	427,847

Note C25 Interest-bearing liabilities

The Group has a stable financial situation and finances its operations partly through borrowing. The financing consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ), maturing on 12 May 2028, and a bond loan of SEK 1,450 million in Kährs BondCo AB (publ), with a maturity of 4 years expiring on 14 November 2028. The interest rate on the bond loan is variable and set to STIBOR 3 months + 6.25 per cent. The bond is listed on Nasdaq Stockholm and the Frankfurt Open Market. The interest rate as at 31 December 2025 was 8.167 per cent (8.963). No part of the RCF facility was utilized as at 31 December 2025. The assessment is that the liquidity and refinancing risk is low.

<i>Non-current interest-bearing liabilities</i>	2025	2024
Bond loan	1,433,581	1,428,647
Other loans	207	-
Lease liabilities	95,736	40,925
Total non-current interest-bearing liabilities	1,529,524	1,469,572
<i>Current interest-bearing liabilities</i>	2025	2024
Lease liabilities	25,971	33,222
Other loans	79	2,451
Total current interest-bearing liabilities	26,050	35,673
Total interest-bearing liabilities	1,555,574	1,505,245

¹ Accrued financing costs are allocated over the term of the bond loan

		Cash flow effect		Non-cash flow effect			
	Opening balance		New		Additions/		Closing balance
2025-12-31		Repayment	borrowing	Acquisition	cancellations ¹	Currency	
Interest-bearing liabilities							
Bond loan ¹	1,428,647	-	-	-	4,934	-	1,433,581
Bank loans	-	-	-	-	-	-	-
Lease liabilities	74,147	-41,860	-	-	92,318	-2,898	121,707
Other loans	2,451	-2,451	-	-	286	-	286
Total	1,505,245	-44,311	-	-	97,538	-2,898	1,555,574

¹ Accrued financing costs are allocated over the term of the bond loan

		Cash flow		Non-cash flow			
	Opening balance		New		Additions/		Closing balance
2024-12-31		Repayment	borrowing	Acquisition	Cancellations ¹	Currency	
Interest-bearing liabilities							
Bond loan ¹	1,438,404	-1,450,000	1,450,000	-	-9,757	-	1,428,647
Bank loans	-	-75,000	75,000	-	-	-	-
Lease liabilities	89,196	-49,972	-	-	33,488	1,435	74,147
Other loans	2,230	-	-	-	-	221	2,451
Total	1,529,830	-1,574,972	1,525,000	-	23,731	1,656	1,505,245

¹ Accrued financing costs are allocated over the term of the bond loan

Liabilities relating to leases

For further details, see also Note C32" Property, plant and equipment, right of use".

Pledged assets for own liabilities	2025	2024
Property mortgages ¹	46,000	46,000
Business mortgages ²	2,050,009	2,168,066
Total	2,096,009	2,214,066

¹ Property mortgages for properties owned by AB Gustaf Kähr, which are held by Nordea Bank Abp, Sweden Branch.

² Business mortgages linked to the operations of AB Gustaf Kähr, Kährs OY, Oak Norge A/S, Kährs Norge A/S, and Kährs AB, which are held by DNB Bank ASA, Sweden Branch.

Note C26 Equity

	Number of shares	Share capital (SEK thousand)
As at 1 January 2025	500,000	500
As at 31 December 2025	500,000	500

	Number of shares	Share capital (SEK thousand)
As at 1 January 2024	500,000	500
As at 31 December 2024	500,000	500

Kähns BondCo AB's shares are of one class. The nominal value of the shares is SEK 1 per share. All shares have been paid in full and provide an equal right to dividends and a vote at an ordinary general meeting.

Reserves

	Translation reserve	Total
As at 1 January 2025	-54,343	-54,343
Translation differences	-66,209	-66,209
As at 31 December 2025	-120,552	-120,552

	Translation reserve	Total
As at 1 January 2024	-85,703	-85,703
Translation differences	31,360	31,360
As at 31 December 2024	-54,343	-54,343

Translation reserve

The translation reserve covers translation differences that arise when consolidating the financial reporting of foreign subsidiaries.

Earnings per share before dilution

Earnings per share before dilution are measured by dividing profit for the year attributable to shareholders of the parent company by a weighted average number of ordinary shares outstanding during the period.

When measuring earnings per share after dilution, the weighted average number of ordinary shares is adjusted for the dilution effect on all potential ordinary shares. There is currently no dilution effect on the potential ordinary shares of the Group.

Earnings per share before and after dilution	2025	2024
Earnings attributable to shareholders of the Parent Company, SEK thousand	-96,604	-252,740
Weighted average number of outstanding ordinary shares	500,000	500,000
Earnings per share before and after dilution, SEK	-193	-505

Dividend per share	2025	2024
Dividend to shareholders of the Parent Company	-	-
Weighted average number of outstanding ordinary shares	500,000	500,000
Dividend per share, SEK	-	-

Note C27 Pension provision

Obligations for retirement pensions and family pensions are secured through insurance with Alecta (the ITP plan). According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit plan covering many employers. During the 2025 financial year, the Group did not have access to the information needed to report this plan as a defined-benefit plan. The ITP plan that is secured through insurance with Alecta is recognised as a defined-contribution plan. Pension payments to Alecta during the year amounted to TSEK 4,103 (2,590). At the end of 2025, Alecta's surplus in its collective consolidation level amounted to 167 per cent (162). The financing level comprises the fair value of Alecta's assets as a percentage of its insurance obligations and is measured in accordance with Alecta's actuarial assumptions, which does not conform to IAS 19.

The defined-benefit pension plan included in the consolidated financial statements as at 31 December 2025 relates to Kährs Germany.

Amounts recognised in the balance sheet are as follows:

	2025	2024
Present value of financed obligations	498	678
Fair value of the plan's assets	-	-
Deficit of financed plans	498	678
Present value of non-financed obligations	-	-
Net debt in the balance sheet	498	678

<i>Change in defined-benefit obligations</i>	2025	2024
As at 1 January	678	688
Translation difference	-40	71
Interest expenses	11	11
Actuarial gains (-) / losses (+)	-108	23
Payment of pension benefits	-43	-115
As at 31 December	498	678

<i>Change in fair value of plan assets</i>	2025	2024
As at 1 January	-	-
Settlements	-	-
As at 31 December	-	-

<i>Significant actuarial assumptions</i>	2025	2024
Discount rate	3.05%	2.92%
Future pension increases	2.00%	2.00%

Assumptions on life expectancy are based on official statistics and experiences from mortality surveys in the country, and are established in consultation with actuarial experts.

Note C28 Other provisions

	Product warranties	Other	Total
As at 1 January 2025	15,406	18,176	33,582
Additional provisions	-255	47	-208
Utilisation during the year	-5,591	-9,546	-15,137
As at 31 December 2025	9,560	8,677	18,237

	Product warranties	Other	Total
As at 1 January 2024	18,174	13,455	31,629
Additional provisions	1,429	9,849	11,278
Utilisation during the year	-4,197	-5,128	-9,325
As at 31 December 2024	15,406	18,176	33,582

<i>Provisions include:</i>	2025	2024
Non-current	3,237	3,163
Current	15,000	30,419
Total	18,237	33,582

Note C29 Reconciliation of profit before tax and net cash flow

<i>Adjustment for non-cash items</i>	2025	2024
Depreciation and impairment of property, plant and equipment	69,238	104,876
Depreciation and impairment of right-of-use assets	35,791	48,681
Amortisation and impairment of intangible assets	17,934	17,676
Loss on divestment of non-current assets	-	687
Financial income	-23,485	-10,950
Financial expenses	148,716	220,669
Other provisions	-14,503	1,913
Total	233,691	383,552

Note C30 Contingent liabilities

Contingent liabilities	2025	2024
Pension commitment in addition to what is recorded under liabilities/provisions	498	754
Guarantee in favour of external counterparties	3,761	3,768
Liability for debts in limited partnerships	23,118	23,582
Total	27,377	28,104

Investment obligation

As in the previous years, there is no investment obligation at the end of the reporting period that has not yet been recognised in the financial reporting.

Note C31 Acquisitions and divestments during the year

Acquisitions in 2025

No acquisitions have been made during the 2025 financial year.

Divestments in 2025

No divestments have been made during the 2025 financial year.

On 3 December 2024, Kährs' Russian operations Karelia-Upofloor CIS LLC were divested. After the divestment, Kährs has no direct or indirect links or connections to Russia.

Business	Operations	Time of sale Time of sale	Consolidated revenue 2025	Consolidated revenue 2024	Average number of employees 2025	Average number of employees 2024	Divested share	Holdings after divestment
Kährs OY	Holding company	3 dec 2024	-	-	-	-	100%	0%
Karelia-Upofloor CIS LLC	Manufacturing	3 dec 2024	-	170,753	-	215	100%	0%
Total			-	170,753	-	215		

Karelia-Upofloor CIS LLC, Kährs Oy's share of the Group's income statement

	2025	2024
Net sales	-	170,753
Costs	-	-159,493
Exchange rate differences on translation of divested operations	-	-6,918
Impairment of assets to net realisable value	-	-72,068
Operating profit (EBIT)	-	-67,726

Impact on the Group's cash flow

	2025	2024
Net cash flow from operating activities	-	12,766
Net cash flow from investing activities	-	28,562
Net cash flow from financing activities	-	-5,469
Net increase in cash and cash equivalents in the Group	-	35,859

Note C32 Property, plant and equipment, right of use

The Group's leases are primarily those in which the Group is the lessee, e.g. for warehouses, office premises, forklift trucks, vehicles, machinery and certain office equipment. The right-of-use asset is reported under non-current assets and measured at cost less accumulated depreciation and any impairment losses. The cost for a right-of-use asset includes the initial value of the lease liability, lease payments paid before or at the commencement date, as well as initial direct costs and restoration costs. The asset is depreciated on a straight-line basis. Lease liabilities are included in the lines for non-current and current interest-bearing liabilities in the statement of financial position.

The Group assesses whether a contract is, or contains, a lease at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases, except for short-term leases (lease agreements with a lease term of a maximum of 12 months) and lease agreements where the underlying asset is of low value. For lease agreements that meet the criteria for the relief provisions, the Group recognizes lease payments as an operating expense over the lease term. The lease term for most lease agreements runs from 2 to 5 years, but some lease agreements have a longer term. The lease liability is initially measured at the present value of the future lease payments that have not been paid at the commencement date of the lease, discounted by a marginal loan interest rate established at Group level per country. The Group's average marginal loan interest rate amounts to 6.8 per cent (7.3). For further information on accounting policies, see Note C2 "Accounting policies - Leases" and Note C3 "Significant assessments, estimates and assumptions - Valuation of right-of-use assets and lease liabilities".

	2025	2024
Depreciation of rights-of-use	-35,791	-48,681
Interest expense on lease liabilities	-8,680	-5,275
Gains on lease terminations	745	5,418
Leasing of low-value assets	-65	-26
Total amount in the income statement	-43,791	-48,564

Right-of-use assets 2025	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated cost, Opening balance	109,155	29,380	23,756	3,096	165,388
Decrease attributable to divestment operations	-	-	-	-	-
Additions	98,747	180	4,344	197	103,468
Divestments	-84,265	-7,579	-9,574	-522	-101,940
Exchange rate differences	-2,933	-885	-971	-150	-4,939
Accumulated cost, Closing balance	120,704	21,096	17,555	2,621	161,977

2025	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated depreciation/amortisation Opening balance	-73,161	-7,635	-11,670	-1,096	-93,562
Decrease attributable to divestment of operations	-	-	-	-	-
Depreciation/amortisation for the year	-20,567	-7,141	-7,152	-931	-35,791
Divestments	65,704	7,604	9,168	522	82,998
Exchange rate differences	1,437	175	435	48	2,096
Accumulated depreciation, closing balance	-26,587	-6,997	-9,219	-1,457	-44,260

2025	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated impairment, opening balance	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Accumulated impairment, closing balance	-	-	-	-	-
Carrying amount at end of year	94,117	14,099	8,337	1,164	117,717

Right-of-use assets

2024	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated cost, opening balance Opening balance	156,210	38,670	26,777	2,848	224,506
Decrease attributable to divestment of operations	-19,168	-	-69	-	-19,237
Additional items	11,855	26,158	7,191	1,032	46,236
Divestments	-41,641	-35,532	-10,625	-870	-88,668
Exchange rate differences	1,899	84	482	86	2,551

Accumulated cost,					
Closing balance	109,155	29,380	23,756	3,096	165,388
				Office equipment	
2024	Land and buildings	Forklift trucks	Vehicles		Total
Accumulated depreciation,					
Opening balance	-91,457	-34,363	-11,591	-1,075	-138,486
Decrease attributable to divestment o					
operations	8,576	-	48	-	8,624
Depreciation for the year	-30,959	-8,331	-8,509	-882	-48,681
Divestments	41,641	35,085	8,511	870	86,107
Exchange rate differences	-962	-26	-129	-9	-1,126
Accumulated depreciation,					
closing balance	-73,161	-7,635	-11,670	-1,096	-93,562
2024	Land and buildings	Forklift trucks	Vehicles	Machinery	Office equipment
Accumulated impairment, opening					
balance	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Accumulated impairment, closing					
balance	-	-	-	-	-
Carrying amount at end of year	35,994	21,745	12,087	2,001	71,826

Depreciation/amortisation per function in the income statement	2025	2024
Cost of goods sold	-8,930	-9,413
Selling and distribution expenses	-25,208	-37,808
Administration expenses	-1,653	-1,460
Total depreciation/amortisation	-35,791	-48,681

Financial expenses	2025	2024
Interest expense for lease liabilities	-8,680	-5,275

Lease liabilities	2025	2024
Non-current lease liabilities	95,736	40,925
Current lease liabilities	25,971	33,222
Total lease liabilities	121,707	74,147

Note C33 Events after the balance sheet date

No significant events have occurred after the end of the reporting period.

Parent Company Income Statement

SEK thousand	Note	2025	2024
Administration expenses	P5	-257	-253
Operating profit/loss		-257	-253
Financial income	P6	55,277	57,687
Financial expenses	P6	-129,815	-192,152
Profit after net financial items		-74,795	-134,718
Appropriations			
Allocation to tax allocation reserve		0	-1,845
Group contributions received	P7	-320	11,237
Profit/loss before tax		-75,115	-125,326
Income tax	P8	9,933	-3,202
Profit/loss for the year		-65,182	-128,528

Parent Company Statement of Comprehensive Income

SEK thousand	2025	2024
Profit for the year	-65,182	-128,528
Other comprehensive income	-	-
Total comprehensive income for the year	-65,182	-128,528

Parent company statement of financial position

SEK thousand	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Financial assets	P9	1,400,000	1,400,000
Interest-bearing receivables	P10	695,758	640,544
Deferred tax assets		8,917	-
Total non-current assets		2,104,675	2,040,544
Current assets			
Other current assets	P11	-	11,852
Other receivables		19	3
Prepaid expenses and accrued income		123	-
Cash and cash equivalents	P12	502	767
Total current assets		644	12,622
TOTAL ASSETS		2,105,319	2,053,166
SEK thousand			
Equity			
<i>Restricted equity</i>			
Share capital	P15	500	500
Statutory reserve		-	-
Total restricted equity		500	500
<i>Unrestricted equity</i>			
Retained earnings	P17	222,746	351,274
Profit/loss for the year	P15	-65,182	-128,528
Total unrestricted equity	P15	157,564	222,746
Total equity	P15	158,064	223,246
Untaxed reserves			
Tax allocation reserve		34,040	34,040
Total untaxed reserves		34,040	34,040
Non-current liabilities			
Interest-bearing liabilities	P14	1,433,581	1,428,647
Deferred tax liabilities		3,382	4,399
Total non-current liabilities		1,436,963	1,433,046
Current liabilities			
Trade payables		131	-
Current tax liabilities		-	1,140
Other current liabilities	P13	475,899	361,694
Accrued expenses and deferred income		222	-
Total current liabilities		476,252	362,834
TOTAL EQUITY AND LIABILITIES		2,105,319	2,053,166

Parent company statement of changes in equity

SEK thousand	Share capital	Statutory reserve	Total restricted equity	Retained earnings	Profit/loss for the year	Total unrestricted equity	Total equity
As at 1 January 2025	500	-	500	351,274	-128,528	222,746	223,246
Profit from previous year	-	-	-	-128,528	128,528	-	-
Profit/loss for the year	-	-	-	-	-65,182	-65,182	-65,182
As at 31 December 2025	500	-	500	222,746	-65,182	157,564	158,064

SEK thousand	Share capital	Statutory reserve	Total restricted equity	Retained earnings	Profit/loss for the year	Total unrestricted equity	Total equity
As at 1 January 2024	500	-	500	363,979	-12,705	351,274	351,774
Profit from previous year	-	-	-	-12,705	12,705	-	-
Profit/loss for the year	-	-	-	-	-128,528	-128,528	-128,528
As at 31 December 2024	500	-	500	351,274	-128,528	222,746	223,246

Parent Company Statement of Cash Flows

SEK thousand	Note	2025	2024
Operating activities			
Profit/loss before tax		-75,115	-125,326
Adjustment for non-cash items	P16	76,040	109,687
Cash flow before interest and tax		925	-15,639
Interest received		63	267
Interest paid		-126,523	-138,476
Tax paid		-1,140	-
Cash flow from operating activities before changes in working capital		-126,675	-153,848
Change in working capital			
Changes in operating receivables		11,852	97,183
Changes in operating liabilities		-1,809	8,328
Cash flow from operating activities		-116,632	-48,337
Financing activities			
Share capital paid in			
Change in current internal liabilities, global cash pool	P12	116,367	105,343
Loans raised		-	1,450,000
Repayment of loans raised		-	-1,450,000
Lending to related parties (Kähns Holding AB (publ))	P2, P9	-	-56,762
Cash flow from financing activities		116,367	48,581
Cash flow for the year		-265	244
Cash and cash equivalents at the beginning of the year		767	523
Cash and cash equivalents at the end of the year		502	767

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Note P1 Accounting policies

General

The parent company, Kährs BondCo AB (publ), CIN 559339–3621 with its registered office in Nybro, Sweden, prepares consolidated financial statements for the highest group in which the parent company is a subsidiary. The annual report of Kährs BondCo AB (publ) has been prepared in accordance with the Swedish Annual Accounts Act, other Swedish legislation and the standard RFR 2 Accounting for Legal Entities. This standard must be applied by Swedish legal entities whose securities on the balance sheet date are listed on the Swedish stock exchange or another regulated market. These companies must comply with the EU's rules for international accounting standards in their consolidated accounts and must also follow the Swedish Annual Accounts Act when preparing documents for their annual accounts separately. RFR 2 prescribes, as its main rule, that listed parent companies must apply IFRS with the specific exceptions and additions stipulated by the provisions in law and taking into account the connection between reporting and taxation in Sweden.

Receivables and liabilities in a foreign currency

Receivables and liabilities in a foreign currency have been translated at the closing rate. Exchange rate differences for operating receivables and liabilities are included in operating profit, while differences for financial receivables and liabilities are recognised as financial items.

Shares in subsidiaries and financial instruments

Shares in subsidiaries and financial instruments are measured at cost minus any impairment. The parent company recognises financial instruments using the lower of cost or market principle.

Group contributions

The parent company recognises Group contributions and shareholder contributions in accordance with the statement from the Swedish Financial Reporting Board, RFR 2. This means that Group contributions are recognised as appropriations and that shareholder contributions are entered directly in equity by the recipient. In the parent company, shareholder contributions are capitalised as shares and participations to the extent that impairment is not required, while Group contributions are recognised as appropriations.

Note P2 Related party transactions

Saltri II LuxCo SARL owns 100 per cent (500,000 shares) of the parent company's shares and therefore has a controlling influence over the Group. This means that Saltri II LuxCo SARL ultimately has a controlling influence over the Kährs BondCo AB (publ) Group.

The following business relationships are conducted on normal market conditions (the 'arm's length principle'):

<i>Interest income from related parties</i>	2025-12-31	2024-12-31
<i>Kährs Holding AB (publ)</i>	55,214	57,419
Total	55,214	57,419

<i>Financial receivables/liabilities with related parties including accrued interest</i>	2025-12-31	2024-12-31
<i>Kährs Holding AB (publ)</i>	695,758	640,544
Total	695,758	640,544

Kährs BondCo AB (publ) has not issued any guarantees or any other commitments to the benefit of Board members and senior executives. During the 2025 financial year, there were no direct nor indirect transactions between the Group and Board members or senior executives, except for what is stated in Note P4 "Remuneration to senior executives".

Note P3 Payroll costs and number of employees

As at 31 December 2025, there are no employees in the parent company Kährs BondCo AB (publ).

Note P4 Remuneration to senior executives

Remuneration to the Board is shown in Note C8 "Remuneration to senior executives".

Note P5 Remuneration to auditors

	2025	2024
Deloitte		
Audit	257	253
Total	257	253

Audit refers to the statutory audit of the annual report and bookkeeping and the administration of the business by the Board of Directors and the CEO. Tax consultancy refers to services in the field of taxation. Other advice refers to all other advice that is not included above.

Note P6 Financial income and expenses

	2025	2024
Financial income		
Interest income		
Interest income, external	63	267
Interest income, internal, Kährs Holding AB (publ)	55,214	57,420
Total financial income	55,277	57,687
Financial expenses		
Interest expenses		
Interest expenses, bond loans	-124,670	-146,341
Other financial expenses		
Transaction costs, bond loans	-5,145	-45,811
Total financial expenses	-129,815	-192,152
Net financial items	-74,538	-134,465

No need for impairment has been identified during 2025.

Note P7 Group Contribution

	2025	2024
Group contributions received		
Kährs Holding AB (publ) (not paid)	-320	2,556
AB Gustaf Kähr (not paid out)	-	10,167
Kährs AB (not paid)	-	-1,486
Total	-320	11,237

Note P8 Tax

	2025	2024
Adjustments relating to prior years	-	-53
Total current tax expense	-	-53
Current tax	-	-1,139
Deferred tax, direct transaction costs, bond loans	9,933	-2,010
Total income tax	9,933	-3,202

	2025	2024
Reconciliation of effective tax rate		
Profit/loss before tax	-75,115	-125,326
Tax calculated using the Swedish tax rate of 20.6 per cent	15,474	25,817
Non-taxable income	10,539	-
Non-deductible expenses	-	-25,385
Interest equalisation between Group companies	-15,359	-
Current tax on standard revenue	-137	-1,571
Adjustments for previous years	-	-53
Other	-583	-2,010
Total income tax	9,933	-3,202

Deferred tax assets and deferred tax liabilities attributable to:

	2025	
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to		
Provisions	-	-5,534
	-	-5,534
	2024	
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to		
Provisions	-	4,399
	-	4,399

Reconciliation of deferred tax

	2025	
	Deferred tax assets	Deferred tax liabilities
As at 1 January	-	4,399
Tax expense/income recognised in the income statement	-	-9,933
As at 31 December	-	-5,534

Reconciliation of deferred tax

	2024	
	Deferred tax assets	Deferred tax liabilities
As at 1 January	-	2,389
Tax expense/income recognised in the income statement	-	2,010
As at 31 December	-	4,399

Deferred tax assets on loss carryforwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised. There is no limit for carrying loss carryforwards. The parent company has no unrecognised deferred tax liabilities or tax assets for temporary differences.

Note P9 Financial assets

Financial assets	2025	2024
Shares in subsidiaries	1,400,000	1,400,000
Total	1,400,000	1,400,000

Kährs BondCo AB's ownership shares are as follows as at 31 December 2025:

Name	Type of business	Country	Currency	Share of capital and voting rights (%) 2025	Share of capital and voting rights (%) 2024
<u>Participations in Group companies</u>					
Kährs Schweiz GmbH	Sales Holding company	CH	CHF	100	100
Gustaf Kähr Verwaltungs GmbH		DE	EUR	100	100
Kährs Parkett Deutschland GmbH & Co KG ¹⁾	Sales	DE	EUR	100	100
Kährs Finland Oy	Manufacturing	FI	EUR	100	100
Kährs France SARL	Sales	FR	EUR	100	100
Kährs Norge AS	Sales Holding company	NO	NOK	100	100
Oak Norge AS		NO	NOK	100	100
Kährs Polska SP.Z.O.O	Manufacturing	PL	PLN	90	90
S.C Karelia- Upofloor S.R.L	Manufacturing Holding company	RO	RON	100	100
Deco Design SRL		RO	RON	100	100
Scandinavian Floors AB2	Sales	SE	SEK	100	100
AB Gustaf Kähr	Manufacturing	SE	SEK	100	100
Kährs AB	Sales	SE	SEK	100	100
Kährs (UK) Ltd.	Sales	UK	GBP	100	100
Kährs International Inc.	Sales	US	USD	100	100

- 1) This consolidated financial statement also constitutes an exception for Kährs Parkett Deutschland GmbH & Co. KG, Tübingen/Germany in accordance with § 264b of the German Commercial Code (HGB).
- 2) The company Kährs Sweden Holding AB has changed its name to Scandinavian Floors AB during the financial year.

Shares in directly owned subsidiaries:

Name, corporate registration number, registered office	Number of shares	2025	2024
Kährs Holding AB (556534-2481, Nybro, SE)	30,000	1,400,000	1,400,000
Total		1,400,000	1,400,000

Note P10 Interest-bearing receivables

	2025	2024
Shareholder loan, Kährs Holding AB (publ) ¹⁾	695,758	640,544
Total	695,758	640,544

¹⁾ Capitalization of interest SEK 57,419 thousand

The shareholder loans are loans at a variable interest rate of 8.963 per cent. The shareholder loan matures on 14 November 2028.

Note P11 Other current assets

	2025	2024
Current receivables, Group companies, Kährs Holding AB (publ)	-	1,686
Current receivables, Group companies, AB Gustaf Kähr	-	10,166
Prepaid operating expenses	-	-
Total at year end	-	11,852

Note P12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the cash flow statement comprise solely cash at bank and in hand.

Note P13 Other current liabilities

	2025	2024
Current operating debt, Group company, Kährs Holding AB	-	-
Current internal liability, global cash pool, Kährs Holding AB	459,247	342,880
Current operating debt, Group company, Kährs AB	1,191	1,486
Accrued interest expense, bond loan	15,461	17,328
Total at year end	475,899	361,694

Note P14 Interest-bearing liabilities

Kährs BondCo AB has a bond financing of SEK 1,450 million. The bond is listed on Nasdaq Stockholm and the Frankfurt Open Market. The bond loan runs at a variable interest rate based on three-month STIBOR + 6.25 per cent and is set every four months. The interest rate on the bond loan as at 31 December 2025 was 8.167 per cent per annum (8.963). The bond loan has a term of 4 years and matures on 14 November 2028. Kährs' financing is thus secured until November 2028.

Non-current interest-bearing liabilities	2025	2024
Bond loan (2–5 years)	1,433,581	1,428,647
Total non-current interest-bearing liabilities	1,433,581	1,428,647

Change in interest-bearing liabilities

	Cash flow impact		Non-cash flow impact		
2025-12-31	Opening balance	Repayment	New borrowing	Other ¹⁾	Closing Balance
Bond loan	1,428,647	-	-	4,934	1,433,581
Total	1,428,647	-	-	4,934	1,433,581

¹⁾ Allocation of direct transaction costs over the term of the bond loan.

Change in interest-bearing liabilities

	Cash flow impact		Non-cash flow impact		
2024-12-31	Opening balance	Repayment	New borrowing	Other¹⁾	Closing balance
Bond loan	1,438,404	-1,438,404	1,450,000	-21,353	1,428,647
Total	1,438,404	-1,438,404	1,450,000	-21,353	1,428,647

¹⁾ Allocation of direct transaction costs over the duration of the bond loan.

	2025	2024
<i>Pledged assets for liabilities to credit institutions</i>		
Shares in subsidiaries	1,400,000	1,400,000
Receivables in subsidiaries	695,758	640,544
Total	2,095,758	2,040,544

<i>Contingent liabilities</i>	2025	2024
Pension commitment in addition to what is recorded under liabilities/provisions	50	50
Total	50	50

Note P15 Equity

Share capital

	No. of shares	Nominal value	Share capital (SEK thousand)
As at 1 January 2025	500,000	1	500
As at 31 December 2025	500,000	1	500
	No. of shares	Nominal value	Share capital (SEK thousand)
As at 1 January 2024	500,000	1	500
As at 31 December 2024	500,000	1	500

The shares of Kährs BondCo AB (publ) are of one class. All shares have been paid in full and provide an equal right to dividends and a vote at an ordinary general meeting.

<i>Earnings per share before and after dilution</i>	2025	2024
Earnings attributable to shareholders of the parent company	-65,182	-128,528
Weighted average number of outstanding ordinary shares	500,000	500,000
Earnings per share before and after dilution, SEK	-130	-257

Dividend per share

Dividend per share is calculated by dividing the dividend for the year issued to the shareholders in the parent company by the weighted average number of ordinary shares outstanding during the period.

Dividend per share	2025	2024
Repurchase of own shares in the parent company	-	-
Weighted average number of outstanding ordinary shares	500,000	500,000
Dividend per share before dilution, SEK	-	-

Note P16 Reconciliation of profit before tax and net cash flow

<i>Adjustment for non-cash items</i>	2025	2024
Unpaid Group contribution	320	-11 237
Interest income	-55,277	-57,687
Interest expense	129,815	192,152
Tax allocation reserve	-	1,845
Other	42	-15,386
Total	74,900	109,687

External interest paid during the period amounted to kSEK 129,815 (192,152).

External interest income received during the period amounted to kSEK 55,277 (57,687).

Note P17 Proposed distribution of profit (SEK)

<i>Distribution of profit parent company</i>	2025
Unrestricted equity in the parent company is:	
Retained earnings	222,745,771
Profit/loss for the year	-65,182,351
Total	157,563,420

The Board of Directors and CEO propose:

to be distributed to shareholders

To be carried forward	157,563,420
Total	157,563,420

<i>Distribution of profit parent company</i>	2024
Unrestricted equity in the parent company is:	
Retained earnings	351,275,250
Profit/loss for the year	-128,529,479
Total	222,745,771

The Board of Directors and CEO propose:

To be carried forward	222,745,771
Total	222,745,771

Financial definitions and key performance indicators

Alternative key performance indicators

Kährs uses a number of alternative key performance indicators that are not defined in IFRS or in the Swedish Annual Accounts Act in order to present the Group's operations in a fair way. The alternative performance indicators used by Kährs are defined below.

Number of employees at end of period

Average number of employees, which also includes fixed-term staff.

Return on equity

Profit after tax, 12-month rolling, as a percentage of average equity, excluding non-controlling interests.

Return on capital employed

Operating profit (EBIT), 12-month rolling, in relation to average capital employed. Capital employed is defined as net debt plus share capital plus shareholder loans.

Depreciation/amortisation

Depreciation/amortisation of intangible assets, property, plant and equipment, owned and property, plant and equipment, right-of-use.

EBITA

Operating profit after depreciation, amortisation and impairment, but before any deductions for impairment of goodwill, as well as amortisation and impairment of other intangible assets arising in connection with business combinations.

Investments

Investments in intangible and tangible fixed assets.

Items affecting comparability

Profit items of a non-recurring nature with a significant impact on profit, which are important for understanding the underlying development of operations.

Average number of employees

Average number of employees during the year based on hours worked, excluding agency staff.

Net sales

The Group's total revenue net of bonuses and discounts provided, VAT, and other taxes linked to sales.

Net operating capital

Inventories and accounts receivable reduced by accounts payable.

Net debt

Interest-bearing liabilities (excluding lease liabilities) less interest-bearing assets and cash and cash equivalents.

Net indebtedness

Interest-bearing current and non-current liabilities less interest-bearing assets and cash and cash equivalents.

Net debt/EBITDA ratio

Net debt excluding lease liabilities in relation to adjusted EBITDA, 12 months rolling.

Operational EBIT

Operating profit before items affecting comparability.

Operational EBITA

EBITA before items affecting comparability.

Organic growth

Change in sales in comparable units after adjustments for acquisitions and currency effects.

Earnings per share after tax before dilution

Profit for the year excluding non-controlling interests in relation to the number of shares before dilution.

Earnings per share after tax after dilution

Profit for the year excluding non-controlling interests in relation to the number of shares after any dilution.

Interest coverage ratio

Adjusted EBITDA, 12 months rolling, divided by interest paid, 12 months rolling.

Operating profit (EBIT)

Profit before financial items and tax.

Operating margin (EBIT) as a percentage

Calculated as EBIT above as a percentage of net sales during the period.

Operating profit (EBITDA)

Operating profit before depreciation and amortisation.

Adjusted EBITDA

Operating profit before depreciation, amortisation and items affecting comparability.

Equity/assets ratio

Adjusted equity as a percentage of total assets.

For untaxed reserves — the proportion in adjusted equity; the tax expense has been calculated at 20.6%.

Total operating capital

Inventories, accounts receivable, derivatives and other current assets reduced by accounts payable, tax liabilities, derivatives and other current liabilities.

For further information on the calculation basis for alternative key performance indicators, see www.kahrsgroup.com.

The consolidated financial statements and annual report have been approved for publication by the Board of Directors on 16 April 2025. The Board of Directors and the CEO hereby certify that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the Group's and Parent Company's financial position and results, and that the Directors' Report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations, position and results, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Nybro, on the date stated in our electronic signature.

Anders Wassberg
Chairman of the Board

Mats Therman
Board member

Christopher Marköö
Board member

Jonas Köhlin
Board member

Johan Magnusson
Chief Executive Officer and President

Our auditor's report was submitted on the date indicated by our electronic signature.
Deloitte AB

Maria Ekelund
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Kährs BondCo AB (publ)
corporate identity number 559339-3621

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Kährs BondCo AB (publ) for the financial year 2025-01-01 - 2025-12-31 with the exception of the corporate governance report on pages 131-133 and the sustainability report on pages 11-130 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our statements do not cover the corporate governance report on pages 131-133 and the sustainability report on pages 11-130.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

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

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of Goodwill and Trademarks

Kährs BondCo AB (publ) reports in the Group's balance sheet as of 31

December 2025 goodwill of 29,696 KSEK and trademarks with indefinite useful lives of 30,200 KSEK.

The value of reported goodwill and trademarks is dependent on future returns and profitability in the cash-generating unit to which the goodwill and trademarks relate, and is tested at least annually. Management's impairment testing is based on a number of assumptions and judgments such as revenue growth, operating margin development, and cost of capital (WACC), as well as other factors that are complex. Incorrect judgments and assumptions could have a significant impact on the Group's results and financial position.

For further information, please refer to notes C3 and C15, which set out how management has performed its impairment testing together with key judgments and assumptions.

Our audit procedures

Our audit procedures included, but were not limited to:

- Review and assessment of Kährs' procedures for impairment tests of goodwill and evaluation of the reasonability of judgments and estimates made, that the procedures are consistently applied and that there is integrity in computations;
- Verification of input data in calculations including information from budgets and business plans for the forecast period;
- Test of headroom for each cash generating unit by performing sensitivity analyses; and
- Review of the completeness and correctness in relevant disclosures to the financial reports.

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 as adopted by the EU.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other

things oversee the company's financial reporting process.

Auditor's responsibility

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

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Kährs BondCo AB (publ) for the financial year 2025-01-01 - 2025-12-31 and the proposed appropriations of the company's profit or loss.

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

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.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Kährs BondCo AB (publ) for the financial year 2025-01-01 - 2025-12-31.

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 Kähns BondCo 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 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 audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of

those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's report on the corporate governance statement

It is the Board of Directors who is responsible for the Corporate Governance report for the financial year 2025 on pages 131-133 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's standard RevR 16 Auditor's examination of the corporate governance report. This means that our examination of the corporate governance 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 opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Kähns BondCo AB (publ) by the general meeting of the shareholders on the 2025-05-15 and has been the company's auditor since 2022-07-15.

Malmö, April 15, 2026

Deloitte AB

Signature on Swedish original

Maria Ekelund
Authorized Public Accountant

Auditor's limited assurance report of Kährs BondCo AB (publ)'s statutory sustainability statement

To the general meeting of the shareholders of Kährs BondCo AB (publ),
corporate identity number 559339-3621

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for Kährs BondCo AB (publ) for the financial year 2025. The sustainability statement is included on pages 11-130 in this document.

Based on our limited assurance engagement as described in the section *Auditor's responsibility*, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

whether the sustainability statement meets the requirements of European Sustainability Reporting Standards (ESRS),

whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement,

compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8 (EU Taxonomy).

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. Our responsibility according to this recommendation is further described in the section *Auditor's responsibility*.

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

Other disclosures

The sustainability report for the previous financial year has not been subject to limited review, and accordingly, no review of the comparative figures in the sustainability report for 2024 has been performed.

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1 – 10 and 131-197. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of sustainability statement in accordance with Chapter 6, paragraphs 12-12f of the Swedish Annual Accounts Act, and for such internal control as they determines is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Kährs BondCo AB (publ) in accordance with professional ethics for auditors in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion

on the effectiveness of the entity's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

Our review procedures concerning the entity's process for identifying sustainability information to be reported included, but were not limited to:

Obtain an understanding of the process by:

- Performing inquiries to understand the sources of the information used by management, and
- Reviewing the entity's internal documentation of its process
- Evaluate whether the evidence obtained from our procedures about the process implemented by the entity is consistent with the description of the process set out on page –23-25 in the sustainability statement.
- The review procedures with respect to the sustainability statement included but were not limited to the following:
- By inquiries obtain an understanding of the entity's control environment, reporting processes, and information systems relevant to the preparation of its sustainability statement
- Evaluate whether information identified to be material by the entity's the process for identifying sustainability information reported, is included in the sustainability statement
- Evaluate whether the structure and the presentation of the sustainability statement is in accordance with the requirements in ESRS
- Perform inquiries of relevant personnel and analytical procedures on selected disclosures in the sustainability statement
- Perform substantive assurance procedures on a sample basis on selected disclosures in the sustainability statement
- Perform inquiries and analytical procedures to evaluate whether the methods, data and significant assumptions used to make estimates in the sustainability statement are appropriate and applied consistently
- The review procedures with respect to the EU Taxonomy included but were not limited to the following:
- Obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement
- Evaluate whether the activities within the EU Taxonomy are consistent to the financial statements and related notes
- Evaluate processes, documentation and assessment of eligibility and alignment with the economic activities and technical screening criteria within the EU Taxonomy
- Evaluate whether the reporting is in accordance with the requirements in EU Taxonomy

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Managing Director for Kährs BondCo AB (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the entity. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Deloitte AB

Signature on Swedish original

Maria Ekelund

Authorized public accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.