Metal powders are everywhere in our modern society

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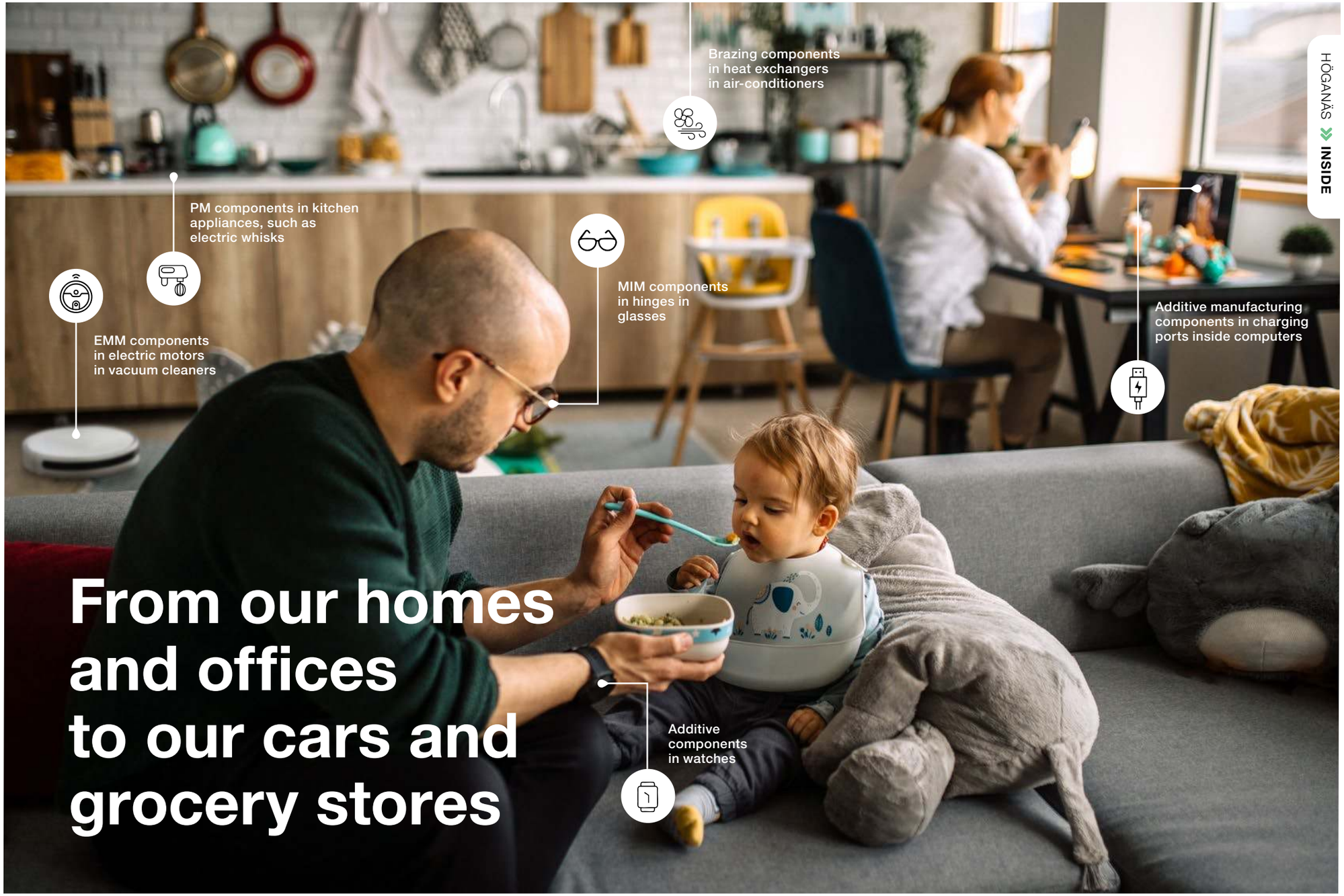


From our homes and offices to our cars and grocery stores

HÖGANÄS INSIDE

About Höganäs

Höganäs is a global leader in the market for ceramic and metal powders for industrial applications. Founded in 1797, we have been through many changes in our history, and we continue to evolve to better meet the needs of tomorrow. The Höganäs vision – driving positive change through material innovation – is something that influences everything we do, and our ambition is to be the globally preferred partner for sustainable powder materials.

Our five divisions serve customers in a wide range of industries: aerospace, construction, energy production, medical and processing. Our largest end-market is automotive.

Höganäs is owned by Lindéngruppen and FAM. Read more about the industries we serve, our products and solutions, and our expertise at www.hoganas.com

3,000 customers in **75** countries

3,500 Products

2,200 Co-workers

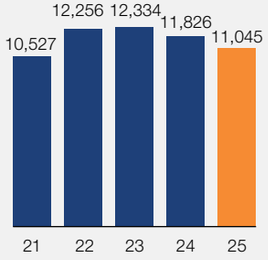
500,000 Tonnes annual production capacity

2025 in brief

We reported an improved result for 2025 compared with 2024. The increase reflects an underlying improvement as currency and inventory effects cancelled each other out. This was primarily driven by an improvement in our CBT division and solid performances from ACT and MCE. We have seen indications of a stronger market that we hope will translate into a continued economic recovery.

Our journey on our climate roadmap have continued and we took the first steps to commercialise our near-zero and net-zero offerings. On the social side, we have prepared a new and improved responsible sourcing programme that will increase the resilience of our supply chain.

Net sales (SEK M)



Operating profit (SEK M)

1,148

2024 (1,059)

TRIFR

Total recordable injury frequency per million hours worked

8.0

2024 (7.0)

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Emissions scope 1–2, reduced by

55%

since 2018

READ MORE ON PAGE 38

Key events of the year

JANUARY
The Busan plant in Korea becomes Höganäs' first solar-powered facility with a capacity for 100 percent.

FEBRUARY
Höganäs honoured with the 'Excellent supplier' award by Porite Yangzhou, our largest PMT customer in China.

MARCH
Strategic partnership with component manufacturer Porite for future near-zero sponge iron powder.

MAY
Launch of Go4Great, built around three themes: body, mind, and relationships to strengthen health and well-being at Höganäs.

JUNE
Strategic partnership with Chin Chih Metal for future near-zero sponge iron pwder.

SEPTEMBER
Höganäs in India certified as a Great Place to Work® for the second year in a row.

OCTOBER
Höganäs recognised as one of Sweden's most attractive employers for students and young professionals by Karriärföretagen.

NOVEMBER
First internal global sustainability conference.

JANUARY

Korean plant
NET ZERO
in scope 1 and 2

FEBRUARY

Honoured with
EXCELLENT SUPPLIER
award

JUNE

***re*-Astaloy 85 Mo launched as first product in new**
SUSTAINABILITY FOCUSED portfolio

OCTOBER

Höganäs recognised as
ATTRACTIVE EMPLOYER
in Sweden

Improved underlying performance

We ended 2025 with a significant result improvement, continued progress on several sustainability indicators including our climate intensity targets, and with further scope for improved safety. Looking ahead, we aim to increase our pace of execution, guided by our curiosity about what drives value for ourselves and our customers.

Safety first. This year was the first that we included external contractors in our statistics. Everyone working on our sites deserves the same focus on safety. The Total Recordable Injury Frequency remained on the same level as last year, which in turn was half that of 2023. While there are reasons to be pleased with the improvement from 2023, we are not happy with this level. We can and must do better.

Therefore, we have put a lot of effort into establishing group-wide safety standards for each site to benchmark against. The first step is to identify and fill key gaps and then, over time, work to further raise the standards. A significant portion of our accidents, approximately one third, happens when we move around on our sites, in so-called in-motion-accidents. Here we have work to do in improving site safety but also helping each other to increase awareness.

Increased pace of execution

The aim of the organisational changes we made in 2024 was to increase our pace of execution and create a greater sense of ownership of our results, as well as an organisation that is more stimulating and engaging to work in.

The new organisation has settled in well and coupled with changes we have made in the result analysis and review process, I believe we are on the right track. We are starting to move faster. We test, fail, learn and try again. This way, we identify what works and what does not more quickly, which ultimately leads to improved outcomes and more positive customer interactions. For us to continue developing, curiosity about what drives our business in different situations, clear ownership of results and outcomes, and faster pace of execution are essential.

Marked result improvement

With that in mind, we delivered a result in 2025 that showed a marked improvement in underlying performance. Since the negative currency effect was offset by a positive inventory effect, the reported margin is at the same strong level as last year, despite lower customer demand for iron powder from both the Powder Metallurgy Technology (PMT) and Metal Consumables & Elements divisions (MCE).

Performance improved across most divisions, led by the Coating & Brazing Technologies (CBT) division through a better product mix, pricing and efficiency gains. Additive & Ceramic

Technologies (ACT) and MCE also delivered solid results. The PMT division was impacted by significantly lower volumes. Our startup division, Electro Magnetic Materials (EMM), remains loss-making, but we continue to invest and see strong long-term potential.

We are beginning to see early signs of a stronger market and are hopeful that this will translate into an upswing in the business cycle. Such a development would support our momentum in converting new applications to powder and introducing high-value products that improve productivity for our customers.

Thanks to our global footprint, we have been able to navigate the market turbulence and increasing regionalisation of world trade, while still identifying opportunities. I expect this to continue as there are many exciting growth areas for us to target. For CBT, the energy sector remains strong and is expected to stay that way, supported by AI-driven demand for electricity. There are also opportunities in batteries, not only for iron powders but also for surface coatings and ceramics. We will continue to convert applications in EMM and PMT, and there are several exciting areas where we are developing materials and approaching customers to drive growth.

Continued ambition

We have introduced the ***re***-portfolio as an umbrella name to help customers clearly identify products with verified sustainability benefits, and agreed on two customer contracts for near-zero iron powder. These are important initial steps towards the commercialisation of near- or net-zero materials. Even though the green transition appears to be progressing more slowly now, our ambition remains unchanged.

Our broader sustainability agenda is also unchanged. Many sustainability-driven improvements also make business sense, and the work to implement those will continue. For example, in 2025, we made continued progress on our Climate Roadmap and announced a SEK 300 million, five-year investment to introduce biochar in our sponge iron production.

On the social side, we see a clear improvement in gender equality which is very encouraging. The share of female co-workers has increased from 17 to 20 percent over the past couple of years, and 32 percent of our executive managers are now women. We have also seen several local initiatives related to both physical and mental health.

Our organisational change clarified responsibility and ownership for sustainability within our divisions and sites, and it is encouraging to see the many initiatives undertaken and improvements achieved across the company.

Digital tools

A key part of increasing our pace of execution is unlocking the potential in the data our systems generate. For this, we need the right digital tools. One interesting development is in the CBT division, where the time to develop new materials has been drastically reduced with the use of machine learning supported simulation. This makes it possible to explore business models with more customer specific and therefore higher-margin materials, which in turn would require increased production flexibility and so on. These opportunities are exciting to evaluate.

Positive outlook

By staying curious about what creates value for our customers and for us, taking ownership, and making decisions that drive progress, we are building a strong foundation for the future. With early signs of a stronger market visible, we can approach both the near and long term with confidence.

With that, I would like to thank our co-workers, customers, partners and owners for a good year. We are well positioned for the period ahead.

Henrik Ager
President and CEO

Thanks to our global footprint, we have been able to navigate the market turbulence and increasing regionalisation of world trade, while still identifying opportunities.

Focus ahead

- Consistent safety standards across all sites for employees and contractors remain a priority, with a clear ambition of zero harm.
- A simpler organisation, clearer ownership and faster learning cycles will continue to strengthen performance and engagement.
- Continued investment in near-zero materials, climate action and advanced technologies will support long-term competitiveness and the sustainability transition.

Quietly charging forward

While it may currently feel as though sustainability is losing momentum, many companies including Höganäs continue to push forward and translate sustainability into tangible business value. Beneath the shifting sentiment, the fundamental need to transition towards sustainable development remains as urgent and relevant as ever.

The current dip in sustainability sentiment has many contributing factors. Geopolitical tensions, competitiveness concerns, AI, and inflation, have all contributed in some ways to political resistance. In certain cases, this reflects a trend to deprioritise sustainability in favour of issues considered more urgent. In others, it unfortunately reflects opposition to the very concept of sustainability. Regardless of political or economic headwinds, scientifically proven negative impacts on people and the planet continue, underscoring the need for decisive action by the global community.

Responsible companies are therefore quietly shifting focus and approaching sustainability in a more mature way. Instead of showy targets set with communication and image in mind, the focus is more on risk management and value creation. This more pragmatic approach, that Höganäs applies, where sustainability is being integrated into core strategies, ensures that the transition will continue, albeit in a quieter, more business- and regulatory driven form.

At Höganäs, we are embedding sustainability as a part of our product and value proposition. This started with Life Cycle Assessments (LCA) and efforts to improve our products from a sustainability perspective. With the launch of our ***re-***portfolio, we are making these improvements more visible to customers. We are measuring the progress of our ***re-***products and have set division-specific targets, both for share of product launches and share of total sales.

On the regulatory front, there has been some turbulence, partly reflecting the political resistance that has emerged. With the stated ambition to decrease regulatory complexity, the EU Commission has proposed changes to a host of regulations and delayed their implementation. These include the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D).

Rather than losing valuable time and momentum while awaiting regulatory clarification, we chose to focus our transition efforts on what creates the greatest value for Höganäs. This includes the continued implementation of our Climate Roadmap, deeper integration of sustainability into our product offering, and process improvements such as our new responsible sourcing framework.

Although the publication of our first CSRD-compliant report was postponed, the preparatory work to implement the directive has helped us to better structure our sustainability efforts, and resulted in updated process descriptions, routines and instructions in our management system. This both increases internal efficiency and makes future assurance easier.

In this CSRD inspired report, we present the progress we have made since last year. The content reflects our tireless pursuit of our long-term sustainability targets and the creation of business value, to balance the costs brought by the transition with growth and profitability.

Catharina Nordeman
Vice President Group Sustainability, Höganäs AB

The scientifically proven negative impacts on people and the planet continue and must be addressed.

Strategy

HÖGANÄS » **INSIDE**

Surface coating from Höganäs improves wear and corrosion resistance and friction behaviour.

Our market
Value chain
Strategic priorities
Our divisions
Powder with sustainability benefits

Our market

Höganäs produces ceramic and metal powders and competes with both other powder suppliers and manufacturing techniques in a wide range of applications. The industry is affected by broad economic trends including the climate transition and the electrification it brings.

OUR INDUSTRY

Metal powders are the basis for powder metallurgy, a broad and versatile range of production techniques that can efficiently produce components with tailored properties and complex shapes*. The manufacturing of powders requires a range of techniques to achieve the desired properties, including solid state reduction, atomising, annealing and mixing. Efficient production and technically advanced products are keys to competitive advantages in the industry.

As the industry evolves, sustainability and resource efficiency play an increasingly important role. Advances in production methods aim to reduce energy consumption, minimise waste, and support circular material flows.

Digitalisation and automation are also transforming powder production, enabling higher precision, improved consistency, and data-driven control.

* https://www.epma.com/what-is-pm/ (accessed November 2025), hoganas.com

OUR PRODUCTS

Höganäs continuously develops and expands its range of ceramic and metal powders to help customers in multiple industries to increase efficiency, sustainability and performance.

The main driver for material innovation is the automotive industry, but Höganäs provides powder materials for a wide range of advanced applications. Surface coating enhances the durability of components; additive manufacturing (3D printing) enables the production of complex and lightweight structures for industries such as aerospace and medical technology; and soft magnetic composites support more efficient electromagnetic designs, contributing to the development of next-generation electric motors.

Höganäs' powders are used in the energy and fuel cell sectors such as in hydrogen production, fuel cell electrodes, and battery components. In pharmaceutical and healthcare, Höganäs' metal powders contribute to advanced formulations and manufacturing processes.

MARKET TRENDS

Höganäs has a broad end-market exposure and is therefore impacted by general economic development, including tariffs and geopolitical manoeuvring that are becoming more common. Conflicts in the Middle East could impact the availability and pricing of gas and oil, as well as transportation lead times.

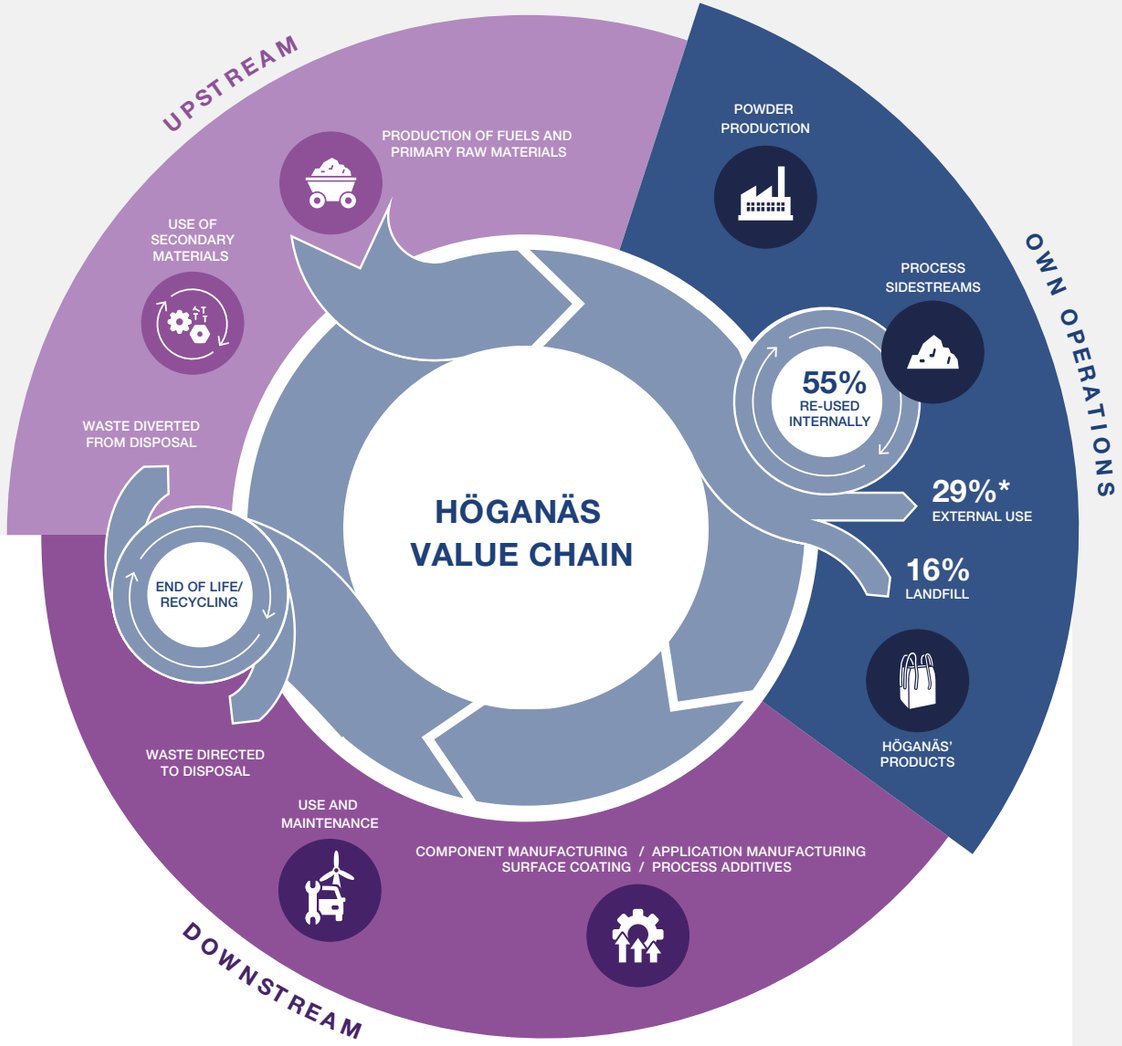
Strategic sustainability commitments from large corporations is progressively filtering down to operational decision making. In many geographies, especially in Europe, sustainability governance is increasingly becoming a requirement to bid for business. In parallel, resource efficiency, circularity, energy costs, and secure raw material supply are shaping customer requirements and industrial competitiveness.

Companies' net-zero targets and regulations are spurring development and demand in product categories such as electric vehicles, batteries for energy storage and lower emission production techniques.

Höganäs' commitment to high-performance, sustainable metal powder solutions aligns with these global shifts. This positions Höganäs at the forefront of the industry's transition towards a more sustainable business.

Value chain

Höganäs has a global value chain with customers in 75 countries, and 15 production facilities in 10 countries. We are committed to reinforcing positive impact related to our business while reducing the negative impact from activities throughout our value chain. We do this by for example choosing materials and production methods with lower environmental footprint, increasing circularity, and managing health and safety, human rights issues, and business ethics.



Upstream

Höganäs purchases both primary and secondary raw materials in the form of ferrous and non-ferrous metals, minerals, and reduction agents, in addition to indirect materials and services. The most significant industry found upstream is the metals and mining industry.

We had 426 suppliers (512) of direct materials and 5,897 suppliers (5,797) of indirect materials, transportation, and other services in 2025.

Own operations

We produce ceramic and metal powders at production facilities spread across Latin America, North America, Europe, India, and East Asia. Our production capacity is currently 500,000 tonnes of powder per year.

Process residuals, such as slag from production, are useful materials that are reused internally or used in other industries. The fractions not being repurposed, are sent to landfill or safe destruction.

We focus on understanding our customers' business and how they serve their customers. With deep expertise in powder materials, we collaborate closely with our customers to develop tailor-made powders that meet their exact requirements.

This commitment to co-creation has resulted in a broad and versatile portfolio of more than 3,500 products, serving applications across a wide range of industries.

Downstream

We have 3,000 customers in 75 countries. These are typically component or parts manufacturers that use processes such as pressing and sintering, surface coating and additive manufacturing.

The components are used in a broad range of products, including cars, aircraft, buses, refrigerators, heating equipment, cutting blades, turbines and lifts. Our most important end-market is the automotive industry where a significant part of our current business relates to the internal combustion engine.

*Volumes repurposed from internal mining to external use equivalent to 12 percentage points is included to reach the result of 96 percent usage rate.

HÖGANÄS INSIDE

Increasing collaboration in the value chain

Sustainability is important for automotive suppliers and will become more so. By collaborating directly with vehicle manufacturers, Höganäs can support their efforts and help increase the pace of progress in the industry.

"Automotive OEMs are prioritising sustainability and are placing clear demands on their suppliers in procurement processes. To qualify to bid on a request for quotation, suppliers must demonstrate robust traceability and, provide life cycle assessment data, greenhouse gas emissions reporting and much more," says Anna Nilsson, Market President Europe, Middle East and Africa at Höganäs.

Sustainability will increase in importance

The automotive industry, particularly in Europe, has been going through some challenging times due to lower demand. Together with geopolitical and other crises, this has contributed to reduced momentum of the green transition, but the direction still remains clear.

"Sustainability will only increase in importance. To continue making progress, the industry needs better coordination both within and across value chains. For example, the build-out of charging infrastructure must keep pace with electric vehicle adoption – and vice versa," says Anna.

Help to bridge gaps

Within the automotive supply chain, there are large OEMs with ambitious sustainability agendas and Science Based climate targets, and suppliers such as Höganäs who can match them. In between, there are many smaller suppliers that traditionally have been focused on cost.

"They might not have the capacity to manage sustainability fully, so there is a gap. By talking directly with OEMs, we can help bridge this," says Anna.

Collaboration is fundamental

One example of this relates to the European Emissions Standards*, first introduced in the early 1990s and that have seen successive tightening of emissions levels with each new edition. In the seventh update, Euro 7, limits are put on particulate matter emissions from brakes and tyres for the first time. The rules will be phased in over several years, beginning in November 2026 for passenger cars and light vans, and in May 2028 for trucks and buses.

"Many OEMs are currently testing new coating materials for brake discs, and we have been part of those discussions for years. It is far more effective when OEMs can specify the coating they want directly to their suppliers – and that is only possible through direct collaboration," says Anna.

Support customers' value proposition

More generally, direct contact helps Höganäs to gain insight into how OEMs want to manage their supply chains. It also gives Höganäs an opportunity to influence the OEMs by highlighting its own related progress and the opportunities for impact.

"In this way, we can support our customers in strengthening their sustainability value proposition. It creates an opportunity to integrate sustainability even further into purchasing processes and to drive positive impact across the industry," says Anna.

Anna Nilsson
Market President Europe,
Middle East and Africa, Höganäs

* https://single-market-economy.ec.europa.eu/sectors/automotive-industry/environmental-protection/emissions-automotive-sector_en

Strategic priorities

Guided by our vision to drive positive change through material innovation, our 2030 strategy aims to position Höganäs as the globally preferred partner for powders with sustainability benefits.

To achieve this objective, Höganäs is cultivating a strong culture of innovation focused on delivering value to our customers. Building on our deep expertise, we will continue to develop sustainable, efficient, and profitable solutions that create long-term value for our stakeholders and society.

Strategic focus areas

Four key strategic focus areas have been identified at Group level to drive the transformation of not only our own operations, but the entire value chain.

Develop world-class operations: We build a strong operational foundation through best-in-class safety, operational excellence and continuous productivity improvements. Enabled by digitalisation, strong performance management, and decarbonisation, we drive efficient and high-performing operations while fostering an agile culture that supports our ambition to become an employer of choice.

Grow the core: We strengthen our core businesses by reinforcing leading positions, broadening application penetration, and improving product and customer mix. Through innovation, enhanced offerings, and focused execution, we drive profitable growth in our established markets.

Build new growth engines: We develop new growth platforms in high-growth segments and applications, including e-mobility, battery and energy, aviation, and defence, as well as selected application extensions such as abrasives, iron fortification, and additives. Through new products, partnerships, and geographic expansion, we build scalable businesses that complement our core.

Expand into adjacencies: We selectively expand into attractive adjacent areas through acquisitions, partnerships, investments, and strategic projects. This broadens our market exposure, strengthens our portfolio, and future-proofs our industrial and commercial footprint.

Pillars

Underpinning all these efforts are four fundamental pillars that serve as the foundation for our operations. A strong health and safety culture ensures that our employees work in a safe and supportive environment. Our commitment to a sustainable transition drives our efforts to reduce our carbon footprint and develop responsible solutions.

Operational excellence remains a priority, with continuous improvements in efficiency and innovation ensuring that we remain competitive. Finally, our competence and capabilities drive our progress. By investing in our people, knowledge and technologies, we continue to build world-leading expertise that strengthens our position in material innovation.

HÖGANÄS INSIDE

Digitalisation potential realised step by step

Digitalisation, automation and AI have the potential to bring tangible benefits for customers and our internal operations. Höganäs works with a careful, step-by-step approach to realise them.

AI comes in many different forms. There is generative AI with the large language models that exploded onto the scene with the launch of Chat-GPT in 2022, and more traditional machine learning that has been around for longer.

"When it comes to generative AI, we are rolling out Copilot 365 in the organisation and training people on how and when to use it. We also have a pilot project for a Höganäs-GPT that has been trained on our technical documents. If it goes well, more co-workers will be able to quickly find the information they are looking for and serve our customers faster," says Anna Henriksson, CIO at Höganäs.

Personal protection and product development

Beyond generative AI, there are multiple AI projects brewing. One project in India connects AI with the video surveillance system to detect and warn if co-workers enter the production facility without the proper personal protection equipment on. Another project uses AI to shorten the time to market in product development.

"From parameters that we define, which is the properties that the product should have, the AI can simulate solutions that would have taken years of laboratory work to find out. It is a nice area, but that is how we approach this. Small-scale tests that we can expand if we get traction," says Anna.

Automation and connecting existing systems

Two focus areas closely connected are digitalisation and automation. Höganäs has several different IT systems that are used for production, human resources, purchasing, and accounting. A lot of work is focused on finding processes that require data to move between systems.

"Rather than adding systems, we want to make better use of the systems that we have by connecting them. We go about this process by process. For example, adding a supplier sooner meant sending an Excel sheet back and forth between accounting and purchasing and then manually entering information into the system. That is now automated. We are looking at both administrative and production processes in this way," says Anna.

Digital Product Passports

One process that is coming is the compilation of data for the EU's Digital Product Passports in 2027. While regulators have yet to decide exactly what datapoints must be included, preparations at Höganäs are under way working from a probable list.

"We collect data point by data point. Some are in our Enterprise Resource Planning or production systems, but there are also some in Excel files. A key question then becomes: who updates the file and where do they get the data?" says Anna.

Once the data has been identified and validated, steps to automate the process can be taken.

"Automation saves time, but the main benefit from improving our data and being a data-driven organisation is better decision making," concludes Anna.

Anna Henriksson
CIO, Höganäs

Our divisions

PMT

Powder Metallurgy Technology

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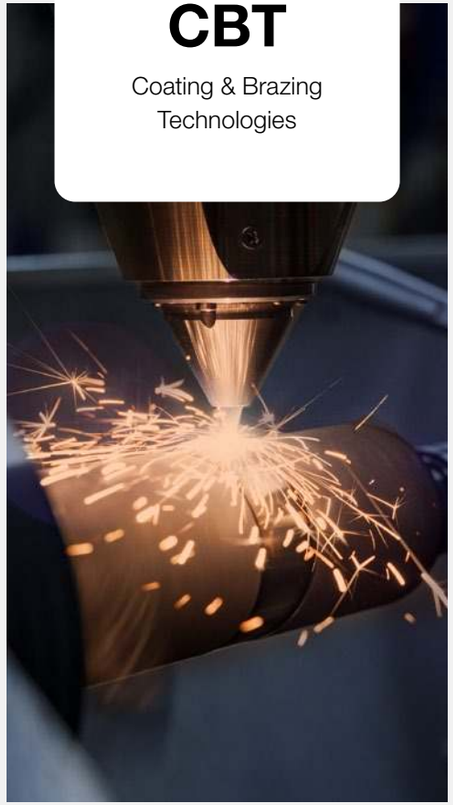
CBT

Coating & Brazing Technologies



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MCE

Metal Consumables & Elements

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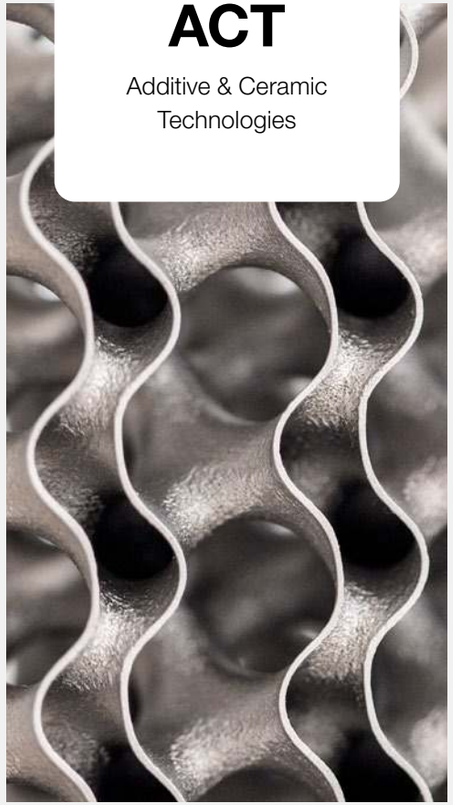
ACT

Additive & Ceramic Technologies



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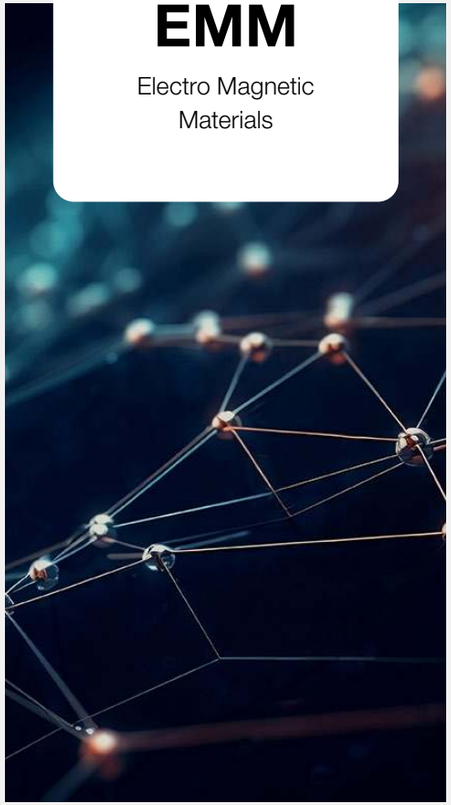
EMM

Electro Magnetic Materials



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PMT

Powder Metallurgy Technology

Products
Atomised iron, sponge iron, Astaloy® (pre-alloyed powders), Distaloy® (diffusion bonded powders), iron powders mixes

Applications
Gears, transmission, clutches, sprockets, variable valve timing (VVT) parts, shock absorbers, bearings, valve guides, batteries

Key industries
Automotive and e-mobility, energy and thermal management, processing industry

Key manufacturing technologies
Pressing and sintering, casting, sinter braze

Sustainability-related opportunities

Many customers in PMT's downstream value chain, such as automotive OEMs*, have set climate targets that have been verified by the Science Based Targets initiative and are committed to reducing greenhouse gas emissions, including in scope 3. As these ambitions translate into sourcing decisions, Höganäs is well positioned to help them navigate the transition.

Höganäs' current portfolio already offers a strong sustainable value proposition, based on recycled raw materials and the use of fossil-free energy, which leads to a reduced carbon footprint per kilo part for our customers.

Höganäs has launched a ***re-***portfolio with specified sustainability benefits *(see page 20-21).* The first product launched under the ***re-***prefix was ***re-***Astaloy 85 Mo that offers the same proven performance as its predecessor on compressibility, uniform microstructure, and hardenability, with a 14 percent reduction in product carbon footprint.

An opportunity we see, is the production of sponge iron products with near-zero carbon footprint by using biochar instead of fossil coal in Sweden. This led to a highlight when we signed two customers' contracts for the future near-zero sponge iron powder that is planned to be launched by the end of 2026. The contracts were signed with the components manufacturers Porite and Chin Chih Metal *(see page 40)*.

Division PMT's challenges

For customers to meet their scope 3 reduction targets, Höganäs needs to continue reducing its greenhouse gas emissions. While Höganäs' carbon intensity index scope 1 and 2 has successfully been reduced by 38 percent compared with 2018, a lot of work remains to be done. *(see page 35-38)*

In the short-term, the introduction of biochar as a reduction agent in the sponge iron process, scheduled for production start in 2026, provides challenges in modifying the manufacturing process and securing a reliable supply chain for biochar.

Mitigation of upstream scope 3, as well as developing and building a sustainable supply chain with access to scrap and sustainable direct reduced iron, are challenges. This requires further partnerships, which is an important part of PMT's research and development, supply chain, and operations strategies.

Current customer engagement and priorities

The needs of customers and partners vary depending on how far they have come in their sustainability journey. Some need the data to understand their starting point, whereas the more advanced partners are moving forwards and leveraging Life Cycle Assessment (LCA) development with Höganäs as part of the value proposition when pursuing new long-term business.

Being able to meet customers in these discussions and support them in their sustainable transition enables Höganäs to differentiate and build long-term supplier and customer partnerships.

* Original Equipment Manufacturer. Here it refers to vehicle manufacturers.

Andreas Jähnke
Division President
Powder Metallurgy Technology

Being able to support customers in their sustainable transition enables Höganäs to differentiate and build long-term supplier and customer partnerships.

CBT

Coating & Brazing Technologies

Products
Iron, nickel and cobalt based metals and alloys, including MCrAlY, zirconium, chromium, aluminium and titanium-based oxide powders, and tungsten, chromium and titanium-based carbide powders

Applications
Gas turbines, wind and hydro power turbines, fuel cells, electrolyser, landing gears, aero engines, brake discs, valve stems, hydraulic cylinders, boiler tubes, rolls, food processing equipment, gate and ball valves, mud motor rotors

Key industries
Energy, aviation, automotive, general industry including mining, construction, paper, print, steel, oil, gas

Key manufacturing technologies
Thermal spraying, laser cladding, Plasma Transferred Arc (PTA), welding, brazing

Sustainability-related opportunities

Surface coating is widely used across a multitude of industries and has many inherent economic and sustainability benefits that are expected to continue to drive growth in both established and new applications.

The primary sustainability benefit is the life extension of components. Longer lasting parts means reduced costs and impact from raw material extraction, manufacturing and transport. When the part reaches end-of-life, surface coating enables circular solutions such as remanufacturing by applying a new layer. It also supports lightweight designs, where cheaper or lighter substrates are protected by high-performance coatings.

Surface coating can also be part of sustainable maintenance programmes. Repairing or refurbishing of worn or damaged parts are relatively common practices in the aerospace, turbine and mining industries.

Finally, surface coating can also substitute hazardous processes such as hard chrome plating which involves toxic hexavalent chromium. Iron-based coatings are now widely used as more environmentally responsible alternatives.

Division CBT's challenges

The key challenge is to replace long-standing solutions with more sustainable ones. The surface coating field is one with very well-defined product specifications that allow for minimal changes in raw materials and production methods. Progressing from proof of concept for new solutions, through total cost of ownership considerations, to long-term sustainability impact requires cooperation along the value chain.

Substantial progress in reducing greenhouse gas emissions can often only be achieved by rethinking which powder solution is best suited for use. In this regard, the development of iron-based solutions to replace cobalt and nickel-based materials is one pathway Höganäs is pursuing. Another option is to adjust the production processes to accommodate secondary raw materials and recycled waste stream materials, while still meeting the product specification requirements. A third is to push new and more sustainable surface coating techniques, such as high-speed laser cladding, and offering best-fit powders for that.

Current customer engagement and priorities

The nature of discussions is highly dependent on the customer's position in the value chain. OEMs* in aerospace, power generation, automotive, and general industry have adopted their own, often ambitious, targets for reducing greenhouse gas emissions and increasing circularity. Höganäs has a strong position as supplier due to our ambitious sustainability agenda and our ability to help customers reach their sustainability targets by supporting them in new product development and by offering advanced solutions.

Coating service providers are still focused less on sustainability and more on total cost of ownership where product cost is a major constituent. The trend towards more sustainable and less hazardous materials is starting to get some traction though, as is the recycling of materials out of their own waste stream in the coating and treatment processes. This is closely linked to the limited availability of critical raw materials such as tungsten and rare earth metals.

* Original Equipment Manufacturer. Here it refers to companies that build machines and equipment consisting of different components and systems.

Louise Chen
Division President Coating & Brazing Technologies since 1 November 2025

The primary sustainability benefit is the life extension of components. Longer lasting parts means reduced costs and impact from raw material extraction, manufacturing and transport.

Hans Keller
Division President Coating & Brazing Technologies, until 31 October 2025.

MCE

Metal Consumables & Elements

Products
Atomised iron, sponge iron, glidcop, stainless steel, rhenium

Applications
Welding consumables, metal refining/alloying, brake pads, oxygen absorbers, hand and body warmers, abrasive tools, polymer filters, electronic components, soil and water treatment

Key industries
Construction, consumer goods, food and health, metals and mining, automotive, electronics, general industry

Key manufacturing technologies
Chemical, metallurgical and filtration

Sustainability-related opportunities

The MCE division caters to a range of industries with different levels of sustainability maturity. The steel and metal alloys industries are most ahead of the curve, driven both by demands from their customers in the automotive sector and the realisation that reducing greenhouse gas emissions is essential for long-term competitiveness. This is expected to translate into demand for materials and consumables with lower greenhouse gas emissions.

The friction industry also shows a high level of awareness around sustainability-related issues, which is at least partly driven by automotive customers. For Höganäs this means that demand for lower emission and more recyclable materials for brake pads will increase over time.

The aluminium industry and the oxygen absorber industry both cater to the food and pharmaceutical packaging industries where there has been a push towards lower environmental footprint packaging for some time. This will continue to drive long-term demand for more circular products with lower greenhouse gas emissions.

Division MCE's challenges

To capture the long-term opportunity in lower carbon footprint products, there are two main challenges. First, we need to increase our customers' awareness of the emissions reductions already achieved and clearly articulate the value proposition of these products. Second, we must continue to reduce emissions to further lower product carbon footprints towards near zero.

Both of these challenges are being addressed through a structured approach. The Group Sustainability and Operations teams have been cooperating in identifying and implementing projects that reduce our climate impact. This includes working with suppliers to help reduce their emissions.

Potential projects are also being discussed together with customers to conduct cross value chain LCAs and identify areas for emission reductions. These potential collaboration projects will also eventually help to scale up the contribution of the ***re-***portfolio in the MCE division.

Current customer engagement and priorities

Höganäs' commitment to sustainability and the progress we have already made in reducing greenhouse gas emissions, increasing circularity and improving social responsibility are appreciated by our customers. Some steel and metal alloys industry customers have also requested data on product carbon footprint and shown an interest in collaborating on Life Cycle Assessments.

However, given the nature of industries that MCE serves and the general business environment, our customers' top priority, currently remains ensuring business continuity and cost competitiveness.

Sunil Muralidharan
Division President
Metal Consumables & Elements

Our commitment to sustainability and the progress we have made in reducing greenhouse gas emissions and increasing circularity are appreciated by our customers.

Products
Nickel, titanium, aluminium, iron, copper, boron, and other ceramics and metal powders and pastes for additive manufacturing, fuel cells, and non-oxide ceramic powders

Applications
Airframe components, heat exchangers, automotive (camshafts, gears, drive wheels), gas turbines (burners, ducts, blades), airbags, and personal protective armour

Key industries
Fuel cells, aerospace, orthopaedic implants, heat exchangers, gas turbines, automotive, dental

Key manufacturing technologies
Additive manufacturing, powder bed fusion, directed energy deposition, binder jetting and cold spraying

ACT

Additive & Ceramic Technologies

Sustainability-related opportunities

Many of the opportunities are related to the inherent benefits of additive manufacturing. Building parts layer by layer instead of cutting away material as in traditional manufacturing naturally leads to less waste and better material efficiency. The flexibility in part design is the main advantage of this technology. In industries such as aerospace, the increased focus on fuel consumption and emissions during the product's life cycle supports the design of parts that are optimised for weight and energy efficiency. Industrial gas turbine producers are gradually implementing hydrogen as a fuel and therefore need to optimise cooling channels to manage higher operating temperatures.

Reuse and recycling of materials is another promising area. While additive manufacturing produces components close to net shape, it still generates some waste in the form of excess powder from customers' production. Using this as raw material for new powders is something that many customers are exploring not only for environmental reasons, but also to reduce cost. This requires adjusting the production process to some extent. To ensure consistent performance, the *Re*-AM recycling concept to take back and recycle powder, is currently going through qualification processes.

Ceramic powders for improving the energy efficiency of fuel cells, burners and electrolysers is another opportunity Höganäs is pursuing. Customer interest varies from region to region due to funding accessibility, with the strongest interest coming from Japan, China and the United States.

Division ACT's challenges

There are two big challenges, supply chain risks and technical barriers to recycling, that are intertwined.

The first is due to reliance on critical materials such as rare metals and ceramic precursors that often come from outside of Europe, and are sometimes exposed to geopolitical risk or export restrictions. Efforts to build a more local and circular supply chain are being explored but is hampered by the alternatives often being significantly more expensive.

The second is about access to the right quality of secondary raw materials and overcoming complex and energy-intensive recycling methods. This is not just about tweaking processes but rethinking a whole system to build a supply chain that is more resilient, circular and better aligned with the customers' sustainability goals.

Current customer engagement and priorities

Larger customers in aerospace, energy and automotive are deeply committed to sustainability but while they have set targets on net zero, circularity, and green manufacturing, they are also navigating tough trade-offs between cost, quality and sustainability.

Smaller customers are committed to sustainability as part of their customer focus, where larger customers within their value chains typically lead the way.

In ceramics, Höganäs customers are often energy-intensive manufacturers with high ambitions. Some want to switch to hydrogen-based energy, but since the investments required are substantial, it is not clear if those plans will move forward in the current economic climate.

Some European customers are increasingly viewing sustainability as a competitive advantage and a way to create market entry barriers.

Fabio Lodigiani
Division President
Additive & Ceramic Technologies

Building parts layer by layer instead of cutting away material leads to less waste and better material efficiency. The flexibility in part design is the main advantage of this technology.

EMM

Electro Magnetic Materials

Products
Soft magnetic powders and composites, uncoated and coated iron powders within the Somaloy® product family with unique 3D flux and low loss properties

Applications
Electric motors, inductors, axial flux motors, passive components, voltage conversion DC/DC reactors for hybrid and electric cars, electric chargers for plug-in and electric vehicles, cooling water pumps, other auxiliary actuators

Key industries
Automotive with focus on electric vehicles, light mobility, heavy duty and off-highway, general industry, home appliance, aviation, marine and robotics

Key manufacturing technologies
Pressing and heat treatment

Sustainability-related opportunities

Soft Magnetic Composites (SMC) offer compelling sustainability advantages in electric motor and passive applications that position them as strong candidates for next-generation components in electrified systems, especially where compact design and energy efficiency are critical.

The advantages include both reduced greenhouse gas emissions and increased recyclability. The carbon footprint of Höganäs' SMC materials is two to three times lower compared with traditional electrical steel sheets from a cradle to gate perspective*. Future and ongoing projects will show how the SMC materials can improve the carbon footprint in electrical motors from a life cycle perspective.

While traditional laminated steel stacks are difficult to disassemble and recycle due to adhesives and complex geometries, SMCs enable simpler component separation and material recovery. This positions them as a favourable option for future 'design for recyclability' strategies in electric motors.

Division EMM's challenges

Sourcing materials remains a key challenge since both the availability of consistent, low carbon footprint material, and the flexibility to substitute ingredients without compromising product properties, is limited.

Looking ahead, another emerging challenge on the same theme is the price and availability of high-quality scrap. Recyclability will play a central role in alleviating this. While SMCs are not yet widely recycled at end-of-life, their potential for disassembly and material recovery is promising. Motor designs that could enable easier separation and reuse are being explored, along with how collaboration across the value chain could be structured. These efforts are still in early stages, but they are essential to maintain material resilience while meeting sustainability targets.

In short, the challenges are not just technical, but also systemic. Addressing them will require cooperation, innovation, and a shared commitment to building a more circular and transparent supply chain.

Current customer engagement and priorities

Engagement on sustainability has grown noticeably, but it remains uneven. Many customers, especially in the automotive sector, express strong sustainability ambitions on a strategic level but are not yet consistently reflecting these ambitions in procurement decisions. Requests on LCA data and material sourcing information are becoming more common, but they are often driven by compliance needs rather than strategic intent. However, Höganäs' first LCA for SMCs has opened more constructive dialogues.

OEMs and Tier 1 suppliers face increasing pressure to demonstrate circularity and end-of-life responsibility and are exploring more sustainable motor architectures. SMCs are offering a pathway in that direction and while discussions are still exploratory, they do signal a shift to viewing sustainability as a design opportunity.

* Article 'CO2 evaluation in Life Cycle assessment in Electrical Machines' presented on IEEJ conference March 2025. Junichi Asama (Shizuoka University), Tomohira Takahashi (Mitsubishi Electric Corporation), Kensuka Sasaki (Nissan Motor Co., Ltd), Shuhei Sakima (Yaskawa Electric Corporation, Shojiro Naka (Daikin Industries, Ltd.)

Nils Bornemann
Division President
Electro Magnetic Materials

Soft Magnetic Composites are strong candidates for next-generation components in electrified systems especially where compact design and energy efficiency are critical.

The first product in the *re*-portfolio

HÖGANÄS INSIDE

The *re*-portfolio is an initiative to make it simpler for customers to identify exactly how Höganäs' products may support their sustainability targets. The first product launched out of the re-portfolio was *re*-Astaloy 85 Mo.

"It is a water-atomised steel powder that has been pre-alloyed with 0.85 percent molybdenum. The element molybdenum is a highly effective alloying element for enhancing hardenability for powder metallurgy material, which makes it ideal for applications that require high strength and wear resistance, such as gears or structural components in the automotive industry," explains Karen Han, Product Portfolio Manager, Alloyed Powder, Höganäs.

Reduced carbon footprint

To qualify for the ***re***-portfolio, products need to meet specified sustainability criteria and provide benefits according to at least one of our four sustainability principles: Net-zero emissions, Fit for circularity, Resource productive, and Safe and ethical.

"In the case of ***re***-Astaloy 85 Mo, it is produced in the same process as the regular Astaloy 85 Mo and has exactly the same properties when it comes to compressibility, microstructure uniformity and hardenability. But since we use biogas in the production process, we can show a reduction in product carbon footprint using the mass-balance approach," says Karen.

Strategic investment

For Höganäs, the cost associated with manufacturing products with improved sustainability performance is evolving with fossil-free energy and more sustainable raw materials. The aim is to broaden the re-portfolio, both when developing new products and when improving already existing products.

"It represents a strategic investment in future-proof material choices for both us and our customers. And it is a higher-value product for customers looking to reduce their scope 3 emissions. It is a win-win," says Karen.

Karen Han
Product Portfolio Manager, Alloyed Powder, Höganäs

Powder with sustainability benefits

While ceramic and metal powders have inherent advantages, their true sustainability performance is defined by their production. By driving measurable reductions in energy use, emissions, and resource consumption across our operations and key parts of the value chain, we create clear business value and deliver meaningful benefits for our customers.

The inherent benefits of our powder materials stem from powder metallurgy, which uses less material and energy per kilogram of finished product than competing production techniques*. In addition powder-based surface coating technologies that extend product lifespan and enhance performance by improving resistance to heat, wear, and corrosion. We build on these advantages by driving sustainability improvements across our own operations and throughout the value chain.

Three key enablers

We perform qualitative sustainability assessments as part of the start-up of all new pre-studies and projects for both product and process development, as well as in investment pre-studies and projects. Our sustainable product principles also guide our five divisions in identifying business opportunities and direction of product development.

In applying these principles, we have identified three key enablers.

1. **Market transformation**, where foresight into sustainability-driven market transformation guides the types of solutions we focus on developing.
2. **Conscious material selectio**n, where insights about impacts and sustainability requirements across the full life cycle are used.
3. **Constructive partnerships**, where our relationships with customers, suppliers and other actors are organised around what is needed to achieve our objectives.

Life cycle assessments

Capturing the commercial upside of the sustainability transition requires providing proof in the form of high-quality data on our products. To complement our qualitative sustainability assessment, we therefore use Life Cycle Assessment (LCA). All relevant flows of raw materials and energy during processing, as well as emissions, sidestreams and waste are taken into consideration as we develop detailed, product-specific cradle-to-gate environmental impact assessments.

Our plan is to cover all our core processes and products by 2027, working systematically to ensure harmonisation across sites and LCA practitioners. This plan remains on track, with activities being planned and executed across our operational sites throughout the year.

Customers, such as component manufacturers in the automotive supply chain, are approached to collaborate on LCAs, extending our cradle-to-gate assessments beyond our gate to include data on our customers' application of products. Our current ambition is to conduct two customer projects per year, which we have achieved in 2025.

Sharing sustainability data will be supported by the implementation of Digital Product Passports in the EU.

re-portfolio

In 2025, we launched the ***re***-portfolio as a way of highlighting products with tangible sustainability benefits for customers. To qualify for the ***re***-portfolio, the product must provide documented benefits in at least one of our four sustainability principles.

* https://www.epma.com/what-is-pm/ (accessed in November 2025)

We collaborate with our customers on LCA:s to support them in their climate transition.

Product sustainability principles

1) NET ZERO EMISSIONS
– eliminate dependence on fossil carbon sources and move towards net zero.

2) FIT FOR CIRCULARITY
– enable circular material flows throughout the value chain.

3) RESOURCE PRODUCTIVE
– efficient and effective solutions creating value for industry and society.

4) SAFE AND ETHICAL
– cause no harm to people or the environment throughout the value chain.

Sustainability Statement

HÖGANÄS » **INSIDE**

In-house metal 3D printing with Höganäs metal powders enables a faster a cheaper way to produce tooling in the energy industry.

Overview
Strategy
Sustainability Statement
Sustainability targets
Sustainability agenda
Environment
Social
Governance
Financial information

Sustainability targets

Sustainable development for Höganäs is financial strength and success built on environmental and social responsibility. Therefore, we have made a deep commitment to sustainability and to become the sustainability benchmark within our industry.

We make a difference through our ceramic and metal powder solutions and know-how. The inherent benefits of metal powders make us confident that they can and should play a much larger role in industry, driving innovation and enabling truly sustainable growth.

These are our main sustainability-related targets:

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

8.0 (7.0)

TARGET: 9.0 BY 2025 AND 7.0 BY 2026

WHY IS THIS RELEVANT? Care for our co-workers is at the heart of our values at Höganäs, and we are reducing injuries year by year.

FEMALE CO-WORKERS

20% (18)

TARGET: 20% FEMALE CO-WORKERS BY 2026

WHY IS THIS RELEVANT? Working to increase gender diversity in a male-dominated industry will contribute to a more productive and attractive work environment. We have reached our target for 2026.

SCOPE 1-2, CARBON INTENSITY INDEX*

62% (72)

TARGET: 0% BY 2030

WHY IS THIS RELEVANT? Limiting global warming is one of the most pressing issues of our time. Companies that first reach net zero in their own operations will have a competitive advantage. Our progress is in line with our Climate Roadmap.

SCOPE 3 UPSTREAM, CARBON INTENSITY INDEX**

99% (101)

TARGET: 70% BY 2030

WHY IS THIS RELEVANT? Reducing emissions in our supply chain will strengthen both Höganäs and our suppliers.

PROCESS RESIDUALS PUT TO USE

96% (82)

TARGET: 95% BY 2026

WHY IS THIS RELEVANT? Finding alternative uses for what would otherwise be treated as waste saves virgin materials and increases circularity. Development is going in the right direction.

On track Concern Deviation

* Carbon intensity index is based on total CO_2 emissions divided by produced tonnes of full value products and indexed on base year 2018 as 100%.
** Höganäs report scope 3 emissions in accordance with the GHG protocol: Category 1. Purchased goods and services, Category 2. Capital goods, Category 3. Fuel- and energy-related activities, Category 4. Upstream transportation and distribution, Category 5. Waste generated in operations, Category 6. Business travel, Category 7. Employee commuting

Sustainability agenda

Sustainability is at the core of Höganäs business strategy and integrated into the business plan. The sustainability agenda aims to secure the progress and competencies needed to enable implementation of the business strategy. It rests on strategic long-term objectives broken down into five focus areas.

Target and priorities setting follows an annual cycle based on the double materiality analysis that is reviewed and updated every year. Targets and priority areas for the coming years are updated as needed and presented to the divisions for integration into their business plans. Progress towards targets and actions are then followed up regularly. Supporting the work are policies, guidelines and instructions that are integrated into Höganäs' management system. *See the Governance section on page 59 for more information.*

Climate

Net-zero operations – net-zero emissions in scope 1–2 by 2030 through implementation of activities in the Climate Roadmap and innovative process technology.
Connected to topic: Climate change

Decarbonise supply chains – 30 percent reduction in upstream scope 3 emissions by 2030 and net zero by 2037 through a systematic approach, using more scrap and sourcing raw materials with lower carbon footprint.
Connected to topic: Climate change and Circular economy

Environment

Pioneering sustainability performance – Excelling in reducing environmental impact from production, waste management, and chemicals use, and supporting the ecosystem through biodiversity action plans. Best practice in transparent sustainability reporting.
Connected to topic: Climate change, Circular economy, Biodiversity, Water, Pollution

Products

Capture commercial upside of the sustainability transition – Leading the industry through LCAs and offerings with quantified sustainability benefits. *See the Powder with sustainability benefits section on page 21 for more information.*
Connected to topic: Climate change, Circular economy, Pollution

Workplace

A safe and attractive place to work – Fostering a strong health and safety culture where awareness and safe working practices drive us towards zero accidents. We embed diversity and inclusion in everything we do.
Connected to topic: Own workforce

Society

Business conduct and Responsible sourcing – Industry leader in responsible sourcing by excelling in managing social and environmental aspects in the value chain.
Connected to topic: Governance, Workers in the value chain, and Affected communities

Höganäs' Sustainability agenda consists of five focus areas;
Climate, Environment, Products, Workplace and Society.

Impacts, risks and opportunities

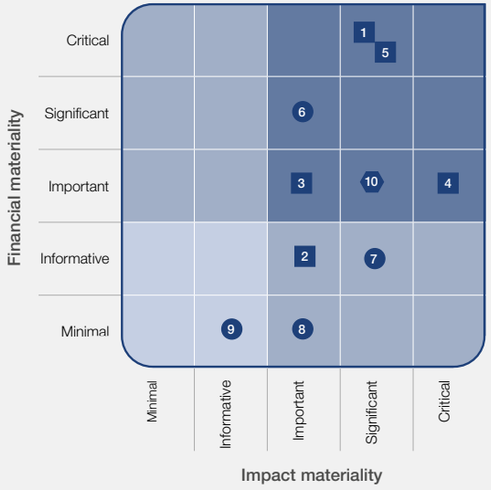
Höganäs' material impacts, risks and opportunities identified in an updated Double Materiality Analysis for 2025 are presented in detail on the following pages. The most material impacts, risks and opportunities relate to the negative effects of our own operations on the climate and are also closely connected to our use of primary materials. These material impacts highlight the potential of climate mitigation activities and circular business models to increase positive impacts and reduce negative ones. Circular business models are closely connected to our value chain, in particular the use of primary material, highlighting the potential of circular business models to boost positive impacts and reduce negative impacts.

Our Double Materiality Analysis was first performed in 2023 and is reviewed annually. The result is that nine out of the ten topics in the European Sustainability Reporting Standard (ESRS) are material for Höganäs. In the 2025 review, there were slight adjustments to four topics compared with 2024: Biodiversity, Water, Pollution, and Business Conduct.

Biodiversity increased in financial materiality due to increased focus from stakeholders and legislative demands, as well as expected cost increases for mitigating activities. It is now double material.

Water and pollution also increased in financial materiality due to higher risks of disturbances and increased costs related to climate change and extreme weather events. This year's assessment also showed increased business risks and costs related to substitution of raw materials and chemicals. Water is now classified as double material, while pollution is classified only as material.

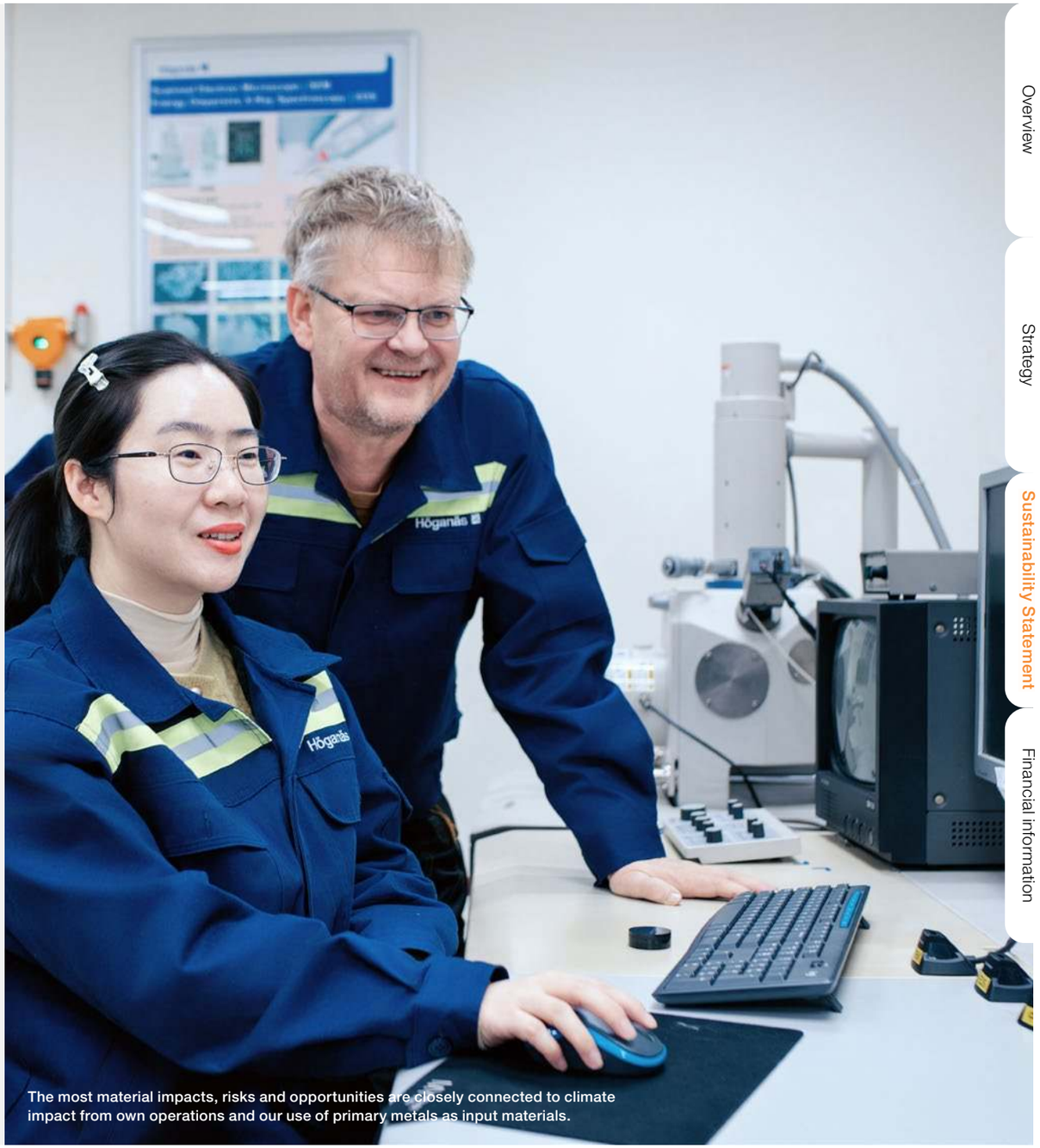
Business Conduct increased in impact materiality due to increased focus from stakeholders and legislative demands. The supply chain mapping exercise, *detailed on page 57-58*, and applied risk filters, also showed a need for action. At the same time, the financial materiality was assessed as lower, due to a re-evaluation of estimated financial risks. The topic is no longer double material, only material.



1. Climate change
2. Pollution
3. Water and marine resources
4. Biodiversity and ecosystems
5. Resource use and circular economy
6. Own workforce
7. Workers in the value chain
8. Affected communities
9. Consumers and end-users
10. Business conduct

- Environment
- Social
- Governance

- Double material
- Material
- Not material



The most material impacts, risks and opportunities are closely connected to climate impact from own operations and our use of primary metals as input materials.

Climate

Type of IRO	IRO	Value chain	Time horizon	Description
Climate change mitigation				
Actual Negative Impact	Scope 1 emissions	Own operations & value chain	Short- to long-term	Höganäs emits greenhouse gases in scope 1 from use of carbon containing process materials such as coke, anthracite, limestone, and graphite electrodes, as well as natural gas.
	Scope 2 emissions	Own operations & value chain	Short- to long-term	Greenhouse gas emissions from purchased energy produced with fossil fuels. Since 2023, these are close to zero.
	Scope 3 emissions	Value chain	Short- to long-term	Upstream value chain emissions originate primarily from the production and transportation of raw materials. Downstream emissions are not yet quantified but contain energy intensive processes such as pressing and sintering, surface coating and additive manufacturing.
Risk	Transition cost	Own operations & Value chain	Short- to medium-term	The investments and costs required to reduce or eliminate emissions from processes and transports are significant and may not be fully offset by current revenue streams.
	End-markets	Own operations & Value chain	Short- to medium-term	The phase-out of the internal combustion engine and phase-in of battery electric vehicles will impact volumes and product mixes.
	Geopolitics	Own operations & Value chain	Short- to medium-term	Political restrictions may lead to disruption of markets and trading and lead to price increases for raw materials and transportation.
	Raw material pricing and availability	Own operations	Short- to long-term	There may be higher costs for scrap and primary raw materials with lower carbon footprint, a lack of suitable materials, and/or increased competition for secondary materials leading to shortages.
Opportunities	First mover advantage	Own operations	Medium- to Long-term	Höganäs' ambition to lead the industry and become the first supplier to meet customer demand with near-zero greenhouse gas emissions powders that can increase sales.
	Automotive electrification	Own operations	Short- to long-term	Developing and offering products that support the climate transition in other industries, such as the electrification of the automotive industry, can create new revenue streams and strengthen Höganäs' market position.
	Sales awareness and selling points	Own operations	Short- to long-term	Increased awareness and use of selling points within the sales organisation when offering sustainable products and solutions can increase revenues and strengthen margins.
Energy				
Actual Negative Impact	Energy use	Own operations	Short- to long-term	Energy intensive production processes in our own operations.
Risk	Energy prices and availability	Own operations	Short- to long-term	Availability and price of energy, biogas and fossil-free electricity might fluctuate due to political or geopolitical reasons and cause increased costs or downtime in our own production.
Opportunities	Energy efficiency	Own operations	Short- to long-term	Working systematically to increase energy efficiency will lower our costs.

Pollution

Type of IRO	IRO	Value chain	Time horizon	Description
Pollution of air				
Actual Negative Impact	Stack and fugitive emissions	Own operations	Short- to long-term	Stack and fugitive emissions to the air from our operations may affect air quality and may also accumulate in soil and water.
	Emissions from mining, metals and minerals industry	Upstream	Short- to long-term	High risk of air emissions from mining, metals and minerals industry if not managed properly.
Pollution of living organisms and food resources				
Potential Negative Impact	Pollution affecting agriculture	Upstream	Short- to long-term	Mining operations can lead to land-use changes that displace agricultural activities and may degrade farmland and grazing areas through environmental impacts.
Pollution of water				
Actual Negative Impact	Substances discharged to water	Own operations	Short- to long-term	In water atomisation, water is in contact with metals, mostly iron. The water is purified and recirculated into the process. When the concentration of impurities becomes too high, some water is, after treatment, bled into the recipient and fresh water is withdrawn to dilute the concentration.
	Drainage and leakages	Upstream	Short- to long-term	The mining industry can have significant impact on water due to tailings, leakages, acid rock drainage, disturbance of the hydrological cycle, and rainfall spreading pollutants.
Pollution of soil				
Actual Negative Impact	Spills and leakages	Upstream	Short- to long-term	Mining activities have inherent significant impact on soil due to spills, leakages and handling of tailings with high content of metals and other residuals.
Substances of concern and very high concern				
Actual Negative Impact	Use of Substances of Concern	Own operations	Short- to long-term	We use Substances of Concern in both production and additives/ alloys in metal powders.
Potential Negative Impact	Chemical use	Upstream	Short- to long-term	Potential risk of improper handling of hazardous chemicals (substances of concern and very high concern) if legislative frameworks and controls are not in place.

Water and marine resources

Type of IRO	IRO	Value chain	Time horizon	Description
Water consumption				
Actual Negative Impact	Water consumption and dependency in mining	Upstream	Short- to long-term	Water is used in almost every stage of the mining process, which contributes to increased severity and/or frequency of droughts.
Water withdrawal				
Risk	Cooling systems in areas of extreme heat	Own operations	Short- to medium-term	Some of Höganäs' sites are in areas with elevated risks from extreme heat. Warmer water and shortages may impact operational efficiency and increase operating costs.
Water discharge				
Risk	Water discharge and permit requirements of atomisation	Own operations	Short- to long-term	New environmental permits may require investments in water treatment facilities.

Biodiversity

Type of IRO	IRO	Value chain	Time horizon	Description
Direct impacts on drivers of biodiversity loss				
Actual Negative Impact	Climate change	Upstream, Own operations	Short- to long-term	Greenhouse gases emissions in our upstream value chain and our own operations contribute to biodiversity loss.
	Habitat loss	Upstream, Own operations	Short- to long-term	Change in land and water use both in the mining industry upstream and in our own operations (even though Höganäs' operations have been established in the same areas for a very long time) contribute to habitat loss and diminished space for flora and fauna. Upstream mining activities also contribute direct exploitation of species, meaning that they cannot reproduce and survive in affected areas.
	Nature degradation through pollution	Upstream	Short- to long-term	Mining activities can pollute through leakages of toxic pollutants, dust clouds, and mineral deposition.
Impacts on the state of species				
Actual Negative Impact	Loss of habitats due to land use	Upstream	Short- to long-term	The mining industry impacts through pollution and land use.
Impacts on the extent and conditions of ecosystems				
Actual Negative Impact	Changes to landscape and pollution	Upstream	Short- to long-term	The mining industry impacts through pollution and land use.
Direct impact drivers of biodiversity loss				
Risks	Exploitation driven by market pressures	Upstream	Medium-term	Market demands and economic pressures might drive exploitation of scarce resources and unsustainable practices, for example for rare earth metals, wood for biochar, and certain alloying elements. Legal restrictions to prevent biodiversity loss may prohibit certain materials which can lead to increased costs or limited access to raw materials.

Resource use and circular economy

Type of IRO	IRO	Value chain	Time horizon	Description
Resource inflows, including resource use				
Actual Negative Impact	Use of finite resources	Upstream	Short- to long-term	A significant share of the resources Höganäs uses are extracted from the earth's crust, and regarded as finite. The extraction of these materials has significant environmental impact.
	Toxicity in humans and nature	Own operations	Short- to long-term	Höganäs uses hazardous substances that have negative impacts on human health and the environment if not handled correctly.
Actual Positive Impact	Substitution of finite resources	Upstream, Own operations	Short- to long-term	Most materials handled by Höganäs are secondary materials. By using scrap and secondary materials, the impacts from using primary materials are reduced.
Risk	Limited access to secondary materials and high-quality scrap	Upstream, own operations	Short- to long-term	There may be limited access and/or price increases for secondary materials and high-quality scrap, due to higher demand related to the steel industry's transition from blast furnaces to hydrogen-reduced iron.
	Inability to secure supply of biochar	Own operations	Short- to long-term	Inability to secure a sufficient supply of biochar due to immature value chain. Strong demand for biofuels and biochar might lead to high prices and cost increases compared with using fossil fuels.
Opportunity	Secondary biomass sources	Upstream	Medium- to long-term	Biochar costs would be reduced if waste from sawmills, pulp and paper, textile and agricultural residuals could be used to a greater extent.
Resource outflows related to products and services				
Actual Negative Impact	Obstruction to recycling	Downstream	Short- to long-term	Products with certain alloying elements, for example copper, may be hard to recycle or require a lot of processing to recycle.
	Resource loss	Own operations	Short to long-term	Höganäs' operations produce around 120-130 kilotonnes of process residuals annually, of which some 80 percent is used either internally or externally. What is not used is sent to landfill.
Actual Positive Impact	Resource efficiency	Own operations, Downstream	Short- to long-term	Reuse of process residuals internally and externally reduces the need for primary raw materials.
	Resource efficiency	Downstream	Short- to long-term	Powder metallurgy is resource and energy efficient compared with other production techniques. Several of Höganäs' products, especially surface coatings products, inherently contribute to increased end-product durability and repairability.
Risk	Legislative demands	Own operations	Short- to long-term	There may be challenges related to choice of raw materials and development of new products that comply with legislative demands. New regulatory demands such as Digital Product Passports might increase administrative costs.
Opportunity	Product development	Own operations	Short- to long-term	Develop products for more efficient production methods, for customer applications that are more durable, repairable and reusable.

Type of IRO	IRO	Value chain	Time horizon	Description
Waste				
Actual Negative Impact	Process residuals to landfill	Own operations	Short- to long-term	Around 20 percent of process residuals are sent to landfill.
	Hazardous waste	Own operations	Short- to long-term	Around 7-9 percent of Höganäs' non-process waste is classified as hazardous and consists of construction material, chemicals, organic substances, and filters that are sent to recycling, recovery or incineration.
	Extractive industry residuals	Upstream	Short- to long-term	Mining for metals and reduction agents and extraction of fossil fuels have significant environmental impact, including generating waste such as rock, tailings and slag.

Own workforce

Type of IRO	IRO	Value chain	Time horizon	Description
Working conditions				
Actual Negative Impact	Work-related ill-health and injuries	Own operations	Short- to long-term	Our production processes cause high-risk exposures, such as moving machinery, hot surfaces, heat stress and exposure to gases and harmful substances. If not managed properly, this can result in work related ill-health and injuries.
Actual Positive Impact	Just labour terms	Own operations	Short- to long-term	Collective bargaining leading to terms that are just and agreed upon by both employer and employee representatives may advance equality, foster inclusion, and contribute to narrowing the gender pay gap.
	Diversity	Own operations	Short- to long-term	Höganäs is committed to promoting diversity. This has a positive influence on business performance, employee engagement, attraction, group dynamics, creativity, problem-solving and decision-making. It also broadens the talent pool and increases access to competence.
Risk	Serious workplace accidents or illness	Own operations	Short- to long-term	Serious workplace accidents and ill-health might lead to an immediate stop in production. In the long run, it could lead to higher employee turnover, increased costs, and a bad reputation. It could also result in legal action.
Opportunity	Communication	Own operations	Short-to long-term	Good communication reduces risks of conflict and improves productivity. It also improves working conditions and increases both co-worker job satisfaction and our attractiveness as an employer.
	Safe workplaces	Own operations	Short-to long-term	Well-managed safety routines reduce the risk of our employees being injured. A strong safety record may become a competitive advantage in recruiting employees and attracting customers.
	Scheduling	Own operations	Short-to long-term	Successful management of scheduling and working hours to our co-workers' benefit will strengthen our employer brand and reduce the cost related to employee turnover.
Other work-related rights				
Risk	Data breaches	Own operations	Short-to long-term	Breaches of personal data access could lead to significant fines. Ransomware and similar or sharing of data with unauthorised personnel could lead to significant costs for restoring data and system security.
Equal treatment and opportunity for all				
Actual Positive impact	Diversity	Own operations	Short-to long-term	Diversity levels the playing field and ensures everyone is provided with opportunities to develop and advance. It has a positive influence on productivity and employee satisfaction and also broadens the talent pool and access to competence.
Opportunity	Career development	Own operations	Short- to long-term	Personal development and fulfilment are some of the strongest forces to motivate, attract and retain co-workers.

Workers in the value chain

Type of IRO	IRO	Value chain	Time horizon	Description
Working conditions				
Potential Negative Impact	Adequate wages in high-risk countries	Upstream	Short- to long-term	Indirect impact on workers in the value chain, where inadequate wages may lead to excessive working hours, lack of work-life balance, stress, burnout, and injuries.
	Freedom of association at risk	Upstream	Short- to long-term	Indirect impact through suppliers in risk countries where freedom of association and collective bargaining are not always offered and even restricted by law, and where social dialogue and works councils are not part of normal company practices.
	Hazardous working conditions	Upstream	Short- to long-term	Production of some raw materials involve health and safety risks which may include fatalities.
Equal treatment and opportunity for all				
Actual Negative Impact	Diversity in the mining and metals industry	Upstream	Short- to long-term	Höganäs' supply chain consists mainly of male dominated industries. However, many companies in the mining and metal sectors are actively focusing on diversity and avoiding biases.
Potential Negative Impact	Unjust labour terms, discrimination and harsh treatment	Upstream	Short- to long-term	All workers in the value chain may not receive equal pay for equal work or have access to training and skills development. Workplaces may also not be inclusive to people with disabilities.
Other work-related rights				
Potential Negative Impact	Forced labour and child labour	Upstream	Short- to long-term	Forced labour and child labour could potentially occur in the supply chain. Systems to identify risks related to working conditions are in place, and supplier evaluations and in-depth sustainability dialogues could mitigate the impact and/or generate positive impact.

Affected communities

Type of IRO	IRO	Value chain	Time horizon	Description
Communities' economic, social and cultural rights				
Potential Negative Impact	Relocation of people	Upstream	Short- to long-term	Mining operations may need to relocate people in connection with claiming new land areas when starting or expanding an operation. This might lead to conflicts and people not getting properly compensated.
	Land use	Upstream	Short- to long-term	Land claimed for mining could prevent other uses such as agriculture or grazing, and the influx of workers and increased industrial activity can strain local infrastructure and services. Pollution and excessive water use could potentially degrade nearby land and negatively impact the health and safety of people in surrounding communities.
Rights of indigenous peoples				
Potential Negative Impact	Violations of people's rights	Upstream	Short- to long-term	Not obtaining free and informed consent from local communities prior to industrial expansion, or opening new production facilities and mines may impinge on indigenous people's right to self-determination.
Communities' civil and political rights				
Potential Negative Impact	Conflicts related to mine openings or expansions	Upstream	Medium- to long-term	Expansion or opening of new mines can cause conflicts with local communities.

Business conduct

Type of IRO	IRO	Value chain	Time horizon	Description
Corruption and bribery				
Potential Negative Impact	Corruption	Own operations, Value chain	Short- to long-term	Höganäs has a complex supply chain and operations in countries with an elevated risk of corruption. To minimise potential negative impact in the value chain, incident reporting is open to use both by own co-workers and business partners.
Management of relationships with suppliers				
Risk	Compliance costs	Own operations	Medium- to long-term	New legislation such as CSDDD and CSRD may lead to increased costs for monitoring supplier impacts and could lead to increased costs for raw materials.

Double materiality assessment methodology

Stakeholder	Engagement
Höganäs' board	Board meetings, audit committee meetings and ad hoc dialogues as needed.
Owners	General meetings and representation on Höganäs' board (see above).
Customers and customers' customers	Continuous customer dialogues and semi-annual customer surveys.
Suppliers, workers in the value chain	Frequently recurring interviews and evaluations, supplier questionnaires and, in the future, supplier audits.
Financial institutions	Regular contacts.
Co-workers	Employee surveys, performance evaluations and discussions, team meetings, and forums with union representatives.
Union representatives	Board meetings, negotiations, works councils, and continuous dialogues.
Potential co-workers	Trainee programmes and employer branding towards relevant university graduates.
Local authorities	Regular contacts as part of local engagement and development committees, and as required to fulfil legal obligations.
Neighbours	Public consultation meetings and information through the official website, social media, participation in public debate, and open day-events.
Local communities	Partnerships through non-profit projects and contributions through in-kind and monetary support.
Industry organisations	Active participation in organisations' programmes.
Academia	Research projects and various partnerships.
NGOs (Non-Governmental Organisations)	Various partnerships.
Nature	Silent stakeholder, although Höganäs continuously assesses its impact.

Our double materiality process follows the steps described below. It is reviewed each year to account for updated stakeholder dialogues and other contextual information, such as deep dives into different topics to better understand Höganäs' impacts and dependencies, and the risks and opportunities that may follow.

Understanding the context

Our activities and business relationship throughout the value chain as well as contextual information, such as regulations and geographical location, were analysed to identify stakeholders and impacts. Special attention was paid to determine impact hotspots.

In identifying risks and opportunities, impacts and dependencies on environmental and human resources were considered. From this, together with a benchmarking against relevant peers, a long list of potentially material impacts, risks and opportunities was developed, including location in the value chain and time horizon for the impacts. Previous materiality assessments, desktop research, workshops with and information from relevant subject area experts within Höganäs as well as from stakeholders, were all inputs to the process.

Stakeholder engagement

We regularly engage with our stakeholders to inform ourselves of their expectations. Our stakeholder engagement plan ensures that all relevant stakeholder groups are recognised according to their needs at least every third year. The selected stakeholder groups in 2025 were customers, suppliers, board members, and owner representatives, using engagement methods such as dialogues, interviews and questionnaires. The information and views gathered are considered as we work to reach our business and sustainability targets.

While expectations and the form of relationship differ from stakeholder to stakeholder, good communication and understanding of each is necessary for the long-term health of our business.

Scoring

Working from the long list of topics derived from previous steps, each topic was assessed for impact and financial materiality.

Impact materiality

Actual negative impacts were scored on their severity, which includes the factors scale, scope and irremediability. Positive actual impacts, were assessed on scale and scope only, as irremediability is not applicable. For potential impacts, the factor likelihood was also assessed. When assessing potential negative impact on human rights, severity took precedence over likelihood.

Financial materiality

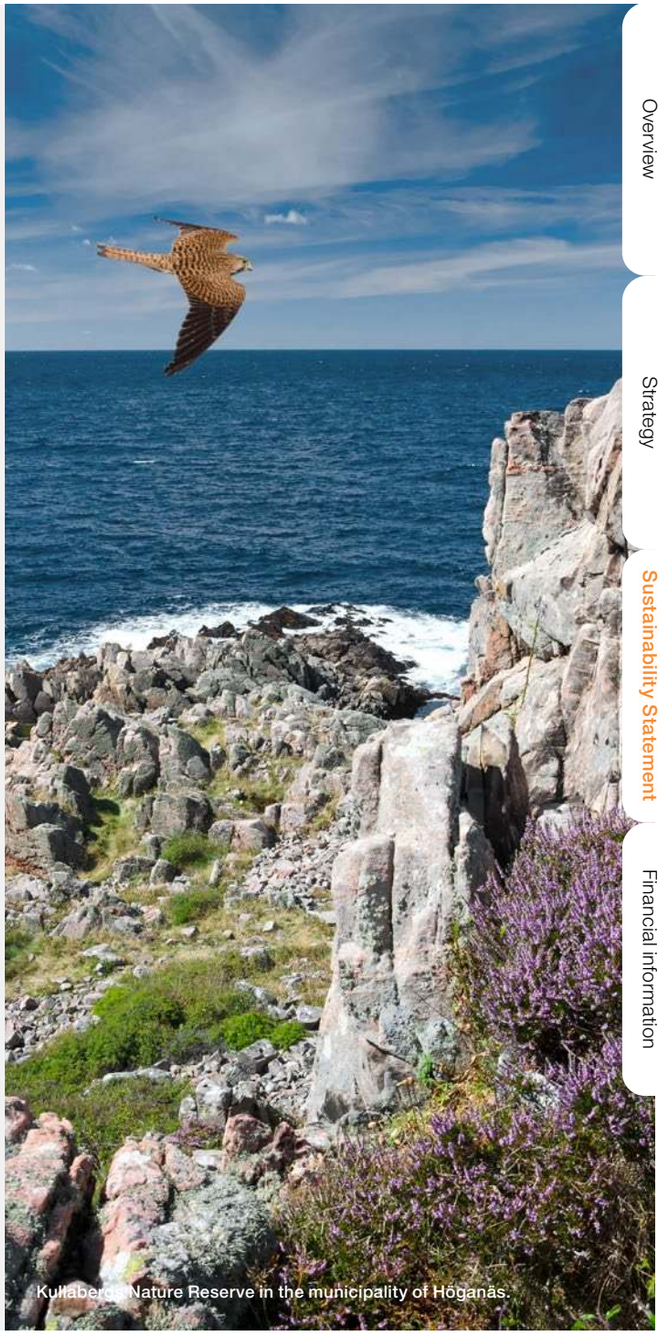
Risks and opportunities were scored on factors likelihood and magnitude of the financial effects, in the short-, medium- and long term. Sustainability risks are integrated into the Group's Risk Management Framework, following the same scales and thresholds as other risks included in the framework.

Thresholds

Each factor was scored on a pre-defined 1 to 5 scale. The results were tallied to classify each impact, risk and opportunity on a five-step scale: minimal, informative, important, significant or critical. All impacts, risks and opportunities (IRO) classified as important or above were deemed material.

Validation and approval

The scoring of material impacts, risks and opportunities was validated by the Group Management and approved by the Board of Directors.



Kullaberg Nature Reserve in the municipality of Höganäs.

Governance

Responsibility for sustainability-related matters lies with the Board of Directors (BOD), the company's highest governing body. The operational work is delegated through the CEO, who the BOD appoints, to Group Management and from there further down in the organisation.

The Vice President Group Sustainability and the Group Sustainability Function support the identification, development and implementation of sustainability-related targets and objectives throughout the organisation. Group Sustainability hosts several cross-functional working groups to ensure sharing of knowledge and best practices, policy compliance, and progress towards set targets.

This work is supported by a yearly cycle that covers two workstreams: one related to reporting and the production of the Annual Report; and one to systematically cover the annual review processes of targets, action plans, stakeholder dialogues and double materiality analysis required by CSRD and to drive improvements.

Highlights include the communication of input to the Divisions' business plans and a Group Management review of sustainability objectives in September-October. The BOD approves the business plans and receives regular updates on progress towards set targets and discusses them at each BOD meeting. In April each year, Group Sustainability also presents an in-depth review of the past year's sustainability performance, as well as future plans and changes based on stakeholder dialogues and impacts, risks and opportunities. If there is a need, part of the presentation may include education on specific topics.

Sustainability risks are integrated into the Group's Risk Management Framework – *see more on page 69*. Relevant policies, certifications, and legal statements are available at www.hoganas.com

Group Management is covered by an incentive scheme based on operating profit and sustainability-related targets – see *page 71 in the Board of Directors' report for information.*

Höganäs works with due diligence to ensure that negative impacts on human rights, climate, and environment in the value chain are identified and proactively managed. The company follows the recommended steps in the OECD's Due Diligence Guidelines for Responsible Business.

Name	Relevant for chapters	Scope
Code of Conduct	Own workforce	Höganäs
Supplier Code of Conduct	All chapters except own workforce	Suppliers and subcontractors
Environmental and Climate Policy	All E-chapters	Höganäs
Occupational Health and Safety Policy	Own workforce	Höganäs
Anti-bribery Policy	Business conduct	Höganäs
Conflict Minerals and Cobalt Policy	Workers in the value chain and Affected communities	Höganäs, suppliers and business partners
Responsible Sourcing Policy	All chapters except own workforce	Höganäs
Trade Compliance Policy	Business conduct	Höganäs
Data Protection Policy	Own workforce	Höganäs

Board procedures, selection and evaluation

Members of the BOD are appointed by the General Meeting and proposed by the Nomination Committee, which consists of representatives from the owners. The Nomination committee meets annually or as needed to evaluate the BOD's work and its composition. Input to the Nomination Committee comes from the annual evaluation of the BOD that is led by the Board Chair. Board members' competences on sustainability matters are part of the criteria assessed by the Nomination Committee.

The BOD's Rules of Procedure require members to inform the Chair about circumstances that may affect either their personal interests or those of a company with which they have an affiliation, and not to participate in handling such matters. This obligation to refrain from involvement has no influence on the requirements for a quorum when passing resolutions. Board members are also obliged to declare engagements with any company other than Höganäs.

Business dealings between the company and governing bodies or related parties are to be conducted on the same terms and conditions as with independent third parties.

Guiding documents

Our sustainability governance is based on internationally agreed principles and objectives such as the UN Sustainable Development Goals and the 10 Principles of the UN Global Compact, as well as national and regional legislation. In addition, the Höganäs vision, Team Höganäs - our blueprint for building a winning organisation, as well as our Code of Conduct, guide us on how to act in different situations.

Governance documents

Höganäs' governance documents detail our commitment and describe processes and rules for managing our impacts, risks and opportunities. Below is a list of the most pertinent documents, the chapters they are relevant for, owner, and international standards they reference.

Basis for preparation

This report presents the sustainability performance of Höganäs Holding AB (Höganäs Group hereinafter defined as the Group) in 2025. It has been approved by the Höganäs Board of Directors.

The report has been inspired by CSRD (Corporate Sustainability Reporting Directive) but is not compliant with it. The content has as much as possible been structured and aligned with ESRS (European Sustainability Reporting Standard) and is in accordance with the Swedish Annual Accounts Act's (Årsredovisningslagen) requirements for disclosure of non-financial information.

The report covers material impacts, risks, and opportunities in the Höganäs value chain, see pages 25-30, and the company's management of them. Value chain metrics that include estimations are limited to scope 3 greenhouse gas emissions, see page 38 for more information.

The previous report was published on 3 April 2025, and the reporting is annual. There are no significant changes in reporting content.

As the operational responsibility for the Höganäs Group is delegated to Höganäs AB's Board of Directors, the Sustainability Report focuses on Höganäs AB and its subsidiaries. Höganäs Group is privately owned by FAM (50 percent) and Lindéngruppen (50 percent) and the owners are represented on Höganäs AB's Board of Directors.

The data presented includes all companies within the Höganäs Group, with its headquarters located in Höganäs, Sweden, and its subsidiaries. The list of entities included in the consolidated financial statements is found in note 13 on page 96. Any exceptions are commented on.

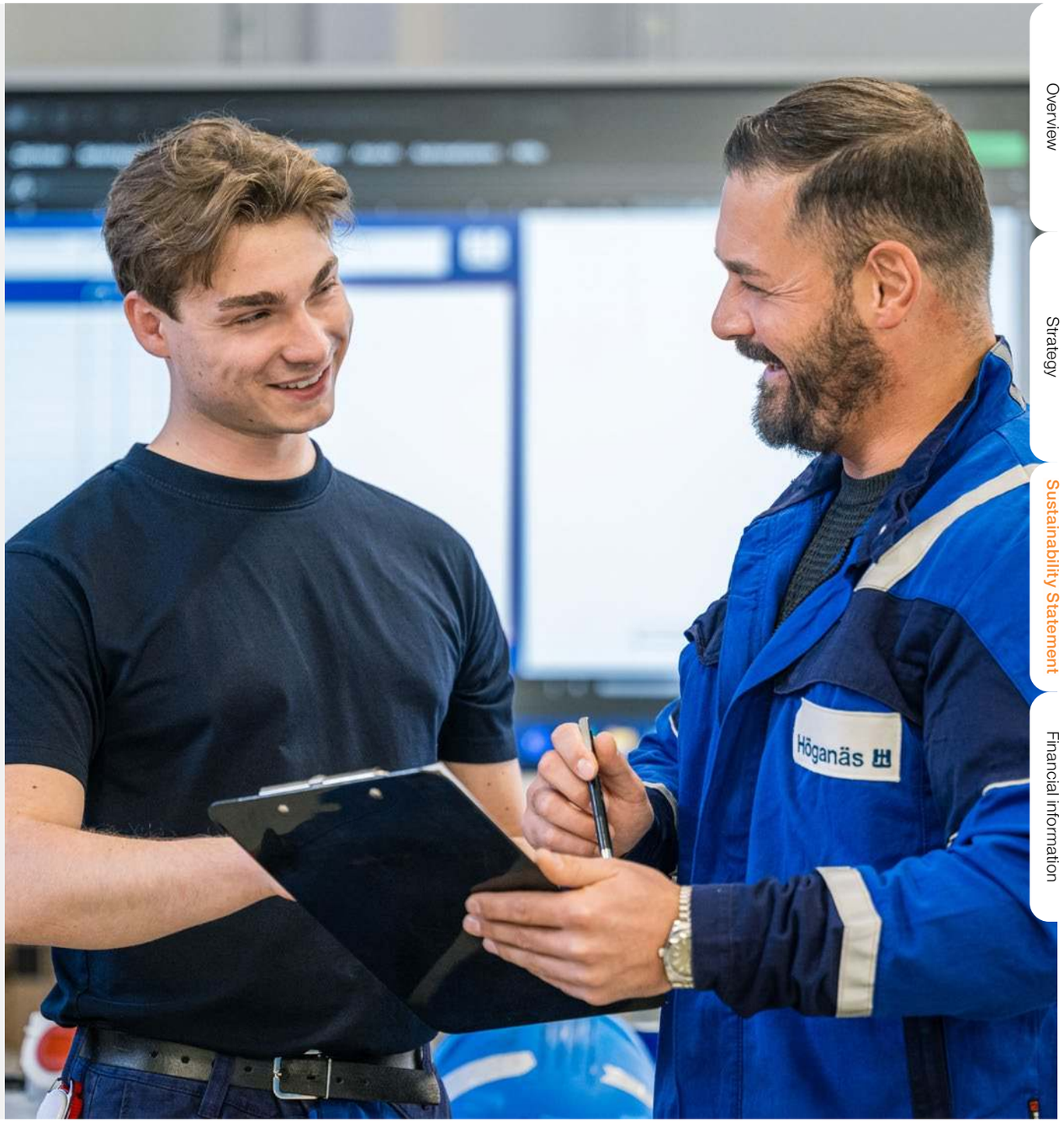
Reporting errors in previous periods have been commented in connection to the respective table.

Some information is incorporated into the Sustainability Statement by reference, namely the Strategy section starting on page 8. It describes Höganäs' business model, value chain and how sustainability is incorporated into the business strategy.

Limited assurance

This report has not been subject to an external audit by third party. However, our external auditors have performed a limited assurance of some sustainability KPI's which are further described on page 62.

The auditor's report on the statutory sustainability report is stated on page 115.



Environment

Environmental management at Höganäs is a structured and systematic approach aimed at minimising negative environmental impacts, driving continuous improvement and, where feasible, remediating identified environmental damage.

Climate and biodiversity

READ MORE ON PAGES 35–40

Pollution and use of water

READ MORE ON PAGES 41–44

Resource use and circular economy

READ MORE ON PAGES 45–47

EU Taxonomy

READ MORE ON PAGE 48

Höganäs in Belgium has 30,000 square metres of solar panels, with sheep maintaining the grass areas around them.

» Climate and biodiversity

Ambitions

Höganäs aims to lead the industry with an ambitious plan to reach net-zero climate impact. Our targets were validated by the Science Based Targets Initiative in 2023:

- **Target**: 51 percent reduction in scope 1 and 2 by 2030
- **Target**: 30 percent reduction in upstream scope 3 by 2030
- **Target**: Net zero across the value chain by 2040

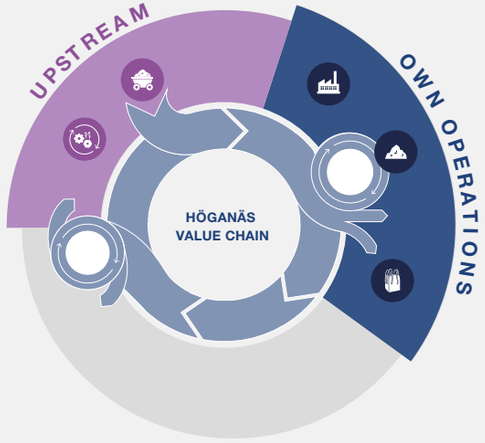
In addition, we have bold climate ambitions that go beyond the Science Based Targets:

- **Ambitions**: Scope 1 and 2, net zero by 2030
- **Ambitions**: Upstream scope 3, net zero by 2037

Höganäs also aims to establish robust climate adaptation and biodiversity plans with targets.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Based on the double materiality analysis, downstream in the value chain is considered not material.

SEE THE COMPLETE VALUE CHAIN ON PAGE 10

Impacts, risks and opportunities

Upstream	Own operations
Impacts	
• Extraction of raw materials uses water, land and emits GHG and other pollution to air and soil which contribute to climate change and loss of biodiversity.	• Our processes emit GHG emissions with impact on climate change and thus indirectly also on biodiversity. • Our industrial areas have been established for a long time, and impact is locally confined, and it is considered difficult to restore.
Risks	
• Supply chain disruptions from extreme weather events and geopolitical changes.	• Cost of transition, regulative changes, and end market disruptions. • Availability and cost of raw materials and fossil-free energy.
Opportunities	
• No material opportunities.	• First-mover opportunity to meet customer demand with near-zero powders. • First-mover advantage in climate and transition and new markets in electric vehicles and energy storage. Energy efficiency.

Höganäs has invested in windmills in India and solar panels Belgium, China, Germany, India, and South Korea.

Strategy and policies

Our strategy relating to climate change is two-pronged. Firstly, as climate change mitigation is the main driving factor behind the decline of our current internal combustion engine business, we are working to establish ourselves as a supplier in the electric automotive value chain and energy storage. Secondly, we are working on delivering our net-zero ambitions according to our Climate Roadmap.

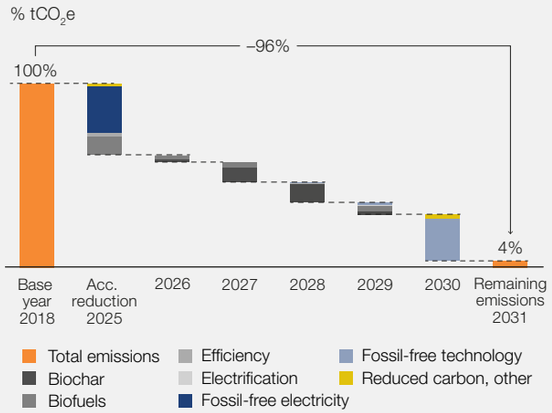
For scope 1 and 2, a number of pathways have been identified to reduce emissions: replace fossil-based coke and anthracite with biochar; replace natural gas with biogas, other fossil fuels with biofuels, and electrify where appropriate; buy fossil-free electricity; and enhance energy efficiency. Local action plans that will bring us to more than a 90 percent reduction have been developed and are currently being implemented, with progress tracked and followed up regularly. To get all the way to net zero, permanent removal technologies such as carbon capture and storage (CCS) need to be deployed for the remaining emissions from our production processes, or through purchasing carbon removal credits, if such options are available.

For scope 3, there are three main pathways: increase the use of secondary materials; choose raw materials produced with a lower carbon footprint, and move over to raw materials with an inherently lower carbon footprint. Success will require close cooperation both upstream and downstream in our value chain. To make headway, we are reaching out to suppliers and customers. When introducing new materials, determining the technical feasibility in our own processes is only halfway there. Materials with the right properties need to be sourced and changes need to be approved by customers. End-users in some industries, such as aerospace, automotive, or medical technology, may demand that products must be requalified if input materials are changed.

Environment and Climate Policy

Our Environment and Climate Policy, that is approved by the Board of Directors, defines our overarching principles and commitments to environmental protection, climate action, energy use, energy efficiency, biodiversity and water. It states our ambition of being a sustainability leader in our industry and that we work systematically to reduce our negative impacts. We aim for a positive impact in our downstream value chain by providing relevant products and services. Höganäs' Responsible Sourcing Policy and Supplier Code of Conduct define our requirements and address upstream value chain impacts and risks.

All our sites work systematically with environmental management, and 14 out of 15 production sites are certified according to ISO 14001. Nine out of ten energy-intensive sites are certified according to ISO 50001.



Höganäs' Climate Roadmap is a detailed plan consisting of mitigating activities targeting emission sources. The graph shows the planned emission reductions of these activities in scope 1 and 2.

Biodiversity

In 2025 we performed a risk analysis regarding biodiversity impact in WWF Risk Filter Suite for own operations, and are now exploring mitigating possibilities. The next step is to better understand biodiversity impacts in the upstream value chain.

The mapping of our supply chain will provide a clearer picture of the geographical footprint of our supply chain, and be a better starting point to assess suppliers. As for our own use of biomass in biochar, we are proactively exploring bio-based wastes and residual products from forestry, agriculture, and other industries.

Our processes

Relative emissions per scope	Core process	Sources of emissions	Mitigation activities, scope 1	Mitigation activities, scope 2 and 3
	Sponge iron	High direct emissions from metallurgical coke, anthracite, and natural gas. Some emissions from other process materials such as slag formers.	Use of biochar as a reduction agent and biogas. Permanent carbon removal for remaining emissions from raw materials.	Fossil-free electricity. Lowered upstream emissions from input materials.
	Iron powder atomising	High indirect emissions from alloying elements and primary raw materials. Direct emissions from slag formers, fossil anthracite, natural gas, and electrodes.	Use of biochar and biogas. Permanent carbon removal for the remaining emissions from raw materials.	Fossil-free electricity. Increased use of secondary iron and use of alloying elements with lower carbon footprint.
	Iron powder annealing	Indirect emissions from upstream processes and alloying elements. Direct emissions from natural gas for process heating and furnace atmosphere.	Use of biogas, electrification, or plasma heating.	Fossil-free electricity. Lowered emissions from upstream processes and alloying elements.
	Iron powder mixing	Indirect emissions due to alloying elements and additives.	No direct emissions.	Fossil-free electricity. Lowered emissions from upstream processes, alloying elements, and additives.
	High-alloy atomising	High indirect emissions due to refined raw materials and use of electricity. Direct emissions from natural gas.	Electrification, energy efficiency, and bio-based fuels.	Fossil-free electricity. Increased use of secondary high-alloy materials. Lowered emissions from upstream processes and alloying elements.

Scope 1
Scope 2 – Emissions are too low to be visible in the circles above
Scope 3

READ MORE ABOUT OUR WORK TO REDUCE SCOPE 3 EMISSIONS ON PAGE 37

Actions and resources

Scope 1 and 2

In our Climate Roadmap, local action plans that will reduce our emissions by more than 90 percent have been developed and are currently being implemented, with progress tracked and followed up regularly. Since 2020, 99 (84) activities have been completed which is half of the total number of activities planned until 2030.

The production sites in Korea and Japan have already reached net zero in scope 1 and 2, and more sites will follow.

Biochar in the sponge process

The Höganäs site in Sweden, has a solid-state process for reducing iron ore with carbon to a sponge iron powder. After making the investment decision in 2024, the plan is to replace 20 percent of the fossil carbon in the reduction mix with biochar by 2027, which is one year later than the original plan. The investments include storage silos for the biochar, transport infrastructure and a modified feed for the plant. Getting to 100 percent biochar will require both further process development and supply chain development as the volumes of biochar needed are currently not available on the market.

We are exploring alternatives to wood as raw material for biochar. The aim is to find bio-based wastes or residual products from forestry, agriculture, and other industries, that can be used to produce biochar.

Fossil-free sponge process

We are also exploring possibilities to develop a new fossil-free process for sponge iron powder, and have conducted small-scale tests with promising results. Testing to obtain further proof of concept is being conducted and will form the basis for a new scale-up investment decision in the future.

Biogas

We have gradually replaced the natural gas used in our processes with biogas. In 2025, we reached 52 percent biogas at our facilities in Sweden, and the aim is to reach 100 percent by 2027.

Fossil-free electricity

Höganäs purchases electricity with Guarantees of Origin or signs Power Purchase Agreements with producers of fossil-free electricity. In some countries, Höganäs has invested in its own power production, as in windmills in India and solar panels at the sites in Belgium, China, Germany, India, and South Korea.

Scope 3

Supplier engagement

In 2024, we began to systematically reach out to suppliers to initiate in-depth sustainability dialogues on performance as part of our Responsible Sourcing Programme. During 2025 we conducted 25 such dialogues. In addition to their environmental performance and climate mitigation plans, other relevant sustainability considerations, such as working conditions and human rights, are naturally included. Using this process, we anticipate having addressed the suppliers representing most of our scope 3 emissions from direct materials by 2028.

One aim with these dialogues is to obtain supplier-specific emission factors. This will give us greater granularity and improved accuracy when calculating scope 3 emissions. This greater granularity has impacted our reported scope 3 emissions in 2025, both positively and negatively. More importantly, it enables us to shift volumes to better performing suppliers and to bring the benefits of lower emissions to our customers.

Secondary raw material

As primary raw materials have a large environmental impact, we also work to increase the share of secondary or recycled materials as part of addressing our upstream scope 3 emissions. For information, see the *Resource use and circular economy section on page 45.*

Permanent removals

Höganäs investigates opportunities and monitors the development and applicability of CCS (Carbon Capture and Storage). We are also investigating how we can use slags from our own operations to capture carbon. In 2025, work to secure future ability to source negative emission rights has progressed and discussions with a number of potential partners are ongoing.

Biodiversity

Our impact on biodiversity comes from greenhouse gas emissions and other pollutants generated by our operations and the use of land and water in our value chain. While primarily regarded as material in our upstream value chain, we do act to understand and improve ecosystems around our sites. A biodiversity assessment according to the Swedish standard SS199000:2023 has been carried out for our site in Höganäs, Sweden, and areas have been set aside for establishing grasslands.

We are currently mapping our suppliers to better understand what drives our upstream environmental risks. The effects of using biochar in the sponge process need to be monitored and potential negative biodiversity impacts prevented. This is managed through our Responsible Sourcing Programme. *Read more on page 57-58.*

Climate risks and opportunities

Climate change risks and adaptation

Climate-related hazards are current and emerging risks associated with climate change. These risks, arising both from acute weather events such as storms, heat waves, or floods, and chronic climatic changes, such as rising average temperatures and sea levels, may impact Höganäs financially.

In 2025 Höganäs initiated a climate risk assessment including all production sites aimed at sustaining high resilience and reducing any risks related to climate change. The overall results convey that temperature- and water-related risks are the most common among all sites. The assessment showed that preparedness varied between sites and local mitigating measures must be implemented. Site-specific climate adaptation plans will be formed during 2026.

Transition risks and adaptation

Transition risks and opportunities are financial impacts Höganäs may face depending on how the world is affected by the transition towards a low-carbon economy. A transition risk assessment started in 2025 and the 'Net zero 2050' and 'Hot house world – current policies' scenarios were used. Risks were identified as reputational and within policy and legal areas, as well as challenges in technological solutions and market. Failure to reduce emissions might lead to lower credibility for Höganäs, which could impact revenues negatively. Operating costs for processes may be increased energy and materials prices.

To produce high quality products as sustainably as possible, Höganäs invests in research and modern equipment, and chooses input materials with lower carbon footprint when available. Höganäs' long-term revenues depend on finding end-markets prioritising sustainability performance.

Opportunities that can be further explored are for example the first-mover advantage to meet customers' demands for near-zero products, and lower emissions and costs by using biofuel and in-house renewable energy production. Developing products with lower inherent environmental and social impact is a great opportunity to grow our business.

See Impacts, risks and opportunities on page 25-30 for a more detailed risk description.

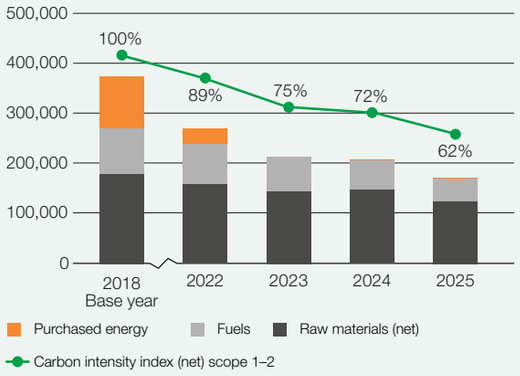
Targets and metrics

Greenhouse gas (GHG) emissions

Our accelerated ambitions are to reach net zero in our own operations scope 1 and 2 by 2030 and to reach net zero in our upstream value chain (upstream scope 3) by 2037. Our gross target for scopes 1 and 2 is a 95 percent reduction compared with the 2018 baseline year. For scope 3, we have not yet specified a gross reduction ambition, but we are in the process of collecting the information necessary to do so.

These absolute reduction ambitions go beyond our Science Based Net-Zero Targets that were validated in 2023 as being in line with the Paris Agreement. We measure our greenhouse gas emissions using the standards from Greenhouse Gas Protocol. We measure emissions in scope 2 using the market-based method, with 2018 as our baseline year.

GHG emissions scope 1 and 2, tonnes CO_2e



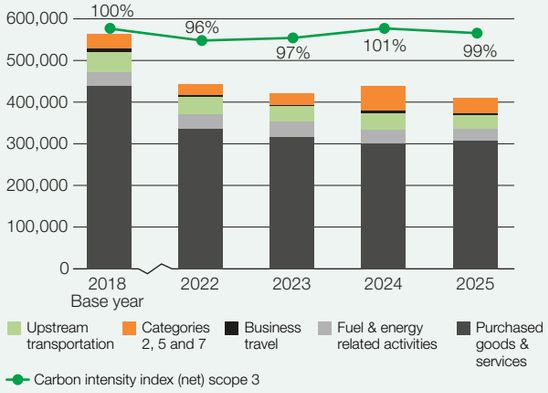
Outcome in 2025

Scope 1 and 2 emissions have decreased by 55 percent in absolute tonnes and by 38 percent in carbon intensity compared with 2018 (base year). In addition to lower production volumes, the transition to fossil-free electricity and the increased use of biofuels have contributed the most to this reduction. The decrease in emissions from fuels in 2025 compared with 2024 is explained by the increased use of biogas at the Höganäs site. Remaining scope 2 greenhouse gas emissions come from purchased heat, steam and cooling.

Scope 3 emissions have decreased by 27 percent (22 percent) in absolute tonnes compared with 2018, whereas the carbon intensity index has decreased to 99 percent compared with 101 percent the previous year. This is primarily related to the use of supplier-specific emission factors instead of default industry average factors. Revised emission factors related to the construction of a new production facility in China explains the decrease in category 2 compared with 2024, while updated emission factors for sea freight explain the reduction in category 4. More granular supplier data gives us a range where emission factors are both below and above the industry average, but the benefit is that it provides insights that help us focus our efforts.

Our current purchasing mix resulted in an average emission factor for nickel that was significantly above the previously used industry average. This means that nickel has contributed to the largest part of the increase in scope 3 category 1 emissions in 2025. The increase is however counteracted by efforts to increase the volumes of secondary metals.

Indirect emissions from upstream activities, scope 3, tonnes CO_2e



Direct emissions, scope 1, tonnes CO_2e	2025	2024	2023	2022	Base year 2018
Emissions from fuels as CO_2e	46,500	59,100	68,000	80,800	91,700
Carbon in raw materials as CO_2e	131,000	158,000	155,400	172,000	194,600
- Carbon in waste as CO_2e	–7,200	–8,900	–9,300	–12,500	–14,100
- Carbon in sidestream materials as CO_2e	–1,000	–1,400	–1,000	–1,100	–1,300
- Carbon in products as CO_2e	–100	–100	–100	–100	–100
Gross scope 1 GHG emissions	**169,200**	**206,700**	**213,000**	**239,100**	**270,800**
Emissions from biogenic fuels as CO_2e	35,000	24,300	8,100	500	0
Emissions from biogenic raw materials as CO_2e	200	0	1,400	0	0

Indirect emissions from purchased energy, scope 2, tonnes CO_2e	2025	2024	2023	2022	Base year 2018
Gross market-based scope 2 GHG emissions	1,000	1,000	900	30,600	103,600
Gross location-based scope 2 GHG emissions	67,900	94,200	92,100	84,900	141,400
GHG emissions not emitted by choosing fossil-free energy (compared with location-based emissions)	66,900	93,200	91,200	54,300	37,800
Total CO_2 emissions as tonnes CO_2e (scope 1 and scope 2) market based	**170,200**	**207,700**	**213,900**	**269,700**	**374,400**

Indirect emissions from upstream activities, scope 3, tonnes CO_2e	2025	2024	2023	2022	Base year 2018
1. Purchased goods and services	304,400	299,500	315,800	334,300	436,600
3. Fuel & energy related activities	32,200	35,400	37,500	38,000	35,600
4 Upstream transportation	34,300	42,600	38,100	43,500	50,000
6. Business travel	2,400	2,400	1,600	1,500	6,100
Categories 2, 5, and 7	36,100	61,000	24,800	23,100	35,300
Total scope 3, upstream	**409,400**	**440,900**	**417,800**	**440,400**	**563,600**
Total emissions (scope 1, 2 and 3) market based	**579,600**	**648,600**	**631,700**	**710,100**	**938,000**

Energy

Energy efficiency is prioritised in all our operations, and our target is to become one percent more energy efficient each year. Energy efficiency is measured in MWh per produced tonne. Our energy use consists of fuels and electricity. The fossil fuels we use are natural gas (for industrial heat in our core processes and hydrogen production), liquified petroleum gas (LPG), diesel and petrol. We also use biogas for production and biofuels for vehicles.

Residual heat from our production sites in Halmstad and Höganäs, Sweden, is used internally by being supplied to external parties as district heating. With its new solar panels, Höganäs' plant in Busan, Korea, has the capacity to run 100 percent on renewable energy from solar panels. Several sites both use and sell surplus electricity from their solar parks. Our site in Ahmednagar, India also uses electricity from its own windmills.

Outcome in 2025

Total energy usage decreased in line with production volume, while energy intensity increased slightly compared with 2024. Own production of renewable electricity rose by 36 percent (including energy sold). The use of renewable fuels such as biodiesel, bioethanol and biogas also increased by 44 percent, with biogas accounting for most of the rise.

Methodology for GHG emissions calculations

Höganäs reports its Greenhouse Gas (GHG) emissions according to the organisational control approach. This includes operations at all Höganäs' sites (including headquarters, warehouses, production units, R&D, laboratories, and offices). Höganäs consolidates emissions for public reporting on a Group level.

Only carbon dioxide (CO_2) emissions are reported in scope 1. Based on estimations, emissions from the gases CH_4 and N_2O, HFCs, PFCs, SF_6 and NF_3 are considered insignificant, and therefore excluded. These other greenhouse gases are however included in scope 2 and 3 and expressed as CO_2e.

Scope 1 and 2 are calculated according to the GHG Protocol – Corporate Accounting and Reporting Standard. Scope 3 is calculated according to the GHG Technical Guidance for Calculating scope 3 Emissions. The tables below show the reporting categories included in the calculation, the type of emission factors, and data used. A recalculation is performed every fifth year or if a significant change to data, inventory boundaries, or methods, triggers recalculation. The threshold for a recalculation is five percent per scope.

Energy use in the organisation in MWh	2025	2024	2023	2022	2018
Fuel consumption from crude oil and petroleum products	1,600	1,600	2,400	2,500	2,600
Fuel consumption from natural gas	202,000	208,400	305,000	393,700	445,600
Fuel consumption from other fossil sources	29,100	78,600	32,500	14,700	17,600
Fuel consumption from renewable sources	118,700	82,300	27,200	1,600	2,600
Total energy use from fuels	**351,400**	**370,900**	**367,100**	**412,500**	**468,400**
Purchased electricity, residual mix	0	0	0	301,000	530,700
Purchased electricity, renewable	150,100	163,000*	165,700	124,200	28,500
Purchased electrcity, nuclear	244,600	243,800*	235,800		
Purchased heat, steam or cooling from fossil sources	7,100	7,300	6,700	4,300	4,100
Total purchased energy	**401,800**	**414,100**	**408,200**	**429,500**	**563,300**
Renewable self-generated energy used	8,900	6,700	3,500	3,700	100
Renewable self-generated energy sold	1,700	1,100	1,400		
Total energy use	**762,100**	**791,700**	**778,800**	**845,700**	**1,031,800**

*Due to reporting error, the numbers for electricity used have been revised. Previous values 2024: renewable electricity 159,700 and nuclear electricity 240,400.

Reporting categories	Calculation method and emission factors used
Scope 1	
Fuels for production, internal transport vehicles, and directly controlled auxiliary use	Combustion emissions. Calculated based on consumption. Emission factors are local or default emission factors from ENS (the Danish Energy Agency). We use emission factors from ENS because we buy a big part of our natural gas for the Swedish operations from Denmark, and ENS updates its emission factors yearly.
Material used in furnace processes	Emissions calculated based on carbon content and mass balance, where the remaining carbon content in output materials are deducted from the carbon content in incoming materials.
Scope 2	
Electricity	**Location-based** Regional 2024 International Energy Agency (IEA) CO_2e emission factors. **Market based** Supplier-specific emission factors if available. Where no supplier-specific emissions factor is available, regional residual fuel mixes have been used. For markets where residual fuel mix factors are not available, emission factors for regional production mixes are used. Emission factors in scope 2 do not include emissions associated with transmission and distribution losses. These are reported in scope 3.
Heating and cooling	Emissions are calculated on activity data and supplier-specific emission factor if available. Where no supplier-specific emission factor is available, emission factors from DEFRA Conversion Factors 2024 or Swedenergy (Energiföretagen) Environmental Values District Heating, 2024 (Sweden)* are used.
Scope 3	
Category 1 Purchased goods and services	Cradle-to-gate emissions for purchased goods and services are included. Emission factors are from Ecoinvent. Otherwise, supplier-specific or global average data is used. The scope 3 emissions for our raw materials and consumables are calculated on a volume basis, using the amounts consumed annually during production. The emissions originating from other items (representing 23 percent of total spend of total purchased goods) are calculated according to the spend-based method using DEFRA emission factors.
Category 2 Capital goods	Cradle-to-gate emissions for capital goods. Emissions have been calculated from spend using Exiobase 2019 emission factors. Spend data from 2025 has been deflated to 2019 levels using country-specific inflation rates, to align with the emission factor base year and ensure accurate CO_2 estimates.
Category 3 Fuel and energy related activities	Upstream emissions of purchased fuels and energy. Calculated using average upstream emission factors for fuels and energy from DEFRA 2025, T&D losses included.
Category 4 Upstream transportation and distribution	Calculated according to the distance-based method. Emission factors from DEFRA 2025, EFDB, EPA, EcoTransIT, NTM, GLEC and CCWG.
Category 5 Waste generated in operations	Calculated according to the waste-type-specific method using emission factors from DEFRA 2025.
Category 6 Business travel	For 2018–2021, emissions related to business travel are allocated based on a study carried out by Höganäs in 2010 and extrapolated for further years based on pro-rata basis on actual travel expenses. For 2022–2024, compiled business travel data from the Swedish and North American travel agencies for air, rail, and car rentals have been used. The volume of business travel in private vehicles is collected from Workday expense. The combined US and Sweden data is extrapolated pro rata to estimate the Group emissions in category 6 using emission factors from DEFRA 2025.
Category 7 Employee commuting	Emissions related to employee commuting are calculated on the basis of the number of employees commuting to work, weeks worked per year (47), days commuting per week (5 for blue collar and 3.5 for white collar), commuting distance covered (30 km), and using reference WTW EFs from DEFRA 2025 for 60 percent average car (unknown fuel), 30 percent local bus, and 10 percent electric car.
Category 9, 10, 11 and 12 Downstream transportation and distribution, processing of sold products, use of sold products, and end-of-life treatment	In line with the GHG Protocol Scope 3 Standard for intermediate products with various end uses (Section 6.4), categories 9, 10, 11 and 12 are excluded from the GHG inventory and the target boundary.
Category 8, 13, 14 and 15 Upstream leased assets, downstream leased assets, franchises and investments	Höganäs does not have any leased assets, or any downstream leased assets or franchises, or has investments or otherwise acts as a financial provider outside the value chain, meaning that the categories 13, 14 and 15 are not applicable.

* https://www.energiforetagen.se/statistik/fjarrvarmestatistik/miljovardering-av-fjarrvarme/

HÖGANÄS INSIDE

Partnership with Chin Chih Metals

In 2025, Chin Chih Metal partnered with Höganäs to significantly reduce its greenhouse gas emissions and to become a front-runner for sustainable products.

Founded in 1980, Chin Chih Metal is a Taiwanese components manufacturer with a diversified customer base in a range of industries. A large share of the company's sales goes on export to Japan, North America, and Europe.

"Chin Chih see sustainable products and processes as critical for future success and wants to be a front runner in this area," says Leo Fan, Höganäs Market President South Pacific Asia (SPA).

Near zero-sponge iron and life cycle assessments

The partnership with Höganäs entails that Chin Chih Metal firstly will buy future near-zero sponge iron powder from Höganäs. The powder will be manufactured using biochar instead of fossil coal. Second, Höganäs will perform life cycle assessments on the end-products together with Chin Chih and its customer. This will provide documentation for both Chin Chih Metals and Höganäs on the environmental benefits of using the near-zero sponge iron powder.

Increased relevance as supplier

The change to biochar in the production process for the powder will have price effects, due to the availability and price of raw materials and fossil-free energy. But the reduction in greenhouse gas emissions brings tangible benefits.

For Chin Chih Metals, that means continued or even increased relevance as supplier, since many of its customers, not least in Europe, have committed to ambitious climate targets that require action on hard-to-abate emissions from materials in the near term.

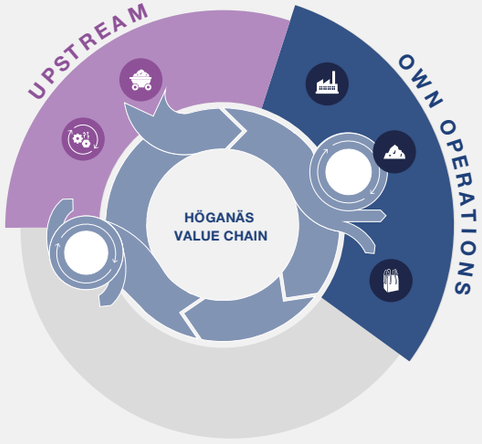
"We are seeing interest from other companies that want to reduce the environmental footprint in their value chains for business reasons. Chin Chih Metals was the first customer, but others will follow. Since we have an ambitious sustainability agenda, that makes us very well positioned," Leo concludes.

Leo Fan
Höganäs Market President
South Pacific Asia, Höganäs.

» Pollution and use of water

Ambitions

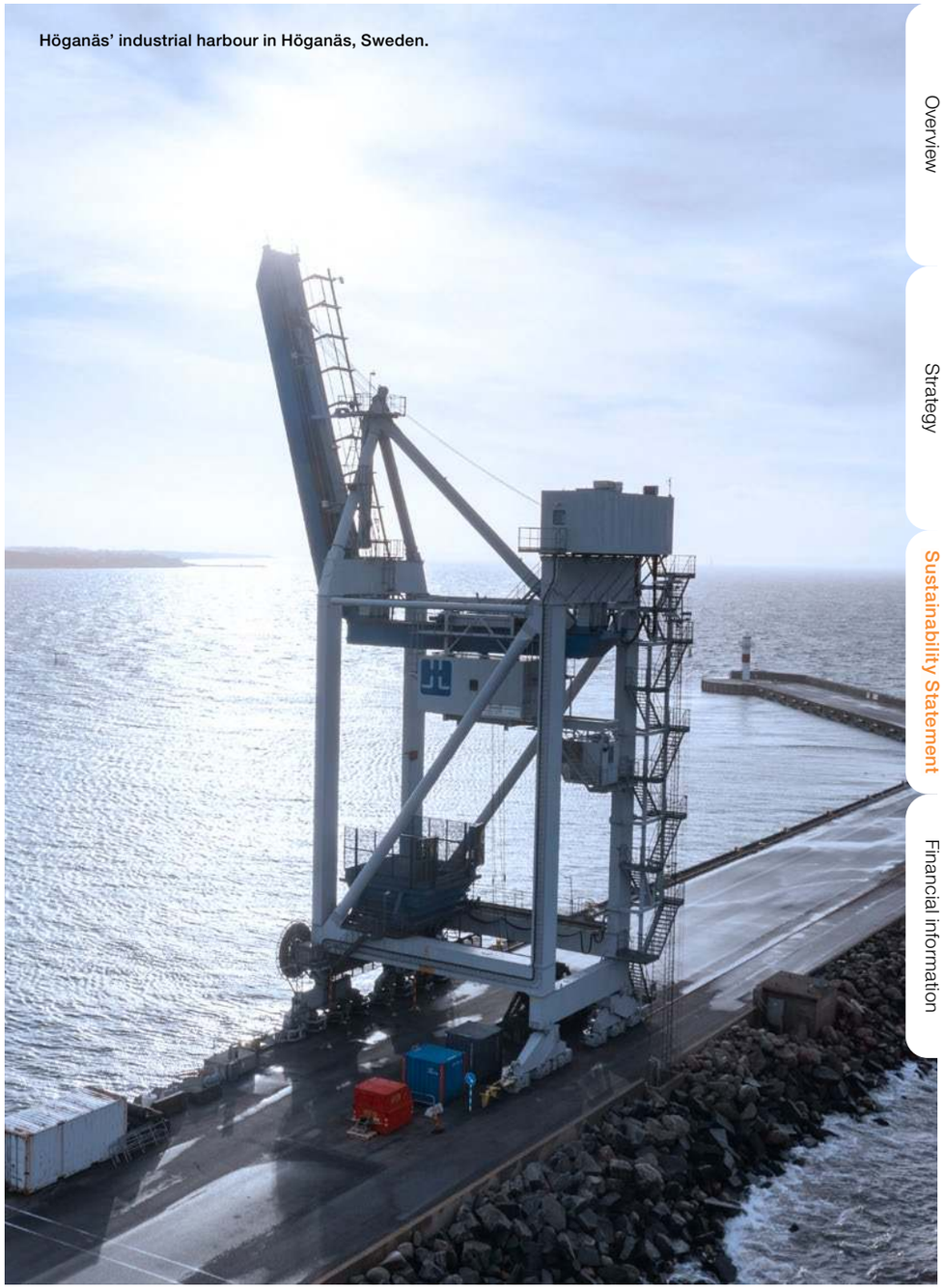
Our policy is to have the best available technique to reduce pollution, and procedures to monitor and report on performance in our own operations and our value chain. We work systematically to minimise the use of limited water sources such as ground- and potable water.



SEE THE COMPLETE VALUE CHAIN ON PAGE 10

Impacts, risks and opportunities

Upstream	Own operations
Impacts	
• Mining activities depend on water use and pollute both water and soil through drainage, spills and leakages. • Use of substances of concern may not be legally regulated.	• Our processes use chemicals and emit pollution to air and water.
Risks	
• No material risks.	• Some of Höganäs sites are in areas at risk of extreme heat. Warmer water may impact cooling systems effectiveness and reduce operational efficiency. • Change in conditions and permits may trigger need for investments.
Opportunities	
• No material opportunities.	• No material opportunities.



Höganäs' industrial harbour in Höganäs, Sweden.

Strategy and policies

We seek to minimise our negative impact by applying the precautionary principle, using the best available technologies, and creating stable processes. All production sites have environmental management systems and are, except for three smaller units, third-party certified according to the ISO 14001 standard. In addition, all sites are subject to authority control and have obtained the necessary environmental permits. The permits required differ between countries. Höganäs regards them as minimum requirements for environmental management.

Chemicals are used on site only after being approved through internal risk assessments. The process includes publishing safety data sheets on Höganäs' register of approved chemicals and conducting necessary training of users. Inventories of chemicals are regularly checked as part of our internal audit programme. We have procedures in place to substitute chemicals with less harmful alternatives.

The relevant policies for this area are the Environmental and Climate Policy, the Responsible Sourcing Policy, and the Supplier Code of Conduct. Our value chain's impact is managed through our Responsible Sourcing Programme and in-depth sustainability dialogues. A new Group Directive on Environmental Management was published in 2025. It outlines how we work with site-specific environmental objectives, the reporting of environmental incidents, and plans for biodiversity. It also covers reducing single-use materials and phasing out hazardous substances.

Actions and resources

Robust processes

Stable processes are essential for avoiding unplanned production stops that may result in increased emissions, spills or leakages. Loss Prevention procedures and instructions, published in our management system, provide a foundation for our systematic work to maintain process safety, such as:

- Daily routine maintenance conducted by operators.
- Scheduled maintenance by local teams.
- Loss Prevention documents where loss prevention and risk-management procedures are outlined as part of the overall-management system.
- Comprehensive risk analyses concerning molten metal and reactive chemicals for each type of chemical and piece of equipment being used.

Air pollution measures

Air emissions include both stack and fugitive emissions. To minimise stack emissions, all large point sources are equipped with filters. Local environmental monitoring programmes typically include monitoring emissions such as nitrogen oxides (NOx), sulphur oxides (SOx), metals residues and other substances of concern, depending on the type of process.

To prevent fugitive emissions, raw materials and metal powders are handled in closed systems when possible. Slag handling, including sorting and transport to on-site storage or landfill, is generally carried out outdoors. Dust mitigation measures, such as watering, are implemented at all sites where slag is produced as a by-product.

Water use and treatment

We use water for cooling, atomisation, dust binding, and slag quenching. The single largest water use is for cooling in closed systems. The largest volume of cooling water is taken from seawater. The water is returned to its recipient without being contaminated in any way by the processes it cools.

Water is used in the atomisation process to disintegrate and solidify the liquid metal. The water is treated, cooled and reused to the maximum extent possible.

Water for dust binding and slag quenching mostly evaporates. The remaining contaminated water is treated in wastewater facilities operated by either Höganäs or a third party, to meet environmental quality standards before being discharged.

Substances of concern and very high concern

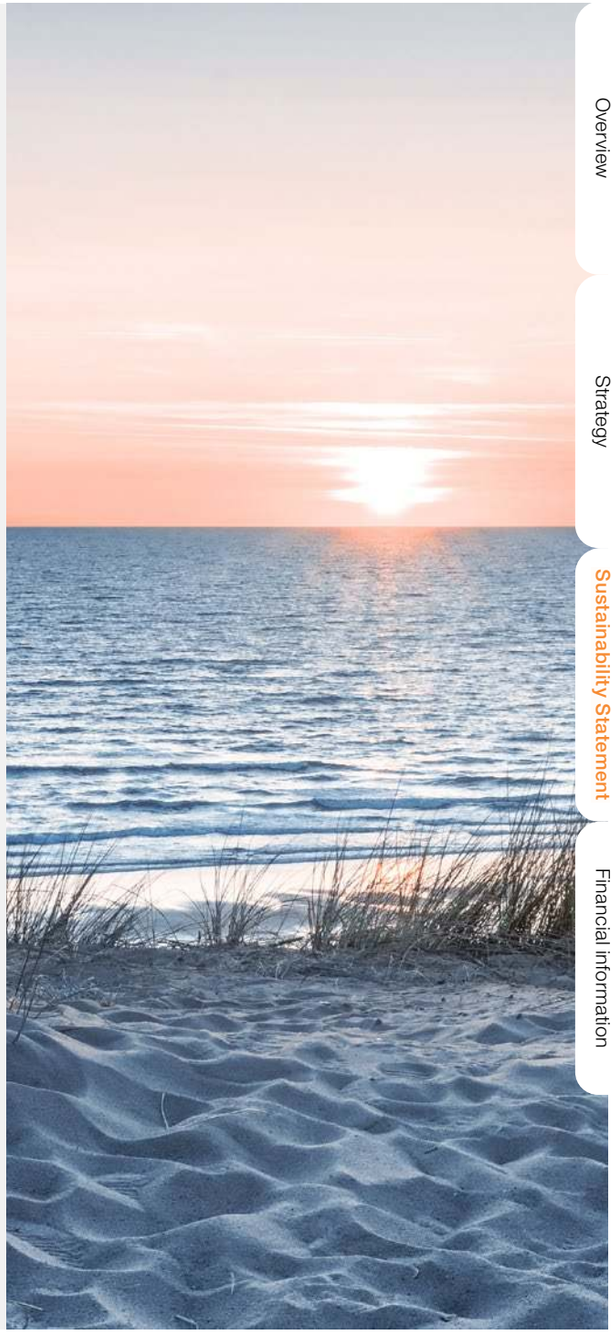
As part of the work of examining the Do No Significant Harm criteria in the EU Taxonomy, risks relating to the use of chemicals were mapped. In 2025, an assessment of risks related to chemical use was conducted as part of the evaluation of the Do No Significant Harm criteria under the EU Taxonomy. To further streamline alignment efforts and facilitate chemical substitution, the chemicals management system, previously used at several sites, was rolled out across the entire Höganäs Group.

As part of the implementation, representatives from all sites received training in chemicals management.

Supply chain engagement and secondary raw materials

Our Responsible Sourcing Programme is our main tool for managing the impact from our upstream value chain. In-depth dialogues on sustainability performance are conducted as part of the programme.

Höganäs prioritises increased use of secondary materials, as this effectively reduces negative impacts from upstream activities related to the extraction and processing of primary raw materials.



Targets and metrics

Höganäs seeks to minimise negative impact through a systematic approach to continuous improvements. Due to significant local differences in circumstances and impact, all sites are expected to form their own relevant pollution reduction targets and action plans.

Environmental incidents

in 2025 and in accordance with local regulations, three minor environmental incidents were reported to the local authorities. Investigations have been carried out, and all cases have been deal with and closed.

Air emissions

Methodology

Air emissions are calculated based on local monitoring carried out to fulfil the needs stipulated by internal control programmes and environmental permit compliance. Therefore, not all substances are relevant to report on for all sites. The consolidated results include the monitored and reported outcomes from each site.

Air emissions, tonnes	2025	2024	2023	2022	2021
Nitrogen oxides (NO_x)	180	100	110	120	120
Sulphur oxides (SO_x)	60	30	30	40	30
Carbon monoxide (CO)	120	130	130	150	140
Non-methane volatile organic compounds (NMVOC)	20	10	10	10	10
Ammonia (NH_3)	<1	<1	<1	<1	<1

Metal and dust emissions to air	2025	2024	2023	2022	2021
Iron (Fe), kg	6,680	6,710*	6,770	6,960	8,680
Chromium (Cr), kg	2,050	6,680	7,080	7,270	7,630
Zinc (Zn), kg	3,200	2,380	1,660	1,280	1,170
Nickel (Ni), kg	490	490*	560	610	680
Copper (Cu), kg	80	90	90	100	90
Lead (Pb), kg	170	150	70	70	60
Cadmium (Cd), kg	10	10	10	10	10
Mercury (Hg), kg	3	4	5	5	2
Total dust, including metals to air, tonnes	63	62*	63	64	68
PM10, tonnes	37	36*	36	36	39
Arsenic (As), kg	8	2	2	2	1
Cobalt, kg	20	20*	10	10	20
of which hazardous air pollutants (HAP), tonnes	10.5	6.1	7.7	8.0	8.4

Comment on outcome: Air emissions remained stable within normal variation, except for chromium, zinc, lead and arsenic. The decrease in chromium results from a revised calculation method following a historical miscalculation, providing more accurate values going forward. Higher zinc and lead levels are linked to changes in incoming raw materials. The increase in NO_x, SO_x is due to one site improving its measurement methods to include additional emission sources, and arsenic was included for measurement in 2025.

*Historical data has been reviewed and some minor errors have been discovered and corrected.

Water use

Höganäs recognises its dependence on water for its production processes. Water is used mainly in the atomisation process and in cooling systems. To understand our impact, a water risk assessment using the Water Risk Filter tool from WWF was conducted. The assessment includes three types of risks: physical, regulatory and reputational.

All sites should use water responsibly. In regions experiencing water stress due to drought, flooding or contamination, assessments must be carried out to identify opportunities for improvement. All activities must be designed to avoid contributing to water stress or causing negative impacts on soil, groundwater, or surface water bodies.

Methodology

We monitor discharges of metals into water and also measure other substances, in accordance with our monitoring programmes and local environmental permits. In many cases monitored substances are below the detection limits, and not all substances, reported on at a consolidated level, occur in the local monitoring programmes. As a result, not all substances are relevant to be reported on for all sites. The consolidated results include the monitored and reported outcomes from all sites combined.

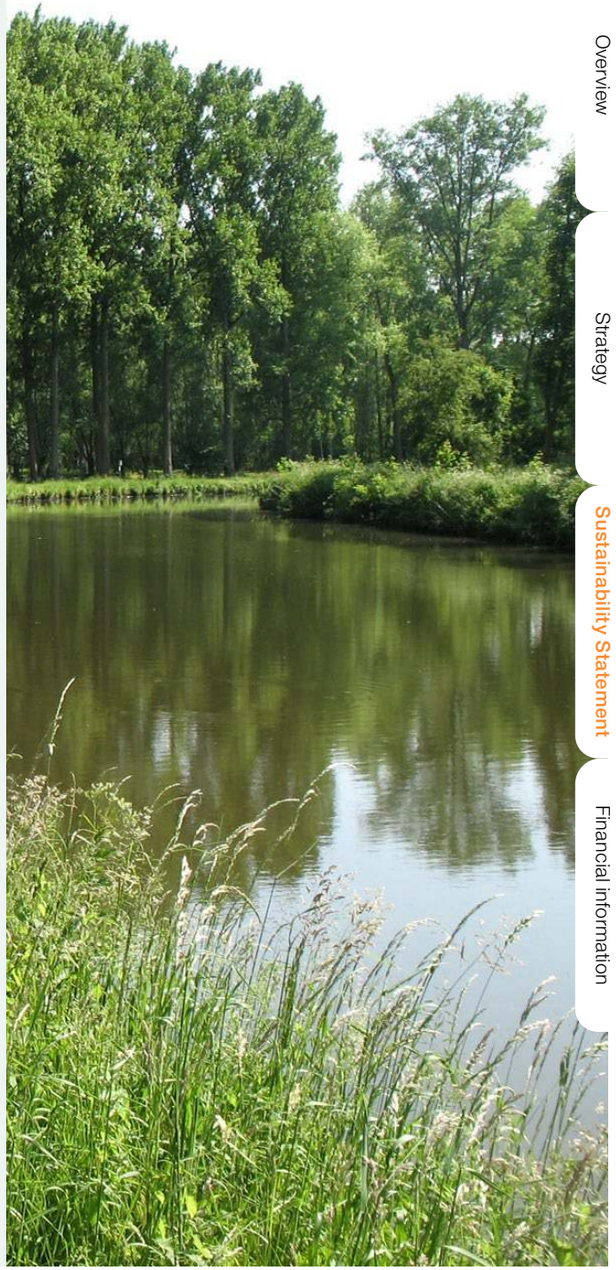
Water withdrawal, thousand cubic metres	2025	2024	2023	2022	2021
Total volume of water withdrawn	5,800	6,500	7,100	7,700	8,300
of which seawater	3,100	3,500	3,400	3,300	4,400
of which freshwater	2,600	3,000	3,800	4,400	3,900
Total water discharges	5,300	5,900	6,500	6,900	7,600
Total water consumption	**500**	**600**	**600**	**800**	**700**
of which water consumption in areas of material water risk	*30*	*30*	*30*	*40*	*70*

Comment on outcome: Water withdrawal and discharges are slightly lower in 2025 compared with 2024. This is primarily explained by the closure of our plant in Buch, Switzerland, and by lower production volumes.

Discharges of substances to water, kg	2025	2024	2023	2022	2021
COD (chemical oxygen demand)	10,220	7,610*	9,690	10,330	8,040
O&G (oil and grease)	180	180	370	500	430
N-tot (nitric nutrients)	560	460	330	370	380
TS (total solids (TSS+TDS))	3,710	6,070*	6,340	6,550	6,470

Metal discharges to water, kg	2025	2024	2023	2022	2021
Iron (Fe)	460	480	940	2,140	1,030
Zinc (Zn)	70	80	60	100	110
Nickel (Ni)	10	40	20	60	60
Copper (Cu)	80	80	60	70	50
Chromium (Cr)	10	10	10	20	20
Lead (Pb)	10	10	10	10	10
Cobalt (Co)	2	5	8	7	4
Arsenic (As)	< 1	< 1	2	1	1
Cadmium (Cd)	1	1	1	1	< 1
Mercury (Hg)	-	-	-	-	-
Molybdenum (Mo)	10	10	20	20	20

Comment on outcome: Total water discharges are calculated on local monitoring results based on site-specific circumstances and demands for compliance with environmental permit limits. As a result, not all sites report on all substances and the consolidated figures may therefore not cover all actual discharges. The Goslar site is excluded from the consolidated figures because its water discharges are measured together with the industrial area in which it operates. The increase in COD and the decrease in TS compared with 2024 are explained by higher water usage at the Laufenburg site and heavy rainfall in Ath.

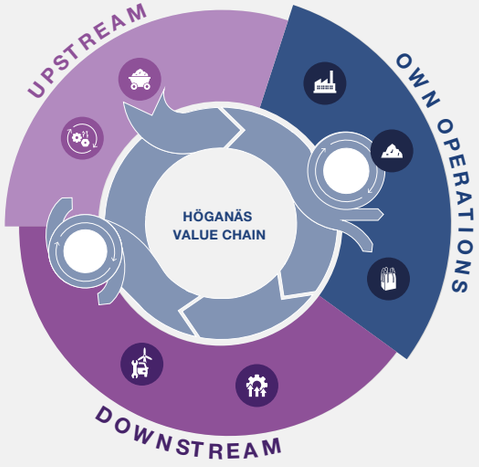


Resource use and circular economy

Ambitions

Höganäs aims to increase the share of secondary materials, and to find alternative uses for by-products.

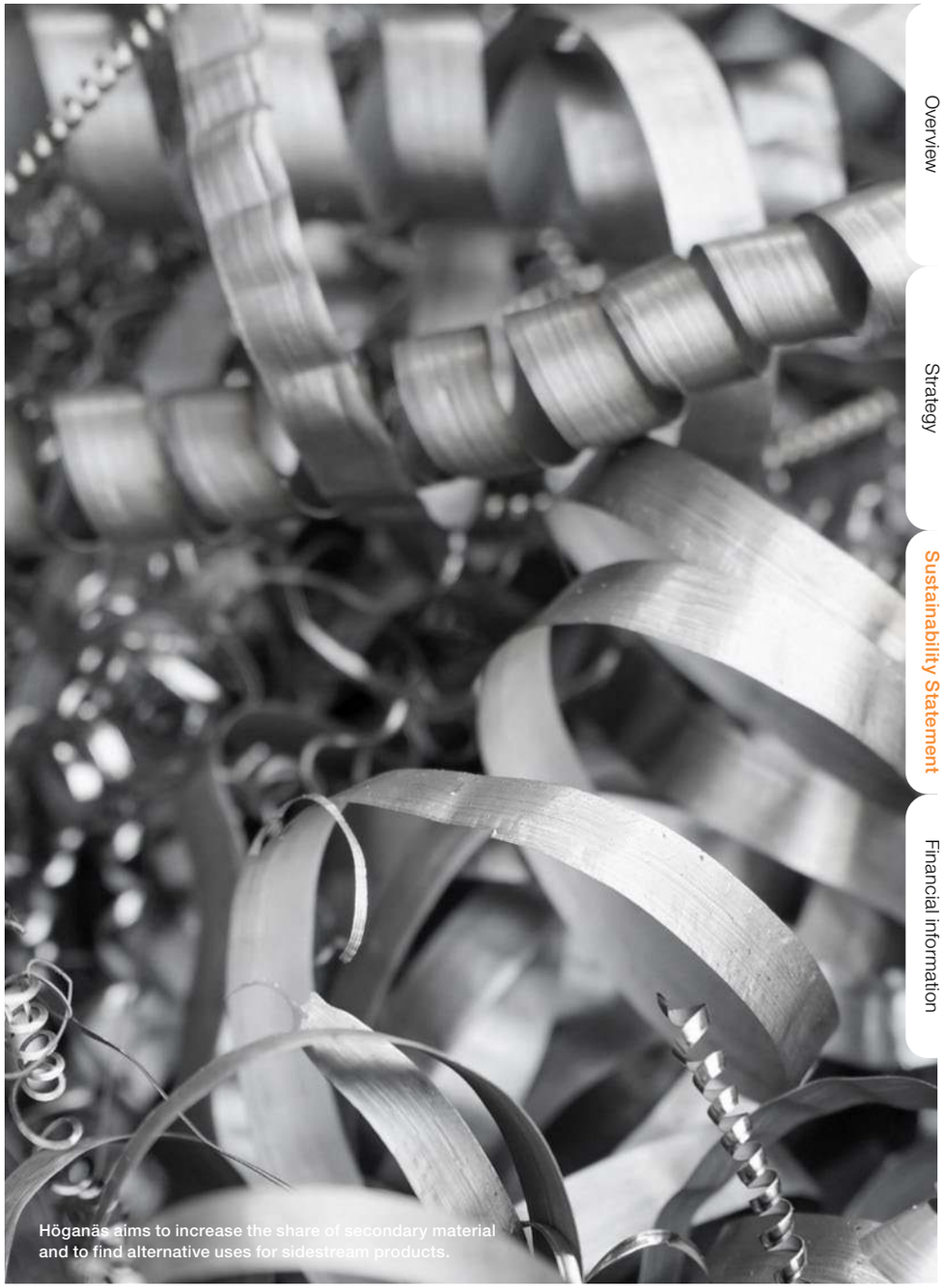
- Target: 95 percent of process residuals put to use by 2026



SEE THE COMPLETE VALUE CHAIN ON PAGE 10

Impacts, risks and opportunities

Upstream	Own operations	Downstream
Impacts		
• The extraction and processing of raw materials use finite resources, create wastes and discharges, that may be toxic, and lead to nature degradation.	• Höganäs uses primary materials and substances that may be harmful. • Our production generates process residuals, such as slag which is to a large extent reutilised. • Less than 10 percent of our non-process waste is classified as hazardous.	• Products with certain alloying elements may be hard to recycle. • Products for surface coating contributes by default to prolonged life span, reparability and use of less materials. • Metal powder technology contribute to resource and energy efficient production, with few process steps and low spill.
Risks		
• Limited access and price increases for secondary raw materials and biochar.	• There may be challenges connected to choosing certain raw materials for our products, to comply with new legislative and digitalisation demands, such as Digital Product Passes.	• No material risk.
Opportunities		
• Costs might be reduced if residual materials, such as olive pits or saw dust, could be used to make biochar.	• Use of waste as raw material in biochar production would have less negative impact and lower prices. • Developing products for new applications with higher performance from a circularity perspective.	• Höganäs products largely contribute by default to prolonged life span, reparability, and less use of materials.



Höganäs aims to increase the share of secondary material and to find alternative uses for sidestream products.

Strategy and policies

The primary raw materials used are extracted from the earth's crust, and have a large environmental impact. These materials, in terms of volumes, are mostly iron ore, limestone, and fossil process coal or coke. We use smaller volumes of primary alloying metals such as nickel, chrome and molybdenum. Even though small in volumes, they have significant environmental and climate impact. Using secondary or recycled materials limits the negative impact on the environment, and our ambition is to use more of such materials. This requires us to successfully source secondary materials, integrating them into production processes and in some cases getting them approved by customers. All divisions set targets and identify projects to reduce scope 3 emissions by increasing the share of secondary materials.

A new Group directive on resource use and the circular economy, covering process residuals and waste, was introduced in late 2025, and will be implemented in the next few years. Key activities for implementation include creating site- specific action plans and setting local targets.

The positive impacts from metal powders, such as resource and energy efficiency, identified in the DMA, represent business opportunities.

Relevant policies for this area are the Responsible Sourcing Policy, the Supplier Code of Conduct and the Environmental and Climate Policy.

Actions and resources

Supply chain engagement

In 2024, we began to systematically reach out to suppliers to initiate in-depth sustainability dialogues on performance. We also work with suppliers to encourage a higher degree of secondary materials in their product inflows.

Products with secondary materials

In 2025, secondary materials, were at 59 percent of the total ingoing raw materials. In some processes, the share was as high as 95–99 percent of the ingoing metallic raw materials. Increasing the share of secondary materials in some processes requires extensive cooperation with the customer. The product may have very strict chemical requirements to meet specific end-customer demands. By working with customers, we can challenge these requirements to allow for a wider specification, and to requalify products if necessary.

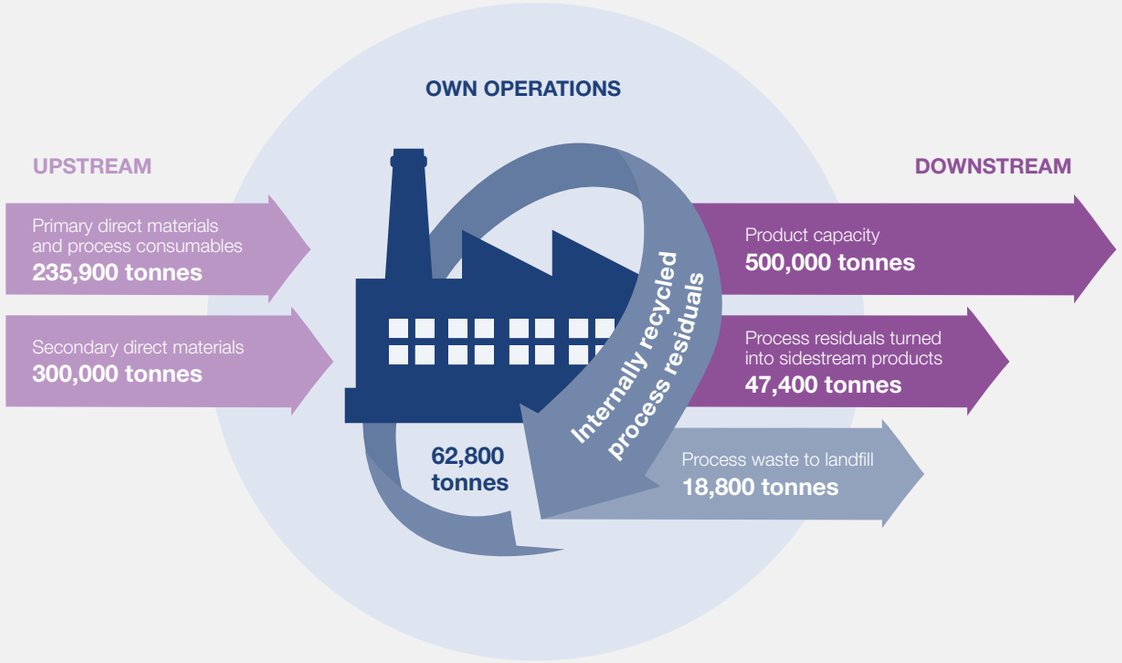
Sourcing secondary materials

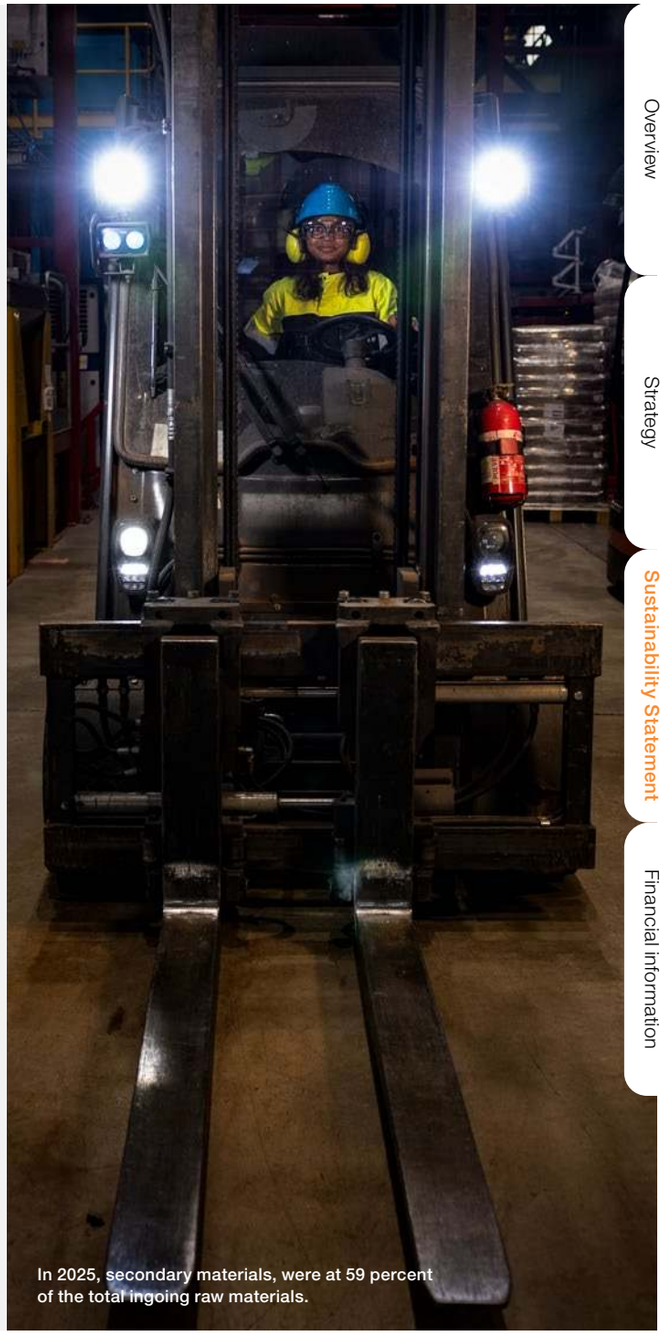
Our purchasing department leads the work to increase the share of secondary materials. Good progress has been made with low-alloy steel, and for some iron and cobalt-based high-alloy materials, although for many high-alloy materials, the availability of scrap is an obstacle. This is addressed in three ways:

1) challenge the current chemical requirements of Höganäs products;
2) identify and establish refining opportunities in the market; and
3) form partnerships and use suppliers' experience to identify opportunities.

Product sustainability principles

Fit for circularity is one of the product sustainability principles used in the sustainability assessment during the development of new products and processes. The sustainability assessment that is part of the start-up for all new pre-studies and projects for both product and process development, as well as in investment pre-studies and projects, provides inputs to circular economy aspects, such as developing products that can be recycled without degradation, and reclaiming excess materials from our customers' manufacturing operations.





In 2025, secondary materials, were at 59 percent of the total ingoing raw materials.

Outcome, targets and metrics

Primary materials

Over the past five years we have steadily increased the secondary part of our raw materials, from 48 percent in 2021 to 59 percent in 2025. As a result of deliberate choices, significant shares of primary ferrous materials such as DRI, HBI and pig iron have been replaced by scrap. The next challenge will be to find secondary materials that can replace ferroalloys and non-ferrous alloying elements.

Process residuals and sidestream products

We are actively promoting the use of our process residuals and the target is to use at least 95 percent of the material produced in 2026 and onwards. For example, of our different types of slags, three are marketed as Petrit® and are registered under the EU regulation REACH.

In 2025, 96 percent of our process residuals were diverted from disposal. During the year, 47,400 tonnes (42,000) — corresponding to 37 percent (33) of Höganäs' total process residuals — were repurposed by external partners. Of the externally used residuals, 14,300 tonnes originated from the previous internal landfill and were used by external recipient.

Non-process waste

Non-process waste includes all residual materials that are not generated directly by production. Of this waste, 93 percent was non-hazardous and consisted of plastics, paper, wood pallets, food scraps and residues from maintenance work. The remaining seven percent was classified as hazardous and included construction materials, chemicals, organic substances and filters. In total, 63 percent of non-process waste was diverted from disposal through recycling, reuse or recovery.

Packaging materials

Reliable data on packaging material tonnes is not available due to insufficient registrations of weight of purchased items. Work is ongoing to find a solution.

Non-process waste	Hazardous	Non-hazardous	Total
Directed to disposal			
Incineration (with energy recovery)	46	613	659
Incineration (without energy recovery)	18	54	72
Landfill	29	367	396
Other disposal operations	23	21	44
Percentages of non-process waste directed to disposal	4%	33%	37%
Diverted from disposal			
Preparation for reuse	0	492	492
Recycling	62	1,276	1,338
Other recovery operations	37	156	193
Percentages of non-process waste diverted from disposal	3%	60%	63%
Non-process waste, total	216	2,980	3,196

Raw materials, tonnes	2025	2024	2023	2022	2021
Secondary materials, metal scrap	300,000	310,000	304,000	314,000	332,000
Ferrous and ferroalloys	128,000	153,000	159,000	185,000	242,000
Graphites, coke and anthracites	40,000	49,000	48,000	52,000	65,000
Slagforming agents and minerals	22,000	27,000	26,000	29,000	33,000
Non-ferrous metals	12,000	11,000	11,000	12,000	15,000
Organic	2,200	2,200	2,100	2,500	3,400
Other non-metals	700	700	600	600	-
Process gases	31,000	31,000	18,000	28,000	-
Total	**535,900**	**583,900**	**568,700**	**623,100**	**690,400**
Part secondary materials, %	59%	56%	55%	53%	48%

Comment on outcome: The outcome for 2025 reflects both decreasing production volumes and a change in product mix. Process gases is a sum of argon, hydrogen, nitrogen, oxygen and ammonia used at Höganäs sites.

Process residuals, tonnes	2025	2024	2023	2022	2021
Process residuals directed to disposal (waste)					
to external landfill (79% non-hazardous)	3,100	4,300	7,200	11,700	13,900
to internal landfill (100% non-hazardous)	15,400	18,900	19,600	23,200	22,400
to incineration with energy recovery	0	0	0	0	100
to other disposal operations	300	200	0	0	0
Process residuals directed to disposal, total (95% non-hazardous)	**18,800**	**23,400**	**26,800**	**34,900**	**36,400**
Process residuals diverted from disposal (sidestream products)					
External recipient					
recovery	19,300	19,200	23,500	25,700	39,800
recycling	13,800	24,300	14,200	12,300	9,700
Internal recipient					
reuse	49,000	46,700	44,400	54,700	55,400
recovery	8,900	10,100	8,900	3,100	13,000
recycling	4,900	4,600	5,400	3,100	100
Process residuals diverted from disposal (89% non-hazardous)	**95,900**	**104,900**	**96,400**	**98,900**	**118,000**
Internal landfill mining	14,300	300	4,300	27,900	-
Process residuals usage from produced sidestream materials, %	84	82	78	74	76
Process residuals usage including recovered tonnes from internal landfill mining, %	96	82	82	95	-

EU Taxonomy

The EU Taxonomy assessment, as required by the CSRD, was initiated in 2024 and continued in 2025. One economic activity has been identified as applicable to Höganäs: Climate Change Mitigation (CCM) – 3.9 Manufacture of iron and steel. This activity covers the manufacturing of all iron-based products containing at least 50 percent iron.

To align with the EU Taxonomy Technical Screening Criteria, manufacturing must:

- Substantially contribute to Climate Change Mitigation;
- Do No Significant Harm (DNSH) to the other five environmental objectives; and
- Meet the Minimum Safeguards.

Substantial contribution criteria

Regarding Electric Arc Furnace (EAF) production of carbon/low-alloy steel, alignment can be demonstrated by meeting one of the following thresholds:

- Greenhouse gas emissions from the manufacturing process do not exceed 0.209 tCO_2e per tonne of product; or
- The percentage of steel scrap relative to product output is not lower than 90 percent.

It is possible for Höganäs to meet the scrap ratio criterion, and we have chosen to align with this primary KPI. The ongoing alignment assessment has concluded that the production of EAF produced low-alloy steel in Halmstad (Sweden), Stony Creek (US), Mogi das Cruzes (Brazil) already meets the criteria for Substantial Contribution to Climate Mitigation, and that Ahmednagar (India) could meet the criteria if the scrap rate is increased to at least 90 percent.

Do No Significant Harm criteria

The Do No Significant Harm (DNSH) criteria assessment covers four environmental objectives relevant to Höganäs:

- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

During 2025, climate risk and vulnerability assessments were completed for all sites, and a review of environmental impact assessments was started, and will continue in 2026, to ensure compliance with DNSH requirements. Evidence of compliance includes site-specific risk mitigation measures, water management practices, emissions control, and biodiversity protection plans.

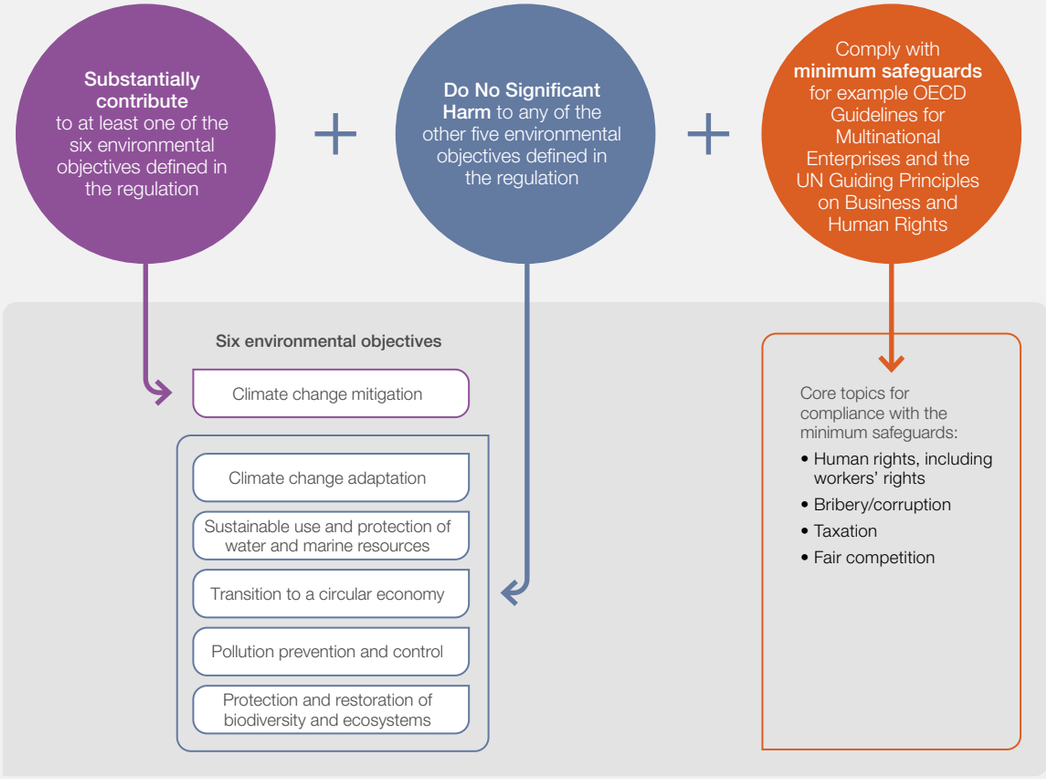
Minimum Safeguards

Höganäs fulfils the Minimum Safeguards criteria across the Group. This includes adherence to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, supported by a formal Human Rights Due Diligence process and grievance mechanisms.

Disclosures

External reporting of EU Taxonomy alignment will not be carried out in 2025. Höganäs will adapt to the revised timeline introduced by the CSRD/CSRDDD Omnibus amending directive, ensuring that disclosures are prepared and published in accordance with the updated CSRD and ESRS requirements when they become applicable.

EU Taxonomy - Alignment criteria



Social

We are dedicated to providing the right environment and conditions of every individual to succeed in Höganäs, and to promoting our key values and principles in our daily interactions, as we know this will create an even better business that is built for the future.

Own workforce

READ MORE ON PAGES 50–55

Workers in the value chain and affected communities

READ MORE ON PAGES 56–58

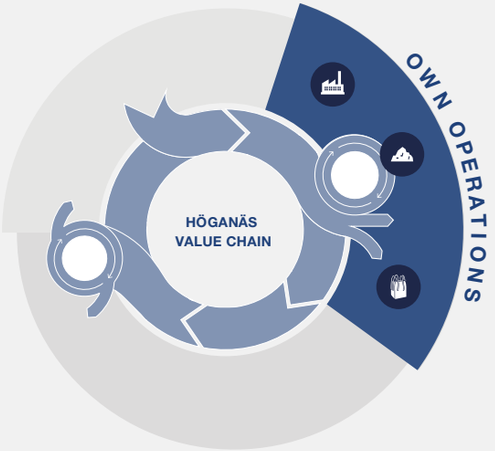
At Höganäs we are all leaders, and we all have the responsibility for leading ourselves in line with the capabilities collaboration, performance, development and change in a safe and sustainable way.

» Own workforce

Ambitions

Höganäs aims to create a safe, diverse and healthy work environment, free from all kinds of discrimination.

- **Target**: Zero accidents
- **Target**: Total Recordable Injury Frequency Rate (TRIFR) below 6 for employees, contractors and visitors by 2027
- **Target**: 20 percent female co-workers by 2026
- **Target**: 35 percent female executive managers by 2026



Based on the double materiality analysis, upstream and downstream in the value chain are considered not material.

SEE THE COMPLETE VALUE CHAIN ON PAGE 10

Impacts, risks and opportunities

Own operations

Impacts

- Our production environment poses a high-risk of work-related ill-health and injuries.
- Our active commitment to diversity, inclusion and just labour-related terms, such as living wages, is a positive impact.

Risks

- Unauthorised access to personal data through for example external attacks.
- Serious workplace accident and/or illness.

Opportunities

- Collective bargaining leading to terms that are justified and agreed upon, and diversity influence on productivity and employee satisfaction.
- Enhancing our attractiveness as an employer through strong company culture, competitive compensation and benefits, and effective and open internal communication.
- Creating good and safe working conditions can improve productivity and strengthen our employer brand.
- Work-life balance management.
- Competence and personal development to attract and retain personnel.

Strategy and policies

Höganäs aims to provide a safe, healthy, diverse and inclusive workplace, free from all kinds of discrimination. We seek to promote our co-workers' general wellbeing and to build a strong culture, guided by our values and leadership and employee capabilities. The aim is to attract, develop and retain co-workers who thrive at Höganäs and will enable us to reach our targets and ambitions.

Our guiding principle is 'We work safely – or not at all'. We are committed to fostering a robust safety culture where open dialogue and proactive risk elimination are fundamental. Our core rule is simple: never compromise on safety. This commitment is supported by a comprehensive set of actions and routines and is continuously emphasised in all internal communication, including our Occupational Health & Safety Policy.

Höganäs signed UN Global Compact in 2017, and since then we have aligned our business with its ten principles, including the areas of human rights, labour, environment, and anti-corruption. Two main documents guide our day-to-day business: The Code of Conduct that details our guiding principles and our approach to human rights, labour standards, wages, collective bargaining agreements, environmental protection, and business conduct; and Team Höganäs, our blueprint for building a winning organisation, that outlines our vision, values, and way of working. These documents are available in eight languages and are supported by an Occupational Health and Safety Policy, which covers management of physical safety as well as psychosocial and stress-related risks.

All co-workers are encouraged to report violations of laws or our Code of Conduct, in accordance with local procedures or through the whistleblower function on our website. *Read more on page 61.*

All personal data processed by Höganäs must be handled in accordance with the applicable data protection laws and regulations and with the principles set out in our Data Protection Policy and Code of Conduct.

Actions and resources

Health and safety

Risk awareness and training

To maintain a high awareness of risk, working instructions clearly outline potential risk exposures. Every employee receives mandatory health and safety training tailored to their specific role, in addition to general safety training provided during onboarding. Beyond these requirements, we also promote knowledge sharing through best practice groups, thematic safety conferences, workshops, videos, booklets, and practical guidance tools. Dialogue is further encouraged through safety walks, safety conversations, and maturity assessments.

Health and safety committees

Our organisation has health and safety committees at various levels, representing both production and administrative departments. While meeting frequency may vary by country and site, each committee meets at least four times per year.

Certifications and management systems

All 15 of our production sites are certified to the ISO 45001 Occupational Health and Safety Standard (OH&S), and every office operates under an OH&S management system.

Incident and risk reporting

We use a global digital system for reporting incidents including accidents, illnesses, near misses, and risk observations. This system incorporates the full Plan-Do-Check-Act (PDCA) cycle, ensuring that every report leads to investigation and corrective action.

Global health and safety standards

In 2024, we started to develop global health and safety standards to establish minimum requirements across all subject areas. This work will continue through to 2027, when formal assessments will begin. The goal is to ensure that every Höganäs site operates under consistent expectations, and that lessons learned from incidents are used to update and improve standards across the whole organisation.

Collaborative development and auditing

Each standard is developed by a group of subject matter experts from across the organisation. This collaborative approach enhances the quality of each standard, and increases acceptance and adherence. Starting in 2027, compliance will be audited by a network of Höganäs' Health & Safety managers.

Diversity and inclusion

At Höganäs, we know that diversity and inclusion drive creativity, innovation and growth. By welcoming different backgrounds and perspectives, we make better decisions and attract a broader range of talent. Recent years have brought a clearer strategy, stronger awareness, and the integration of diversity and inclusion into all people processes.

After a lengthy plateau of stagnation, the share of female employees is now steadily increasing, and we reached our target of 20 percent by 2026. Among executives, women now represent 32 percent and we are striving to reach 35 percent by 2026.

Gender is only one aspect of diversity, but progress in gender inclusion is helping to build momentum for broader diversity across Höganäs.

Discrimination in any form, whether based on sexual orientation, gender expression or anything else, is prohibited and co-workers are encouraged to report any such incidents.

Drives towards excellence in HR digitalisation

In 2025, a new global people management system was implemented. The system supports multiple people management processes, such as recruitment, learning, talent development,

Our values

- We focus on customer success
- We create long-term value
- We respect and believe in each other
- We lead sustainable change

Leadership capabilities

A Höganäs leader drives

- Collaboration
- Performance
- Development
- Change

in a safe and sustainable way

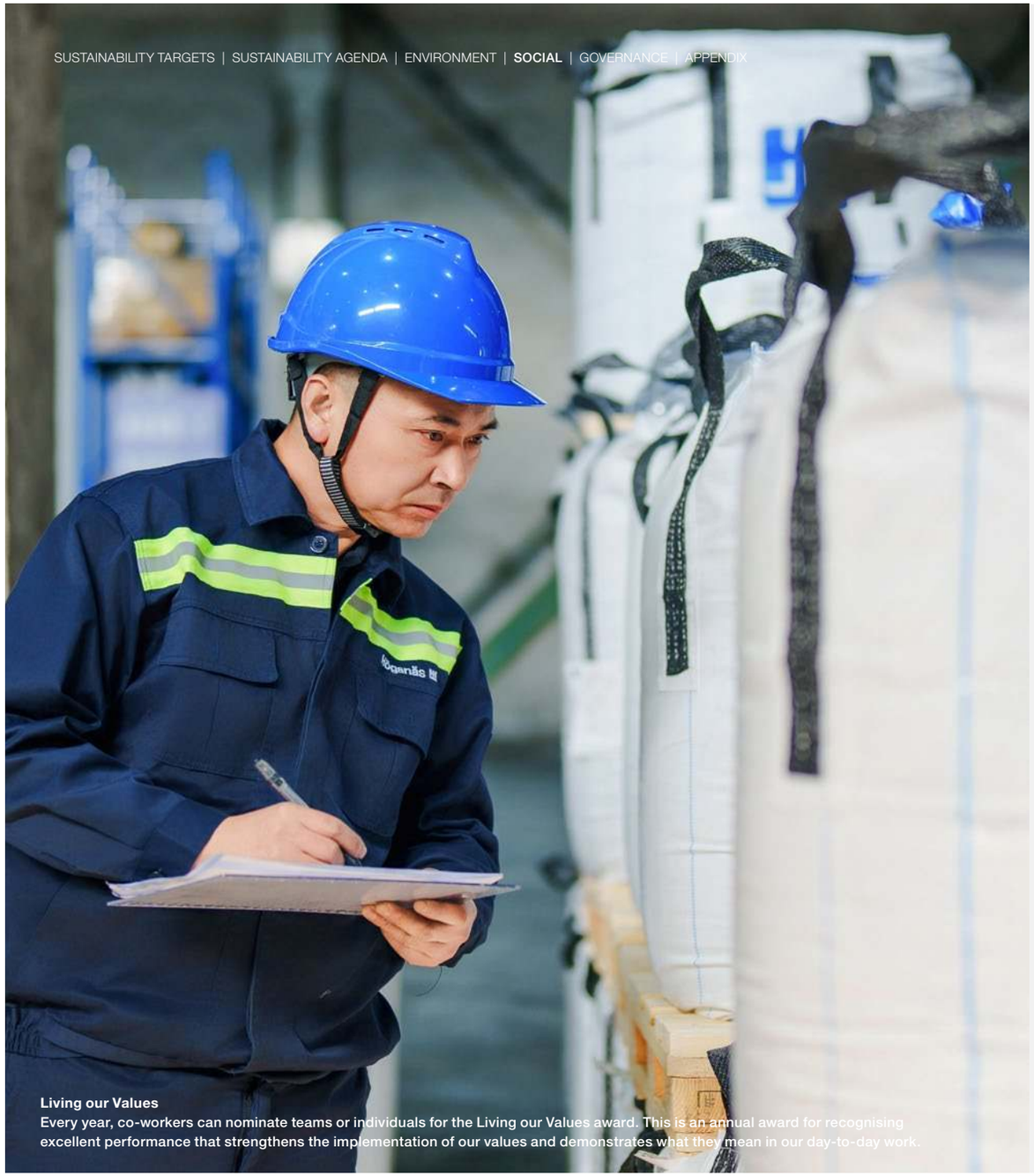
Employee capabilities

A Höganäs employee demonstrates

- Collaboration
- Performance
- Development
- Change

in a safe and sustainable way

Every employee receives mandatory health and safety training tailored to their specific role, in addition to general safety training provided during onboarding.



Living our Values
Every year, co-workers can nominate teams or individuals for the Living our Values award. This is an annual award for recognising excellent performance that strengthens the implementation of our values and demonstrates what they mean in our day-to-day work.

performance, Employee Engagement Survey, and time and absence, and ensures consistent quality comparable data.

The system is part of our strive for HR digitalisation excellence by 2030, meaning optimised efficiency and data-driven decision making, as well as an excellent co-worker user experience.

Leadership development

We deliver continuous leadership development initiatives, aiming to drive collaboration, performance, development and change in a safe and sustainable way.

A global talent development programme was conducted for the second year, with seven men and five women participants representing various competences and geographies. The programme will continue annually to safeguard our talent pipeline for future strategic positions.

Wages

Höganäs aims to pay living wages at all sites globally. In the Code of Conduct, it is clearly stated that Höganäs must at least comply with all legal and contractual requirements on wages and fringe benefits. Negotiation of wages is part of the collective bargaining agreements. In 2025, we outlined a job architecture structure, a framework that organises roles, levels, and career paths to further secure equal and just pay.

Collective bargaining

Across our operations, we ensure fair treatment, equal pay, and compliance with national labour laws. We support freedom of association and collective bargaining, protected by law in all our operating countries. Where no union is present, we negotiate with elected employee representatives or encourage direct communication between employees and management. All employees receive written contracts in a language they understand, with some local exceptions agreed with the unions.

Social protection and work-life balance

Höganäs provides health insurance for all employees, with family coverage included in some countries. We also offer occupational health services for all co-workers, promote health-focused activities, and encourage a healthy work-life balance. Work-life balance significantly affects an individual's mental and physical wellbeing and can enhance overall satisfaction and productivity.

As part of the regular Employee Engagement Survey, all employees are asked several questions relating to health and wellbeing, including work-life balance. The main purpose of this is to discuss the results and agree on improvements within each team. Global post-survey feedback dialogue relating to health and wellbeing indicates that we are in line with the industry benchmark.

We also offer retirement and pension plans tailored to local legal requirements, market standards, and practices.

Go4Great

In 2025, the global Go4Great initiative was launched to support our co-workers' health and wellbeing. By focusing on three core pillars – Body, Mind, and Relationships – we aim to inspire long-term health and wellbeing across the organisation. Actions taken during the year include the provision of a personal health coach in Sweden, a step challenge in the US, a Yoga Day in India, an ultramarathon in Brazil, and mental health training in China and the US.

Family-related leave

All our sites provide family-related leave, such as maternity and paternity leave. This is in accordance with social policy and collective bargaining agreements, ensuring alignment with the national regulatory requirements of the countries in which they operate, or offering better conditions for employees.

In India, where Höganäs employs around 90 individuals, statutory paternity leave is not mandated. However, since 2020, we have provided seven days of paternity leave and encourage all male employees to take advantage of this benefit.

During 2025, 95 percent of all employees were entitled to family-related leave.

Privacy

All personal data processed by Höganäs must be handled in accordance with the applicable data protection laws and regulations, both in Europe and worldwide, and with the principles set out in our Data Protection Policy and Code of Conduct.

In our people management system, we are implementing the European legislation, GDPR, as well as similar legislation in other countries. The global functionality includes access, retention periods, and data purging.

Targets and metrics

About our employees

Höganäs has set targets to achieve 20 percent female co-workers and 35 percent female executive managers by 2026. In 2025, the target for female co-workers was achieved, with women representing 20 percent of the workforce, while women accounted for 32 percent of executive managers.

Höganäs employees	Female	Male	Other	Not reported	Total
FTEs average, number	420	1,825	0	0	2,245
Recruited, number	40	87	0	0	127
Left the company, number	32	134	0	0	166
Employee turnover rate 2025, %	8%	7%			

Number of employees per gender (headcount end of reporting period)	Female	Male	Other	Not reported	Total
	437	1,798	0	0	2,235

Employees per country according to gender (headcount end of reporting period)

Countries	Female	Male	Other	Not reported	Total
Sweden	197	609	0	0	806
Germany	84	375	0	0	459
US	35	290	0	0	325
Belgium	17	159	0	0	176
Brazil	24	101	0	0	125
China	31	77	0	0	108
India	12	79	0	0	91
UK	6	53	0	0	59

Employees per type of employment according to gender (headcount end of reporting period)

Type of employment	Female	Male	Other	Not reported	Total
Number of employees	437	1,798	0	0	2,235
Permanently employed	424	1,769	0	0	2,193
Temporary employed	13	29	0	0	42
Non-guaranteed hours employees	0	0	0	0	0

Employees per type of employment according to region (headcount end of reporting period)

Type of employment	EMEA	APAC	AMERICAS	Total
Number of employees	1,512	273	450	2,235
Permanently employed	1,472	271	450	2,193
Temporary employed	40	2	0	42
Non-guaranteed hours employees	0	0	0	0

Age group, %	2025	2024	2023	2022
<30 years old	10	11	11	13
30-50 years old	56	52	53	52
>50 years old	34	37	36	35

Female per level	2025, number	2025, %	2024, number	2024, %	2023, %	2022, %
Co-workers	437	20	409	18	17	17
All managers	83	24	70	20	19	18
Executive managers (tier 0-2)	19	32	20	30*	29	29
Group Management team	2	22	2	20	17	18
Board of directors	2	22	3	25	30	27

*Due to a revised calculation method, the percentage of executive managers of 2024 has been changed from 38 to 30.

Compensation and wages

	Collective bargaining coverage		Social dialogue
Collective bargaining agreements	**Employees - EEA**	**Employees - Non-EEA**	**Workplace representation (EEA)**
0-19 %		Europe (UK)	
20 - 39 %			
40 - 59 %			
60 - 79 %		Americas, APAC	
80 - 100 %	Germany, Sweden, Belgium		Germany, Sweden, Belgium

Comment on outcome: In 2025, 83 percent of our employees were covered by collective bargaining agreements

Training

Number of training hours	**2025**	**2024**	**2023**	**2022**	**2021**
Training provided to: female	5,651	6,530	6,270	7,279	3,023
Training provided to: male	41,667	46,867	43,550	43,771	30,609
Training provided to: other	0	0	0	0	0
Training provided to: not reported	0	0	0	0	0
Average number of training hours per employees (headcount)	21	24	22	22	15

Comment on outcome: Mandatory training has so far been registered automatically in our system, whereas voluntary training is mostly not registered. Höganäs' annual performance and development dialogues with managers are mandatory, and quarterly follow-ups are strongly recommended. In 2025, most sites met this requirement, covering more than 90 (90) percent of employees.

Health and safety

Health and safety performance	**2025**	**2024**	**2023**	**2022**	**2021**
Number of recordable injuries	44	31	65	71	61
Number of high-consequence work-related injuries		0	0	1	0
Number of lost-time injuries	29	18	31	30	22
Number of days lost	565	307	706		
Number of fatalities	0	0	0	0	0
Number of work-related ill-health	10	12	3	18	44
Lost-time injuries frequency per million hours worked	5.3	4.1	7.2	6.9	5
Total recordable injury frequency per million hours worked	8	7	15	16	14
Sick leave rate, %	3.6	3.6	3.5	4.1	3.7

Comment on outcome: 2025 was the first full year with our reporting standard fully implemented across all sites. The year showed an increased number of recordable injuries compared with 2024, and the TRIFR was 8.0, still below the target of 9.0 for 2025. As of 2025, our injury reporting has been expanded to include contractors and other non-employees, ensuring that all work-related injuries under our operational responsibility are captured, regardless of employment status. According to the expanded scope for 2025, the corresponding figure for recordable injuries 2024, would be 42. We are proactively building the foundation by developing and implementing Group standards for all key aspects of health and safety, and by engaging the workforce through participation programmes such as safety walks and safety conversations. The target for 2026 is a TRIFR of 7.0, and we continue to strengthen our foundation to enable a sustainable reduction in injuries.

HÖGANÄS INSIDE

Listening, clarity and collaboration build trust and safety

In 2025, when Eszter Dean assumed the position of Site Manager at Höganäs' Halmstad site, safety was at the top of her agenda and she intended to listen.

The warmth and openness of the people she met when she started has stayed with her. She sees that there are co-workers with many years of experience and a strong desire to solve problems and deliver results.

Focus on shared attitudes, values and behaviours

At the Atomising Plant in Halmstad, Höganäs employs around 100 co-workers. The working environment is challenging, which is why Eszter and the team are focusing both on the physical working environment and the safety culture - the shared attitudes, values and behaviours that guide how people work safely every day and make safety a natural part of decisions, communication and teamwork.

"To create a safe working environment, I believe in building a team where there is mutual trust and where everyone feels they are on the same side. You need to listen, not just to what is being said, but also to what is not said but implied," she says, describing her leadership style with three words: listening, clarity and humility.

Change is not always easy, and there can be a gap between solutions drawn up on a conference room whiteboard and the reality of everyday operations. Therefore, leaving room for disagreement, questions and discussions is paramount, she believes.

Esther says: "My vision for our culture here in Halmstad is that we shall feel and act as one unit. I want to see a culture where we are respectful, open and honest with each other, where we give positive feedback and help each other to prevent mistakes."

Coaching leadership an advantage

To strengthen and improve the safety culture, global safety standards are used, together with measures and initiatives such as management safety walks, the global Health & Safety Week and the Hot Metal Safety Conference.

"I am also looking at other aids and am considering using Virtual Reality for education and exercises. But in the end, it comes down to people, and I believe that a coaching leadership style is an advantage. By guiding and supporting employees while helping them to develop their own problem-solving abilities, a coaching style fosters ownership, engagement, and a stronger culture of safety" Esther concludes.

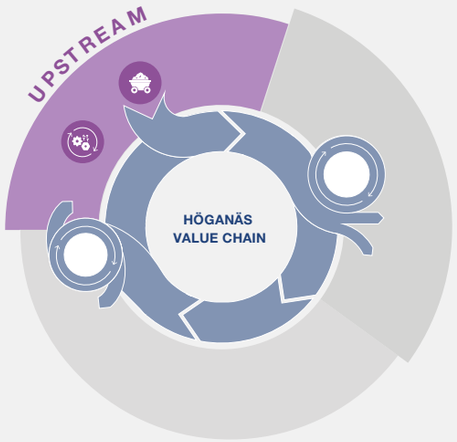
Eszter Dean
Site Manager, Atomising Plant in Halmstad, Sweden

» Workers in the value chain and affected communities

Ambitions

Höganäs' ambition is to lead the industry in responsible sourcing, and to excel in managing ethical, social and environmental aspects in the value chain. This includes promoting safe and healthy workplaces for workers across the value chain, guaranteeing labour rights and a living wage that meets their basic needs.

- **Target:** All key suppliers rated as good or excellent in evaluations under the current Responsible Sourcing Programme.



Based on the double materiality analysis, own operations and downstream in the value chain is considered not material.

SEE THE COMPLETE VALUE CHAIN ON PAGE 10

Impacts, risks and opportunities

Upstream

Impacts

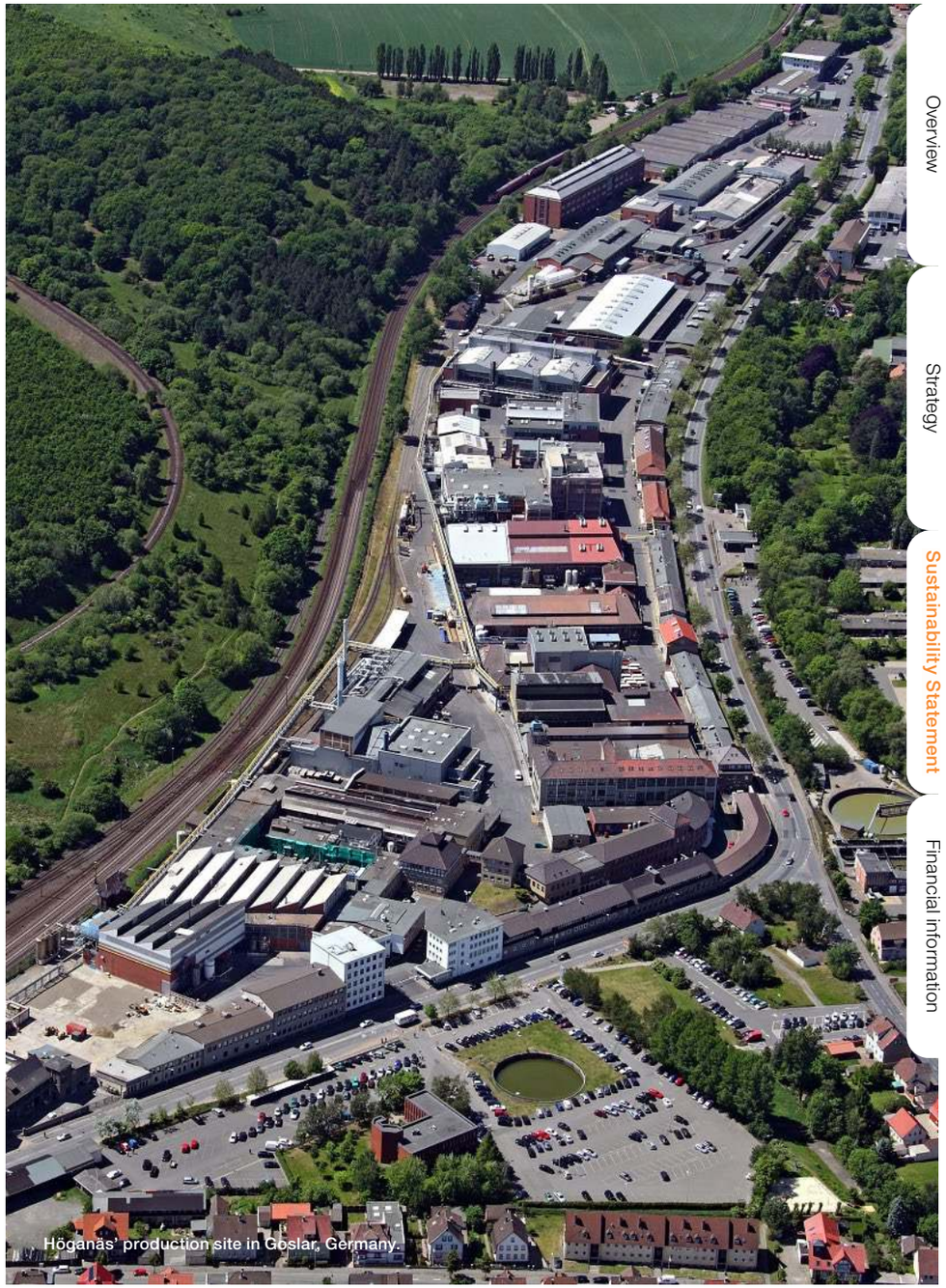
- Workers in the value chain:
  - Hazardous and poor working conditions, including discrimination, might occur in our supply chain.
  - High risk working environment that may lead to work-related injuries and ill-health
  - Potential risk for forced and child labour.
  - Poor working conditions including discrimination, issues concerning adequate wages, and freedom of association.
- Affected communities:
  - Pollution, use of water and land might impact local communities and violate rights, especially those of indigenous peoples. The expansion of mines or opening of new mines may cause conflicts with local communities and relocation of people.

Risks

- No material risks.

Opportunities

- No material opportunities.



Höganäs' production site in Goslar, Germany.

Strategy and policies

Since 2017, Höganäs has been a signatory of the UN Global Compact, which demands alignment with its ten principles covering human rights, labour, environment, and anti-corruption. Our Responsible Sourcing Programme is aligned with these principles and is governed by our Responsible Sourcing Policy, our Supplier Code of Conduct, and our Conflict Minerals and Cobalt Policy. The programme manages all sustainability-related impacts and risks in the supply chain, and ensures that we work proactively to minimise risks and increase our resilience.

In our Code of Conduct, we encourage all stakeholders, such as suppliers and neighbours, to report incidents or concerns related to, for example corruption, and any violations of legislation or local procedures through the whistleblower function on our website.

Read more in the Governance section on page 61.

Actions and resources

Responsible Sourcing Programme

During 2025, the Responsible Sourcing Programme was developed and upgraded to meet Höganäs' ambition to be an industry leader in responsible sourcing. The programme covers primarily suppliers of direct materials and non-direct critical materials and includes a governance structure and a compliance organisation, with clearly defined roles and responsibilities, as well as procedures for escalation to senior management. Work to further develop the working process, measures and targets will continue in 2026.

Supplier risk assessment

The upgraded Responsible Sourcing Programme introduces continuous, automated, supplier risk assessments. Risk filters based on geography and material are applied to identify potential human rights, labour rights, environmental, and business ethics risks. Based on the screening results, suppliers receive tailored self-assessment questionnaires (SAQ), which form a supplier-specific risk profile.

Ensuring accurate and complete master data is critical to the effectiveness of the risk assessments. Accordingly, efforts in 2025 focused on improving supply chain transparency by mapping the geographical origin of sourced materials, with a long-term ambition to extend visibility upstream towards raw material extraction.

Development of the system support will continue during 2026 to further automate the process, enabling greater focus on monitoring emerging risks and maintaining an up-to-date risk assessment framework.

Supplier engagement

With most supplier risk assessments automated under the upgraded Responsible Sourcing Programme, resources are redirected towards targeted supplier engagement to drive performance improvements.

Engagement is based on risk assessment outcomes and focuses on areas requiring improvement. This process is supported by remediation plans and follow-up activities, including third-party on-site audits where appropriate. We escalate to the Sourcing Board and ultimately the Compliance Council if improvement is not achieved.

In-depth sustainability dialogues with strategically important suppliers were initiated in 2024 and in 2025, 25 additional dialogues were conducted that addressed relevant aspects on sustainability.

While the initial focus has been on suppliers with high greenhouse gas emissions, the priority in 2026 will shift towards suppliers with elevated human rights risks, strengthening insight into risks and challenges across the value chain.

Forums

As part of the updated programme, two new forums have been established. The 'Responsible Sourcing Forum' gathers the social impact specialist, legal, and all purchasers, for sharing best practices, education, and follow-up on risks and opportunities. The 'Sourcing Board' will support the divisions in Responsible Sourcing matters and be the first escalation level to manage supplier deviations.

Conflict minerals

The suppliers relevant to conflict minerals and cobalt are evaluated annually through an in-depth questionnaire based on the Responsible Mining Initiative framework.

We source only from metal suppliers that are listed as responsible by the European Commission, the Responsible Minerals Initiative, or that have had their due diligence practices audited by a third party against a standard aligned with OECD Guidance, which means they can prove that their material originates from responsible smelters.

Updating Code of Conduct

In 2025, as part of the upgrade of the Responsible Sourcing Programme, work was carried out to update and merge the internal Code of Conduct and the Supplier Code of Conduct.

The new unified Code of Conduct will be launched in 2026, and will among other updates contain sections with increased focus on children's rights, biodiversity and water.

Targets and metrics

Affected communities

In 2026, Höganäs' short-term target is to conduct stakeholder dialogues with affected communities to gain a deeper insight into the company's impacts. The outcomes of these dialogues will form the development of future targets.

Workers in the value chain

Our target is that year by year all of our key suppliers will be rated as good or excellent in the evaluations performed under our Responsible Sourcing Programme. Please note that new targets will be set from 2026 onwards based on the expanded scope and upgraded process, *see Responsible Sourcing Programme on this page.*

Key suppliers, direct material	2025	2024
Total key suppliers direct material	221	229
Key suppliers 'good' rating	198	181
Key suppliers 'excellent' rating	1	1

Comment on outcome: There is a natural fluctuation in the number of key suppliers each year. It is important that the percentage rated as good or excellent increases. In 2025, 90 percent (80) were assessed as good or excellent.

Reported incidents

In 2025, there was 1 (0) reported incident in Höganäs' whistleblower reporting system regarding a supplier. The report led to an internal investigation.

Driving sustainability throughout the supply chain

HÖGANÄS INSIDE

To deliver on the ambition to lead the industry in responsible sourcing, Höganäs has been increasing its ability to manage social and environmental aspects in the value chain.

"During 2025, we have upgraded our Responsible Sourcing Programme to a version 2.0. We have expanded the scope, introduced a new continuous and systematic risk assessment process, and established new forums for sharing best practice and risk management," says Erica Hyttfors, Social Impact Specialist at Höganäs.

There are several motives for the upgrade of the programme. Firstly, it responds to increased demands from stakeholders that Höganäs manages sustainability-related impacts and risks in the value chain. Secondly, proactive management increases resilience in the supply chain and lowers the risk for supply disruptions. Thirdly, it ensures that Höganäs is compliant with upcoming legislation.

"Compliance is of course an obligation under the law, but more importantly, it represents an opportunity to drive positive change," says Erica.

Cross functional work key to success

The risk assessment will apply risk filters and screen suppliers based on geography and material. In 2025, a core priority has been updating the master data that the process relies on.

"Environmental and social risks often increase with reduced visibility and control further upstream in the supply chain. To proactively identify, assess, and manage these risks, we work with our Tier-1 suppliers to ensure that responsible sourcing principles are consistently applied throughout their own supply chains," says Erica.

The mapping generates additional data that requires enhanced IT support for effective management.

"There has been close cooperation between sourcing, legal, IT and sustainability in this project, to upgrade the Responsible Sourcing Programme. By working cross-functionally, we have both ensured that the whole organisation is pulling in the same direction and that we have the right expertise for each step," says Erica.

Strategic engagement to improve suppliers' performance

Once the new programme is fully up and running in 2026, the automation of risk assessments will enable more resources to be allocated to strategic engagement with suppliers to improve performance.

"We will have more resources for working on proactive and strategic aspects, thereby reducing the risk of negative impacts on people and the environment. This benefits us, our suppliers, our customers and society," Erica concludes.

Erica Hyttfors
Social Impact Specialist, Höganäs

Governance

Our sustainability governance is based on respect for the rule of law, internationally agreed principles, and clear commitments to our stakeholders.

Business conduct

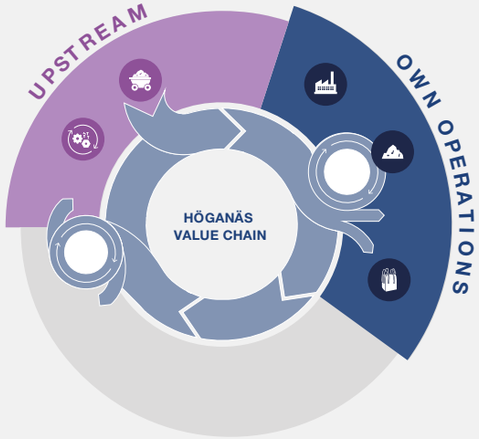
READ MORE ON PAGES 60–61

Our Code of Conduct and the values and principles of Team Höganäs guide our daily interactions with co-workers, business partners and other stakeholders.

Business conduct

Ambitions

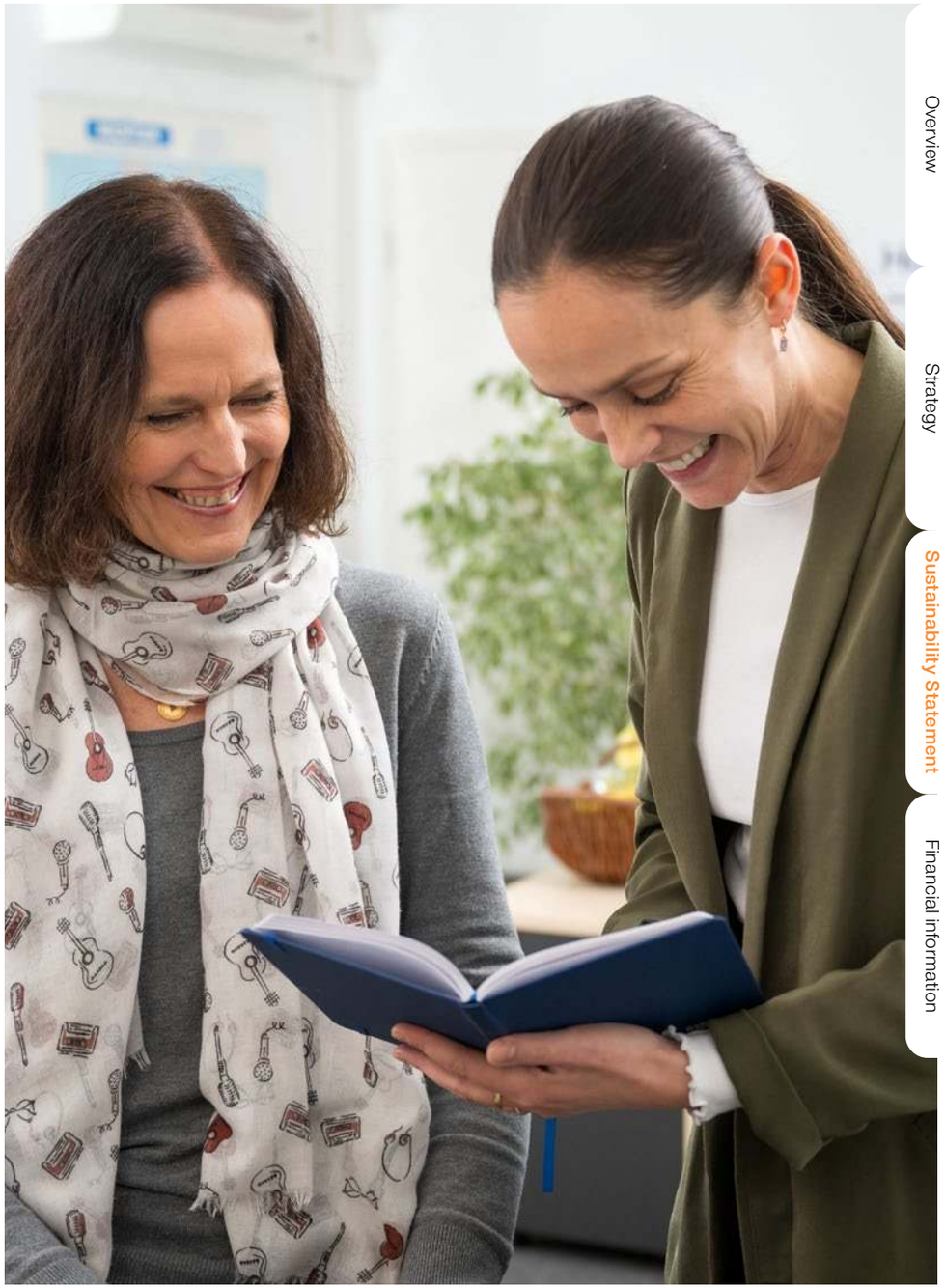
We hold ourselves and our business partners to high ethical standards to ensure that we contribute to a better society for all, including affected communities. Höganäs has zero tolerance of corruption and aims to work with suppliers to improve their performance.



SEE THE COMPLETE VALUE CHAIN ON PAGE 10

Impacts, risks and opportunities

Upstream	Own operations
Impacts	
• Höganäs has a complex supply chain and operations in countries with an elevated risk of corruption. To minimise potential negative impact in the value chain, incident reporting is open to use both by own co-workers and business partners.	• Höganäs has a complex supply chain and operations in countries with an elevated risk of corruption. To minimise potential negative impact in the value chain, incident reporting is available for our own co-workers and our business partners to use.
Risks	
• No material risks.	• Increased legislative or customer demands may lead to increased costs, both regarding resource needs and raw material prices.
Opportunities	
• No material opportunities.	• No material opportunities.



Our Code of Conduct reflects our commitments to human rights principles including children's rights.

Strategy and policies

Our Code of Conduct outlines how we should interact with our stakeholders, including business partners, owners, co-workers, children, and the surrounding communities. It reflects our commitment to human rights principles including children's rights, our zero-tolerance approach to corruption, and it applies to all co-workers and everyone acting on behalf of Höganäs.

Team Höganäs is our blueprint describing who we are as a company and how we aim to build a winning culture based on an inclusive work environment where everyone feels comfortable sharing their perspective, providing feedback, and speaking up. Our values and leadership capabilities are important tools for achieving this.

Our Responsible Sourcing Programme is based on a set of steering documents, i.e. the Anti-Bribery Policy, the Supplier Code of Conduct, and our Conflict Minerals and Cobalt Policy. These documents guide Höganäs and our suppliers in complying with international principles.

Actions and resources

Whistleblowing

All suppliers, customers, partners and neighbours can use the whistleblowing function on our website to report violations of laws and our policies. Höganäs' whistleblower reporting system is available to both internal and external stakeholders through our intranet and our external website. The system is operated by a third party, to ensure that anyone can report anonymously and confidentially in any language via phone or website. When a case is reported, a designated external lawyer assigns the investigation to a person with sufficient mandate, who is not involved in the reported matter.

Anti-corruption training

General training is available as part of the onboarding process and an introduction to the Höganäs Code of Conduct and specific training is offered on an ad hoc basis.

In 2025, a new training programme was launched to increase general awareness about bribery and corruption risks, and how to act. As part of this programme, new e-learning was made available throughout Höganäs, with targeted sessions available to all employees in functions facing risks exposed to bribery or corruption. Continuous training will then be ensured, in accordance with the programme both on a regular basis and through risk-based training as needed.

Tax

Höganäs aims to avoid transactions that can be considered to be tax evasion.

Supplier onboarding

Before onboarding new suppliers, compliance with our commitments and policies is assessed via a supplier questionnaire. Our policy is to only approve suppliers that can ensure that they and their suppliers adhere to internationally agreed principles and relevant legal frameworks, and transparently show evidence of compliance when requested to do so.

We prioritise local suppliers, with more than half of our raw materials sourced within the country of operation. Services such as maintenance, consultancy and contracting are sourced close to our operations whenever possible.

Local community engagement

Local community involvement plays a key role in supporting our corporate culture. We encourage dialogue with those who live near our premises, and all production sites have grievance mechanisms in place, with a designated point of contact for concerns.

All our production sites engage with local communities according to our Sponsorships and Donations Directive, and prioritise in accordance with local circumstances. The directive is designated to ensure that all funds are used ethically and according to the intended purpose.

Voluntary community contributions and sponsorships are decided by each local site according to our guidelines for sponsorships and donations. The largest share is directed towards community services, culture and wellbeing.

Targets and metrics

Our supply chain

In 2025, we had 426 suppliers (512) of direct materials and around 5,897 suppliers (5,797) of indirect materials, transportation, and other services. Our total spend on external suppliers was SEK 8,944 million (9,196).

Data privacy

We take our responsibility to safeguard our customers' data and privacy seriously and have policies, routines and systems in place. During the year, we have had 0 (0) reported breaches of privacy or data losses.

Incidents and whistleblowing

During the year, 14 (15) new cases were submitted through our whistleblowing function, addressing various topics such as complaints about leadership, disrespectful behaviour, work environment and employment conditions, safety and business integrity. All cases were handled and closed in accordance with established procedures. No incidents relating to discrimination, corruption or human rights were reported through our internal channels.

Appendix

Auditor's limited assurance report on Höganäs Holding AB's sustainability KPIs 2025

To Höganäs Holding AB, corporate identity number 556915-6655.

Conclusion

We have been appointed by the Board of Directors and Group management to conduct a limited assurance engagement of selected sustainability information, consisting of climate disclosures relating to scope 1, scope 2, scope 3 and Total Recordable Injury Frequence (TRIf) (the "sustainability information"), of Höganäs Holding AB for the financial year 2025. The sustainability information is included on page 38 and 54 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 information is not, in all material respects, prepared in accordance with the greenhouse gas calculation standards issued by the Greenhouse Gas Protocol (GHG Protocol) which are relevant for the preparation for the sustainability information, as well as the company's own accounting and calculation principles.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information.* Our responsibility under this standard 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.

Responsibilities of the Board of Directors and Group management

The Board of Directors and Group management are responsible for the preparation of the sustainability information in accordance with the applicable criteria, as described on page 39 of the sustainability report. The applicable criteria consist the greenhouse gas calculation standards issued by the GHGP (Greenhouse Gas Protocol) which are relevant for the sustainability report, as well as the company's own accounting and calculation principles. This responsibility also includes such internal control as the Board of Directors and Group management determine is necessary to enable the preparation of sustainability information that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the sustainability information based on our review. The limited assurance engagement has been conducted in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our procedures to obtain limited assurance that the sustainability information is prepared in accordance with the criteria described in the section Responsibilities of the Board of Directors and Group management.

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 Höganäs Holding AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability information, 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 Group management prepares the sustainability information, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability information, performing analytical review, and conducting other review procedures.

Our limited assurance is based on the criteria selected by the Board of Directors and Group management, as defined above.

The limited assurance procedures have covered the following:

- CO_2 emissions (scope 1), page 38
- CO_2 emissions (scope 2), page 38
- CO_2 emissions (scope 3), page 38
- Total Recordable Injury Frequence (TRIf), page 54

Malmö. Date as per electronic signature.

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorised 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.

Auditor's report on the statutory Sustainability Report

To the General Meeting of the shareholders in Höganäs Holding AB, corporate identity number 556915-6655.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory Sustainability Report for the year 2025 on pages 22–61 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

The scope of the audit

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

Opinion

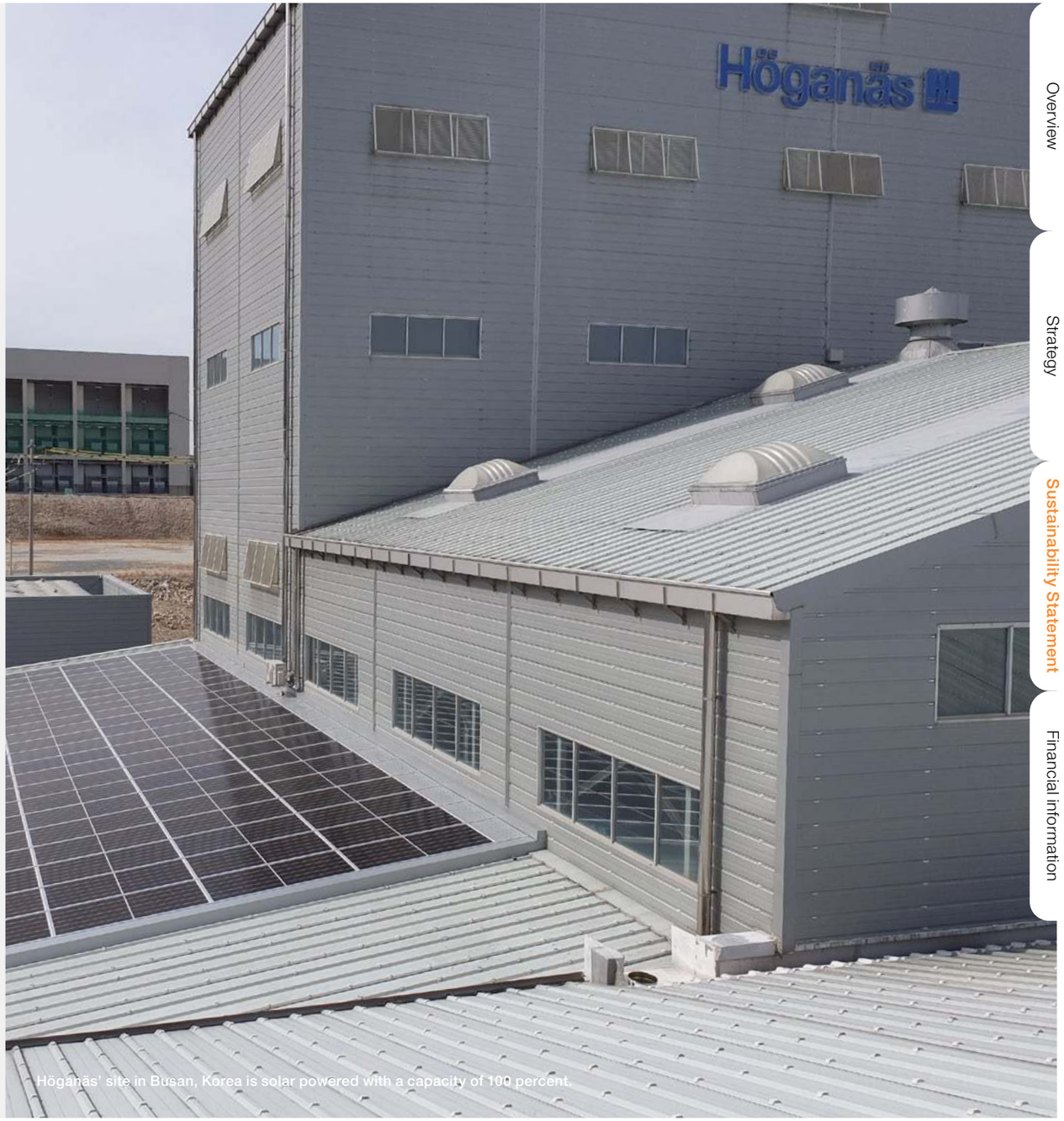
A statutory Sustainability Report has been prepared.

Malmö. Date as per electronic signature.

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorised 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.



Höganäs' site in Busan, Korea is solar powered with a capacity of 100 percent.

Financial information

HÖGANÄS » **INSIDE**

Friction brake pads produced with Höganäs metal and ceramic powders minimise wear and reduce noise.

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Board of Directors' Report

The Board of Directors of Höganäs Holding AB, corporate identity number 556915–6655, registered in Sweden with its registered office in Höganäs and address SE-263 83 Höganäs, hereby presents its Annual Report for the 2025 financial year. The results of operations in the year and the financial position of the parent company and the Group are presented in the Board of Directors' Report and in the subsequent statement of profit or loss, statement of comprehensive income and statement of financial position and the parent company's income statement, statement of comprehensive income and balance sheet, together with notes and comments.

Business summary

Höganäs is the world's leading producer of metal powders and has around 3,000 customers in 75 countries worldwide. Founded in 1797, Höganäs is a global leader in the market for ceramic and metal powders and has an annual production capacity of 500,000 tonnes. Höganäs pursues a vision to drive positive change through material innovation and the ambition is to become the preferred global partner for sustainable powder materials. The Group draws strength from having a range of diverse backgrounds, perspectives and experiences, along with a commitment to promoting equality. Höganäs works with customers to develop solutions for automotive components, electric motors, brazing, surface coating, welding, and additive manufacturing. Höganäs operates 15 production facilities worldwide, employs around 2,200 people and is owned by Lindéngruppen and Wallenberg-owned FAM.

The unlimited possibilities that Höganäs powders offer can enhance resource efficiency, leading to positive change. Höganäs has dedicated co-workers at all levels of the organisation, who continuously redefine the possible and develop 'powder that empowers'.

Global macro trends, such as sustainability, digitalisation, AI, and custom manufacturing, contribute to the business today and create new opportunities for the future. The ongoing process of electrification, in the automotive industry in particular, presents challenges, as a large proportion of Höganäs' current sales are focused on combustion engines. At the same time, electrification creates new opportunities, where Höganäs offers products for customers' electrification applications.

Organisation

The Group is organised into five global divisions, with Höganäs' global markets reporting to the respective division.

Powder Metallurgy Technologies (PMT) – includes powders and solutions for sintered components. This has been Höganäs' core business for a long time and remains an extremely important part of operations. Batteries represent a growth area within PMT and battery technology is expected to play a key role for manufacturers of metal powders in the future.

Electro Magnetic Materials (EMM) – includes soft magnetic materials and vehicle electrification solutions. Major changes in the electrification of the automotive industry enable Höganäs to contribute to more sustainable and efficient electric vehicles. Alvier Mechatronics sells engineering and design services to the automotive industry to expand the market for metal powders in electric vehicles, and also develops powders for batteries. ZeBeyond develops software that assists manufacturers in making data-driven decisions.

Metal Consumables & Elements (MCE) – includes solutions for welding and metallurgy, such as powder cutting, friction, and hot polymer filtration. The division has good growth potential and a clear ambition to expand through customised solutions.

Coating & Brazing Technologies (CBT) – includes the technical segments of surface coating, such as thermal spraying, weld overlay, and high-temperature brazing. Höganäs sees great potential here and aims to increase its market share in this segment.

Additive & Ceramic Technologies (ACT) – works with powders and solutions for additive manufacturing (3D printing), as well as advanced ceramic powders, metal injection moulding, and hot isostatic pressing. This segment currently accounts for a limited portion of Höganäs' business, but it offers good potential, especially in the growing market for 3D printing.

The global markets consist of EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia-Pacific).

At Group level, there are the central functions of Finance, IT, Legal, Strategy, Sustainability, Health & Safety, and HR & Communication.

Development of the Group's operations, profit and position

Revenue

The Group's revenue is on par with the previous year and amounted to SEK 11,045 million (11,826). The underlying volume was 393,000 tonnes (412,000), corresponding to a decrease of 5 percent. These lower volumes, combined with a stronger currency, had a negative impact on revenue. This was partially offset by higher metal prices and a positive product mix. The market and demand from the automotive sector in particular were restrained in light of macroeconomic uncertainty. At the same time, demand from the energy sector has increased.

APAC represented the Group's largest market at 41.8 percent (41.3) of sales, followed by Americas at 29.5 percent (30.3) and EMEA at 28.7 percent (28.4). All markets reduced in volume. In APAC, India and China continue to grow, while South Pacific Asia is declining, where a global shift in vehicle production was responsible for a large rise in 2024. EMEA and Americas lost volume, mainly due to a weaker automotive market.

Overall, the Group's volumes decreased by 5 percent, with some variation between the divisions. Coating & Brazing Technologies (CBT) increased +2 percent and Electro Magnetic Materials (EMM) +3 percent. The PMT, MCE and ACT divisions reported lower volumes than last year. Due to its size, PMT is the main contributor to the overall position of the Group.

Non-recurring items

Non-recurring items for the year amounted to SEK 22 million net and consisted of liquidation gains of SEK 25 million net from companies in the US, Switzerland and Spain, as well as a negative impact on profits of SEK –3 million from the divestment of the joint venture share in HRC Metalizações Ltda, Brazil.

In the previous year, the Group had negative net items of SEK –2 million, which comprised a liquidation loss of SEK –12 million in connection with the closure of Höganäs' Russian operations and a positive impact on profits of SEK 10 million from the closure of Swiss operation Alvier AG PM-Technology.

EBITDA

EBITDA before non-recurring items amounted to SEK 1,663 million (1,624). The EBITDA margin before non-recurring items was 15.1 percent (13.7).

Operating profit

The Group's operating profit increased to SEK 1,148 million (1,059), corresponding to 10.4 percent (9.0) of revenue. Adjusted for non-recurring items, operating profit amounted to SEK 1,126 million (1,061), corresponding to a margin of 10.2 percent (9.0). The main reasons for the higher underlying profit are positive metal and mix effects. However, these effects were offset by the lower volumes for the year, as well as a stronger currency and slightly higher overheads.

Selling expenses, administrative expenses, and research and development expenses amounted to SEK 1,404 million (1,434), a decrease of SEK 30 million. This fall was driven mainly by a stronger Swedish krona, in the amount of SEK 54 million and was offset by general wage increases and general inflation.

Other operating income and expenses amounted to SEK 22 million (41) net and derived mainly from structural changes in the form of liquidation gains from Alvier AG PM-Technology of SEK 31 million, Höganäs Ibérica S.A. of SEK 1 million, Höganäs Environment Solutions, LLC of SEK –7 million, and the divestment of HRC Metalizações, Ltda of SEK –3 million. This item also includes government grants of SEK 22 million, and foreign exchange losses relating to operating receivables and liabilities of SEK –20 million.

The previous year consisted mainly of the curtailment of pension provision at Alvier AG PM-Technology of SEK 21 million, capital gains on the sale of non-current assets of SEK 14 million, government grants of SEK 14 million, and liquidation losses attributable to the Group's Russian subsidiary of SEK –12 million.

Net financial items

Net financial items amounted to SEK –98 million (–133).

Interest expenses, including interest on leasing, amounted to SEK –122 million (–140). The lower interest expenses are mainly the result of a narrowly lower borrowing volume combined with a lower interest level and a narrowly lower interest margin during 2025.

Interest income was also affected by the lower interest rate levels and amounted to SEK 18 million (26).

The net foreign exchange effects for the year were positive at SEK 7 million (–19) and are mainly the result of the revaluation of bank accounts.

Profit before tax

The Group's profit before tax increased to SEK 1,050 million (926), corresponding to 9.5 percent (7.8) of revenue.

Income taxes

The Group's income tax expense amounted to SEK 270 million (293), which corresponds to an effective tax rate of 25.7 percent (31.6) – see Note 9.

The lower effective tax rate for 2025 compared with 2024 was the result of a lower amount of non-deductible expenses and a higher amount of non-taxable income in 2025. This was mainly due to positive net interest for 2025 and negative net interest for 2024. Tax attributable to previous years also affects the comparison, with a positive impact this year of SEK 2 million and a negative impact last year of SEK –11 million, mainly relating to Belgium and the US.

Capital tie-up

Inventories amounted to SEK 3,625 million (3,527) and trade receivables to SEK 1,540 million (1,686). The increase in inventories is mainly due to increased volumes and is offset by foreign exchange effects resulting from a stronger krona. The decrease in trade receivables is the result of foreign exchange effects, although higher sales towards the end of 2025 compared with 2024 also had a partial positive impact. The average capital employed in the Group amounted to SEK 15,268 million (15,236). Return on capital employed amounted to 7.5 percent (7.0). Goodwill amounted to SEK 6,178 million (6,222) at the end of the financial year.

Investments

Investments totalled SEK 912 million (988) divided between intangible assets of SEK 181 million (354), and property, plant and equipment of SEK 731 million (634). Investments in intangible assets refer mainly to the acquisition of emission allowances. Investments in property, plant and equipment were higher than in previous years, mainly due to the relocation in China, where a new facility is under construction and will be completed during the first half of 2026. As in the previous year, other investments during the year related principally to the production facilities in Sweden, Germany and the US.

Financial position and equity ratio

Equity at year-end amounted to SEK 12,520 million (12,937), which represents an equity ratio of 68.3 percent (65.6). The Group's net debt amounted to SEK 1,755 million (2,148), corresponding to a net debt ratio of 0.1 (0.2). Net debt/Adjusted EBITDA, before non-recurring items, amounted to SEK 1.0 million (1.3).

Cash flow

Cash flow from operating activities amounted to SEK 1,096 million (1,035), which was slightly higher than the previous year. This is the result of improved operating profit adjusted for items not affecting

Metal powder is heavy – a single flex-bag can weigh as much as one tonne.

cash flow, SEK 1,785 million (1,647), as well as working capital of SEK –364 million (–255), mainly due to increased inventory.

Cash flow from investing activities amounted to SEK –768 million (–678). The change between the years is largely the result of increased investment in property, plant and equipment due to the relocation of the facility in China, same as in previous year.

Cash flow from financing activities amounted to SEK –473 million (–12). Net borrowing reduced by SEK –311 million (–249) during the year, while SEK 119 million (424) was received as compensation for the relocation of the facility in China. A dividend of SEK –200 million (–100) was also paid to shareholders.

Cash flow for the year amounted to SEK –145 million (345).

Ownership structure

Höganäs Holding AB has been a joint venture-owned company since 27 August 2013. The two owners, FAM AB and Lindéngruppen AB, each hold half of the shares and votes.

Operating activities are conducted through Höganäs AB and its subsidiaries. At the time of signing the Annual Report, the Board of Directors of Höganäs AB consisted of Magnus Hall (Chair), Robert Hermans, Anna Månsson, Fabio Pedrazzi, Kristian Sildeby, Charlotte Strömberg, Erik Urnes, and the two employee representatives Peter Olsérius and Tony Petersson. Henrik Ager is the President and CEO of Höganäs.

Significant events during the financial year

The year's business climate has been challenging, marked by uncertainty, unclear trade barriers, and fluctuating demand in many of the markets. Electrification, increased climate expectations, geopolitical uncertainty, and rapid progress within artificial intelligence are affecting not only the markets but also how Höganäs works and what customers expect. This strengthens the need for continuously evaluating and developing working methods to ensure long-term competitiveness. Despite these challenges, Höganäs managed to maintain a stable financial performance.

Safety

Safety remains one of the top priority areas. Höganäs included the accident statistics of its external contractors during the year, giving a better overall picture of its risks. The total accident rate remained at the same level as in 2024, which is half that of 2023. Although this is a step in the right direction, continued focus and action is required. The Group has therefore introduced common safety standards and is implementing measures to increase the level of safety at all facilities, with a particular focus on accidents connected with movement.

Organisation

The reorganisation into divisions implemented in 2024 has provided greater clarity regarding responsibilities and strengthened ownership of results. The new structure, along with improved evaluation processes, has resulted in faster decision paths and a more development-oriented way of working.

Changing market conditions, with lower demand and reduced volumes within the traditional automotive industry, forced Höganäs to make 30 employees in Sweden redundant.

Sustainability

Work on the climate roadmap is delivering results, with a reduction in both direct and indirect emissions since 2018. Höganäs is progressing the construction of a new reception facility for biochar, which will enable up to 20 percent of fossil coke and anthracite to be replaced in 2026. This is an important step in reducing CO_2 emissions.

During the year, Höganäs launched the ***re***-portfolio as an umbrella name for products with documented environmental benefits. The Group also signed two commercial contracts for near zero iron powder.

Digital development

The Group continued to strengthen its digital capacity. In the Coating & Brazing Technologies (CBT) division, the development time for new materials has shortened considerably through the use of simulations based on machine learning, which enable more customer-specific products.

New facility

The relocation of Höganäs' factory in Qingpu, Shanghai, to a new facility is progressing according to plan. The project is scheduled for completion in 2026. For further information, see Note 11.

Research and development activities

Around 130 engineers and technicians work on research and development at Höganäs. Most of these are located in Sweden, but there are also smaller development units in the US, Germany, India and China.

Customer Development Centres around the world handle customer processes in sintered components and soft magnetic composites. These Customer Development Centres optimise new materials and products, conduct customer-specific surveys, manufacture components on a pilot scale, and provide internal and external training. A modern and fully equipped laboratory, Servus, is located next to the Customer Development Centre in Sweden.

Tech Centres providing technical support to customers are located in all regions. There are equivalent development centres (ArcX) for surface coatings in all global markets and the most recent of these opened in the US and India in 2023.

Research and development expenses for the year, including technical customer service and Höganäs' internal process development, amounted to SEK 249 million (224). During the year, development costs attributable to ongoing development projects of SEK 28 million (4) were also capitalised.

At Höganäs, around 130 engineers and technicians work in research and development.

Risks and risk management

The Group's operations are influenced by several external factors and by internal capabilities. The geopolitical situation remained strained in 2025 and the risk and impact of various trade barriers, such as customs duties, sanctions, and export restrictions, need to be monitored and managed. The Group is also affected by international economic developments.

The energy situation is relatively stable but energy prices remain high, albeit not at 2022 levels. The prices of biogas and natural gas fell back during 2025 but returned to a high level by the beginning of 2026. Höganäs manages price risks using financial hedges – see below. Höganäs also invested in a propane plant a few years ago to help manage temporary shortages in natural gas supplies.

Höganäs performs a double materiality assessment of risks and opportunities in accordance with the requirements of the CSRD. Alongside this, Höganäs continues its ongoing risk analysis work to obtain a consolidated picture of the risks in the business, and to improve the conditions for achieving its strategic objectives and financial targets. The Group's most material risks are presented below.

Risk description	Risk management
Market and product development risks Höganäs has a high level of exposure to the automotive industry and is therefore affected by trends in this industry. Electrification is gradually changing the vehicle fleet, but there is still uncertainty about the pace of change and which technologies will dominate in electric engines and vehicle platforms. However, in view of their dominant market position, combustion engine vehicles, including the hybrid vehicle segment, are expected to remain relevant in both the short and medium term. The increasing proportion of electric vehicles will affect Höganäs' traditional core business.	To manage industry trends, Höganäs has a clear strategic focus on developing materials for the industry's new requirements in conjunction with industry players, including the further development of soft magnetic materials. Höganäs also continuously works to evaluate new applications and industries for its materials.
Geopolitical risks The geopolitical situation is still tense. At the same time, climate change impact, such as flooding and drought, is leading to humanitarian and refugee crises, resulting in further geopolitical instability. The geopolitical situation added increased complexity to trade rules and restrictions in the form of sanctions, customs duties, and other trade barriers in 2025. Compliance with sanctions and trade restrictions is part of the everyday business agenda and customers are increasingly demanding guarantees of Höganäs' compliance with relevant regulations. An uncertain geopolitical landscape can create logistical challenges in terms of sourcing raw materials and ensuring timely access to materials. Disruptions and changing regulations in markets and in trade can lead to supply constraints and price increases for raw materials, transport and energy.	As a global player, Höganäs maintains efficient and standardised processes to ensure business intelligence and compliance, and to manage the risks of the rapidly changing commercial landscape. Risk management includes ongoing dialogue with stakeholders to strengthen resilience as conditions change. Höganäs works proactively with procurement to establish reliable and sustainable raw material suppliers and eliminate dependence on individual suppliers. Höganäs assesses both environmental and social risks when analysing supply chain risks and manages these risks in accordance with established procedures and policies.
Production and material supply risks Höganäs manufactures its products in a process chain where disruptions to the various links could have major consequences. Business interruptions due to transport barriers or fire, explosions or other types of accidents could therefore be costly. Procurement risks include security of supply, the quality and price of materials and energy, as well as macro risks that restrict trade, and the risk of suppliers falling away. Höganäs is also exposed to the risk of various forms of trade barriers hindering the procurement of certain raw materials and internal material flows (see also under Geopolitical risks).	In addition to its own annual reviews of assessed risks at its facilities, Höganäs conducts comprehensive annual inspections of the Group's production facilities together with the insurer providing property and business interruption insurance. Höganäs carries out ongoing, systematic damage prevention work in order to reduce the risk of disruption to production. To minimise the risks of impacts from potential disruptions, safety stocks are held of certain critical raw materials and finished goods. The Group is able to relocate production internally to a certain extent to reduce the risk of loss of production. Höganäs strives to have at least two suppliers for designated strategic raw materials at all times and constantly monitors trends in both supply and price. As last year, this is a priority area given that there is only a limited number of suppliers for several critical materials. Höganäs maintains plans for how material flows can be redirected and what alternative options are available for the supply of materials.
Sustainability risks The production of metal powders generates direct climate emissions in own operations and also has a major climate impact in the value chain. Failure to convert to fossil-free production would expose Höganäs to the risk of losing its market-leading position. Transition can involve a risk of investing in the wrong technology, higher costs, and not achieving targets on time. The transition to fossil-free sponge iron production is a particular challenge, as there are no industrialised production methods for this nor a functioning market for the production and distribution of biochar.	Höganäs has an ambitious sustainability agenda that includes transition in its own operations. The Group is working intensively to develop alternative processes to achieve the net-zero target by 2030 in its own operations (scope 1–2), with sponge iron currently the largest single source of direct climate emissions.
Safety risks There is an inherent health and safety risk, both physical and psychological, related to Höganäs' production being located in a heavy industrial environment. This poses a risk of serious injury or fatalities to employees and others in the production environment.	Höganäs makes systematic efforts to reduce risks and prevent accidents through a health and safety management system that covers all activities and employees. Production facilities are certified to ISO 45001. Höganäs maintains a Group-wide minimum standard for facilities and activities in key areas and ensures learning and experiences are shared through established forums. Regular risk assessments identify needs for reinvestment in order to increase safety, which are taken into account in Höganäs' investment planning. Greater emphasis is placed on safety culture, where dialogue is crucial.

Risk description	Risk management
Risks related to unethical business conduct The world around us is placing increasing demands on social sustainability related to human rights and corporate governance, to combat bribery, corruption, and the financing of terrorism. There is a risk of these requirements becoming so extensive and complex that compliance is more difficult. Unethical business conduct by someone acting on behalf of Höganäs, such as an employee or an agent, could not only damage Höganäs' reputation on the market but could also lead to high costs in the form of fines or other charges. There is a risk of the Group being made complicit in the unethical activities of business partners, such as customers or within the supply chain. There are risks that business partners may deviate from our values and Code of Conduct.	Höganäs imposes requirements on its business partners and has processes and control functions in place for their evaluation. These processes include screening business partners such as dealers and agents. Identified risks associated with the value chain are managed systematically, primarily at local level supported by governing documents and established procedures, but escalated to the Group's support functions as necessary. Höganäs has a Code of Conduct and related policies to ensure that its employees and business partners demonstrate strong business ethics. To raise awareness and in the interests of prevention, mandatory training on anti-corruption and ethical business conduct is arranged for all employees. Höganäs always strives to ensure compliance with transparency requirements and to avoid transactions or arrangements that could be considered tax evasion.
IP risks Various types of intellectual property are of great value to Höganäs' business.	Höganäs protects technical inventions and processes developed within the Group through patents or as trade secrets. Corporate Legal and the functions that develop products and processes work together closely to establish strategies and processes on an ongoing basis to ensure that the value of innovations and intellectual property rights remains in the Group. Höganäs monitors compliance with patent protection and also ensures it does not infringe the rights of others.
Environmental risks Increased or amended sustainability legislation can present compliance challenges for Höganäs. Legislation or market changes may accelerate the demand for net-zero products and processes faster than Höganäs can deliver them.	Höganäs has good control over its own operations through its externally verified environmental management system and works proactively with a strategy for prioritising different areas, investigations, and control programmes. Höganäs manages regulatory risks by ensuring that the Group has the right resources to monitor legislation and ensure compliance. Through its membership of industry associations, Höganäs supports harmonised rules that promote and enable sustainable business practices. Taking a proactive approach and working to achieve the company's sustainability goals reduces the risk of non-compliance.
Cyber risks Cyber risks include unauthorised access, disruption or manipulation of digital systems and data, posing a threat to the organisation's operations and financial stability. Intrusions and disruptions in Höganäs' IT environment and systems could stop operations and prevent the sale, production and distribution of products. Intrusions could also potentially reveal intellectual property rights, trade secrets, or other confidential information.	These risks are managed by implementing and maintaining appropriate technical and organisational security measures on an ongoing basis. As cyber risks escalate globally, Höganäs is intensifying its systematic work to address these.
Risks linked to competence and culture The ability to attract and retain skilled employees, alongside a culture of openness to change, diversity and inclusion, is important for the long-term profitable operation of the business.	Competence and leadership development is pursued, among other things, through a focus on personal leadership, business development and the values that are important to Höganäs. For further information, see the section on Employees.
Risks related to technical challenges associated with the climate transition Higher CO_2 emissions due to unintended consequences of political incentives. New political incentives could complicate the climate transition, for example, short-term changes affecting prices, taxes, and access to fossil-free energy. High dependence on bio-based process materials that potentially may be unsustainable in the long term (third-party certification requirement). Bio-based alternatives to fossil process materials are unsuccessful due to process-related technical limitations or lack of availability. Trading with carbon capture and storage (CCS) and negative emissions can be difficult due to scaling and availability.	Höganäs reduces climate-related risks through its systematic implementation of the climate roadmap. Investments in biochar production to replace fossil coal in core processes, electrification of processes and transport, investments in fossil-free energy, and participation in CCS projects, form part of this implementation.
Financial risks Financial risks consist mainly of currency, metal price, energy price (electricity and gas), and interest rate risks.	Höganäs Holding AB's financial policy, which is governed and monitored by Höganäs' Board of Directors, sets out a framework for how financing and different types of financial risks are to be managed. The policy defines the risk exposure to be applied in the business. For further information, see Note 27.

Sustainable development

Responsibility for sustainability rests with the Board of Directors and is led by Group management, with the help of the Group's sustainability support function. The sustainability agenda and climate roadmap are integrated into strategies and business plans, where overall goals are broken down into sub-goals and action plans.

Höganäs has a clear focus on developing products that contribute to society's climate transition, and on transforming its own operations, in order to achieve net-zero emissions.

The sustainability work is based on a double materiality assessment that was performed during the year, as part of the preparations for the EU Corporate Sustainability Reporting Directive (CSRD). The assessment identified material impacts, risks, and opportunities in the following areas:

- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy
- Own workforce
- Workers in the value chain
- Affected communities
- Business conduct

See pages 22–30 for a full description of Höganäs' material impacts, risks and opportunities.

Focus this year

In 2025, as well as the preparations for reporting in accordance with the CSRD and the associated European Sustainability Reporting Standards (ESRS), there has been particular focus on intensifying the sustainability dialogues held with suppliers and reducing accidents and incidents at Höganäs' workplaces. Höganäs has also taken actions and made decisions in accordance with the climate roadmap. The Group has implemented a number of initiatives at its production facilities. The Swedish operations have continued to carry out extensive development work regarding the possibilities of replacing fossil coal with biochar. In the latter part of 2025, construction began on facilities to manage and receive biochar.

For further information, including strategies, policies and metrics, see the Sustainability Report on pages 22–61.

Environment

Höganäs conducts production activities that require permits and reporting, and which are subject to environmental legislation in the countries where the Group operates. Permits exist for all production facilities and principally govern production volume, emissions to air and water, noise, and waste. Permits are valid either for a specified period or until further notice. Höganäs works continually with the ongoing renewal of the environmental permits it holds, in accordance with applicable laws and regulations. Other than ongoing renewals, there were no changes relating to permits during the year.

Sustainability reporting

Höganäs reports its sustainability work as part of its Annual Report and in accordance with the Swedish Annual Accounts Act, based on the Non-Financial Reporting Directive (NFRD). The Group has prepared its Sustainability Statement in a separate report from the Board of Directors' Report, in order to meet the statutory sustainability reporting requirements, in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act.

As part of the preparations for the introduction of the CSRD, the content of this year's report is largely structured in accordance with the associated ESRS. The content of the Sustainability Statement is given in the Table of Contents. The auditor's opinion regarding the statutory sustainability report can be found on page 63.

Employees

In 2025, the average number of employees in the Höganäs Group was 2,245 (2,247). The average number of employees in Sweden was 810 (791), corresponding to 36 percent (35) of all employees in the Group. The number of employees at year-end was 2,235 (2,265). The number of employees decreased by 30 compared with the same time last year. For further information on the average number of employees and personnel expenses, please refer to Note 5.

In February 2025, Höganäs launched a new global people management system, Workday. Intensive work to implement, adapt, and further develop the system took place during the year.

HR develops a new manager module each year focusing on a current topic, which is conducted internally. This year's module, the eighth in the series, is on the subject of 'Creating a healthy environment by developing fruitful relationships at work'.

Another annual initiative is the opportunity for employees to nominate teams or individuals for the 'Living our values' award. This is an annual award designed to recognise good performance that strengthens compliance with the Group's values and demonstrates how these are expressed in everyday work.

Work continued in 2025 to build a feedback culture at Höganäs. A new digital employee tool was launched during the year as a module in the Group's global people management system, Workday. The practice of quarterly Team Check-ins and subsequent dialogue within the team, is now a globally established process.

Each year, Karriärföretagen announces Sweden's most attractive employers for students and young professionals, and it awarded Höganäs Newcomer of the Year in the Engineering Students category. Höganäs in India was once again certified as 'A Great Place to Work®'.

Incentive scheme

Long-term incentive scheme (LTI)

The Board of Directors of Höganäs AB has adopted a long-term incentive scheme with a vesting period from 2023 to 2025. By introducing the scheme, the Board of Directors wants to create a long-term commitment and a sense of involvement through a profit-sharing opportunity for Group management and members of the extended management team. The incentive scheme enables participants to receive an extra bonus in addition to the annual bonus scheme, payable at the end of a three-year period. The outcome is based on the operating profit for the financial years 2023 to 2025, as well as development goals based on the electrification agenda and sustainability targets within both environment and diversity & inclusion.

For the duration of the scheme, and under certain conditions, the Board of Directors can add new members to the remuneration scheme, who are able to participate with a pro rata adjustment calculated from the date of their employment. During the previous year, members of the extended management team were included in the scheme.

Short-term incentive scheme (STI)

The Group offers Group management, senior managers, and employees in the sales organisation an annual bonus scheme, the Short-term incentive scheme. The bonus opportunity is linked to the business plan's planned activities and set objectives, and also anchors the employee to their particular part of the organisation to create a greater sense of belonging and a desire to contribute to a successful Höganäs.

Profit-sharing scheme

All Höganäs employees are included in the Höganäs profit-sharing scheme. To be eligible for a share in the year's profit, employees must have been employed at the beginning of the financial year, and not have been dismissed or have left the Group at the time of payment. Allocation to profit-sharing is made according to an annually established range based on the operating group's (Höganäs AB and its subsidiaries) operating profit from the previous year. Within this range, a maximum of 15 percent of the profit can be allocated to profit-sharing. For details of the allocation for the year, see Note 5. The distribution of profit takes into account the pay level of the respective country.

Outlook for future development

The year 2025 was one of limited global growth. Interest rates have fallen widely, while pay rises generated a real increase for many people, but this has only translated into higher consumer-driven demand to a limited extent. At the same time, global trade barriers have increased, particularly after the tariffs that the US chose to impose.

The geopolitical situation is still tense. The war in Ukraine continues. Tensions and muscle flexing between major powers and smaller countries look set to increase. In early 2026, Israel and the US began an armed conflict with Iran. It is currently too early to tell what this will mean for Höganäs, but there are risks in relation to the supply and price of gas and oil. There is a risk that this uncertainty will affect shipping through the Suez Canal, impacting on lead times for transport and cargo flows at global ports.

Energy supplies, which have been challenging in Europe at times, were good during 2025 and the outlook is stable, subject

to risk in relation to the previously mentioned developments. The EU has made the decision to phase out Russian gas in pipelines and in liquid form (LNG) in 2027, although some Member States have made reservations against this decision. This may ultimately increase prices to a degree. Energy supplies in Asia and North America remained good.

In 2025, light vehicle production totalled 92 million units, 78 million of these with combustion engines, which was on a par with the previous year. The forecast production figures for 2026 are largely unchanged. The pace of electrification has slowed compared with the forecasts published a couple of years ago, but the share of electric vehicles continues to grow, albeit at a slightly slower rate.

On the production side, metal powders specialist QMP chose to close down its Canadian operations in 2025. This may generate additional business opportunities for Höganäs and other remaining players in the short to medium term.

Höganäs' outlook for 2026 is cautiously optimistic. Forecast GDP for Höganäs' most important markets is positive at around 3 percent. Vehicle production is stable compared with 2025. Energy storage (batteries) continues to develop, and may become an interesting segment. Demand and growth rates continue to develop positively in aerospace and energy generation, providing opportunities for Höganäs' surface coating offering.

In summary, Höganäs is well prepared for 2026.

Significant events after the reporting period

No events that are considered significant occurred between the end of the period and the signing of this Annual Report.

PARENT COMPANY

Business summary

The parent company's activities relate to the management of the shares in Höganäs AB, and to assisting with general financing solutions for Höganäs' operating activities. It also provides Group services. A description of the parent company's financial risks and management strategy is presented in Note 27.

Development of the parent company's operations, profit and position

Revenue amounted to SEK 17 million (17) and relates to invoicing of group services.

Administrative expenses amounted to SEK 19 million (20) and related mainly to personnel expenses.

Profit from net financial items amounted to SEK 27 million (–331), comprising interest and similar income of SEK 258 million (1) and interest and similar expenses of SEK –231 million (–432). The positive development of interest and similar income is mainly attributable to foreign exchange differences, which had a positive impact on profit of SEK 258 million (–153). Foreign exchange gains for the year are mainly the result of the exchange rate effects on liabilities in USD as the Swedish krona strengthened during the year, while it weakened against the USD towards the end of 2024. The strengthening of the Swedish krona against the EUR also contributed to the strong gain. The decrease in interest and similar expenses is attributable to external interest expenses of SEK –99 million (–116). The reduction in interest expenses is mainly the result of reduced borrowing and lower interest rates. Internal interest expenses decreased to SEK –131 million (–163) as a result of lower interest rates in 2025 compared with 2024. Changes in the fair value of interest rate swaps for which hedge accounting is not applied had an impact on profit of SEK –1 million (1).

Profit before tax amounted to SEK 368 million (56), which includes group contributions received during the year of SEK 469 million (384) and a provision made to the tax allocation reserve of SEK –126 million (6).

The reported tax expense amounted to SEK –79 million (–36), which gives an effective tax rate of 21 percent. The tax expense for the previous year was affected by large amounts of non-taxable income and expenses, as well as a tax relating to previous years of SEK –8 million.

Profit for the year amounted to SEK 289 million (20).

The assessment is that the parent company's financial position remains strong. A dividend of SEK –200 million (–100) was paid to shareholders during the current year.

Höganäs provides products for customers' electrification applications, for example in vehicles.

Appropriation of profit

Proposed distribution of profit

The following amounts in SEK were at the disposal of the Annual General Meeting:

Share premium reserve	686,104,700
Fair value reserve	14,374,657
Retained earnings	5,237,167,500
Profit for the year	288,641,057
Total	**6,226,287,914**

The Board of Directors proposes that the available funds be distributed as follows:

Dividend, 20,000,000 shares x SEK 20 per share	400,000,000
Carried forward	5,826,287,914
Total	**6,226,287,914**

The Board of Directors believes that the proposed dividend does not prevent the company from fulfilling its obligations in the short or long term, nor from making necessary investments. The proposed dividend can therefore be justified in view of the statements in Chapter 17, Section 3, Sections 2–3 of the Swedish Companies Act (precautionary rule). The Group's debt/equity ratio and liquidity are expected to be maintained at a satisfactory level in view of the proposed dividend.

The Board of Directors certifies that the consolidated financial statements have been prepared in accordance with international accounting standards IFRS, as adapted by the EU, and give a true and fair view of the Group's financial position and profit. The annual accounts have been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the Parent Company's financial position and profit.

The Board of Directors' report for the Group and the Parent Company provides a true and fair overview of the development of the operations, financial position and performance of the Group and the Parent Company, and describes material risks and uncertainties faced by the Parent Company and group companies.

The Board has approved the annual accounts and the consolidated financial statements for issue on 24 March 2026. The consolidated statement of profit or loss, comprehensive income and financial position, together with the Parent Company's income statement, statement of comprehensive income and balance sheet, will be subject to confirmation at the Annual General Meeting on 16 April 2026.

Höganäs. Date as per electronic signature.

Erik Urnes
Chairman

Kristian Sildeby
Board member

Our auditor's report was issued. Date as per electronic signature.
Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Chief Auditor

Carl Fogelberg
Authorised Public Accountant

Consolidated Statement of Profit or loss

For the year ended December 31

SEK m	Note	2025	2024
Revenue	2	11,045	11,826
Cost of sales		–8,509	–9,370
Gross profit		**2,536**	**2,456**
Selling expenses		–510	–580
Administrative expenses		–645	–630
Research and development expenses		–249	–224
Other operating income	3	70	78
Other operating expenses	4	–48	–37
Share of loss of joint ventures		–6	–4
Operating profit	5, 6, 7, 12, 21	**1,148**	**1,059**
Financial income		25	26
Financial expenses	12	–123	–159
Net financial items	8	**–98**	**–133**
Profit before tax	27	**1,050**	**926**
Income taxes	9	–270	–293
Profit for the year		**780**	**633**
Profit for the year attributable to			
Owners of the parent		782	633
Non-controlling interests		–2	0
Profit for the year		**780**	**633**

Consolidated Statement of Comprehensive Income

For the year ended December 31

SEK m	Note	2025	2024
Profit for the year		**780**	**633**
Other comprehensive income			
Items that have been or may be reclassified to profit for the year			
Translation differences for the period		–727	282
Hedging of currency risk in foreign operations		257	–153
Cash flow hedges		6	–51
Tax attributable to items that have been or may be reclassified to profit for the year	9	–35	44
Total		**–499**	**122**
Items that cannot be reclassified to profit for the year			
Remeasurement of defined benefit pension plans	21	55	87
Tax attributable to item that cannot be reclassified to profit for the year	9	–14	–18
Total		**41**	**69**
Other comprehensive income for the year		**–458**	**191**
Comprehensive income for the year		**322**	**824**
Comprehensive income for the year attributable to			
Owners of the parent		324	824
Non-controlling interests		–2	0
Comprehensive income for the year		**322**	**824**

Consolidated Statement of Financial Position

As at 31 December

SEK m	Note	2025	2024
Assets	27		
Intangible assets	10	7,606	7,694
Property, plant and equipment	11, 12	4,112	4,139
Investments in joint ventures		–	6
Non-current receivables	14, 21	154	184
Deferred tax assets	9	224	324
Total non-current assets		**12,096**	**12,347**
Inventories	15	3,625	3,527
Current tax assets		35	51
Trade receivables	27	1,540	1,686
Prepaid expenses and accrued income	16	87	80
Other receivables		208	205
Short-term investments		2	5
Cash and cash equivalents	17	729	987
Total current assets		**6,226**	**6,541**
Total assets		**18,322**	**18,888**

SEK m	Note	2025	2024
Equity and liabilities			
Equity	18		
Share capital		20	20
Other paid-in capital		6,948	6,948
Reserves		223	722
Retained earnings, including profit for the year		5,330	4,707
Total equity attributable to owners of the parent		**12,521**	**12,397**
Non-controlling interests		–1	0
Total equity		**12,520**	**12,397**
Liabilities	27		
Non-current interest-bearing liabilities	12, 19	2,039	2,653
Other non-current liabilities	20	472	770
Provision for pensions	21	266	305
Other provisions	22	36	46
Deferred tax liabilities	9	587	644
Total non-current liabilities		**3,400**	**4,418**
Current interest-bearing liabilities	12, 19	179	177
Trade payables		1,062	1,081
Current tax liabilities		78	28
Other liabilities		129	118
Accrued expenses and deferred income	24	911	634
Provisions	22	43	35
Total current liabilities		**2,402**	**2,073**
Total liabilities		**5,802**	**6,491**
Total equity and liabilities		**18,322**	**18,888**

Consolidated Statement of Changes in Equity

		Equity attributable to owners of the parent							
				Reserves					
SEK m	**Note 18**	**Share capital**	**Other paid-in capital**	**Translation reserve**	**Hedging reserve**	**Retained earnings, incl. profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity as at 1 January 2024		20	6,948	541	59	4,105	11,673	0	11,673
Comprehensive income for the year									
Profit for the year		–	–	–	–	633	633	0	633
Other comprehensive income for the year		–	–	163	–41	69	191	0	191
Comprehensive income for the year		**–**	**–**	**163**	**–41**	**702**	**824**	**0**	**824**
Transactions with the Group's owners									
Dividend paid		–	–	–	–	–100	–100	–	–100
Total transactions with the Group's owners		**–**	**–**	**–**	**–**	**–100**	**–100**	**–**	**–100**
Closing equity as at 31 December 2024		**20**	**6,948**	**704**	**18**	**4,707**	**12,397**	**0**	**12,397**
Opening equity as at 1 January 2025		20	6,948	704	18	4,707	12,397	0	12,397
Comprehensive income for the year									
Profit for the year		–	–	–	–	782	782	–2	780
Other comprehensive income for the year		–	–	–504	5	41	–458	–	–458
Comprehensive income for the year		**–**	**–**	**–504**	**5**	**823**	**324**	**–2**	**322**
Transactions with the Group's owners									
Dividend paid		–	–	–	–	–200	–200	–	–200
Acquisition of partially owned subsidiary		–	–	–	–	–	–	1	1
Total transactions with the Group's owners		**–**	**–**	**–**	**–**	**–200**	**–200**	**1**	**–199**
Closing equity as at 31 December 2025		**20**	**6,948**	**200**	**23**	**5,330**	**12,521**	**–1**	**12,520**

Consolidated Statement of Cash Flows

For the year ended December 31

SEK m	Note	2025	2024
Operating activities			
Operating profit		1,148	1,059
Adjustment for items not affecting cash flow			
Depreciation and amortisation	10, 11, 12	533	555
Impairment	10, 11, 12	4	8
Unrealised foreign exchange gains and losses		55	12
Capital gain on disposal of non-current assets		29	10
Other items		16	3
Interest received		18	25
Interest paid		–122	–132
Realised foreign exchange gains and losses		10	–16
Other financial expenses		0	0
Income tax paid		–231	–234
Cash flow from operating activities before changes in working capital		**1,460**	**1,290**
Cash flow from changes in working capital			
Increase (–) / Decrease (+) in inventories		–424	–16
Increase (–) / Decrease (+) in operating receivables		–51	–144
Increase (+) / Decrease (–) in operating liabilities		111	–95
Cash flow from operating activities		**1,096**	**1,035**
Investing activities			
Acquisition of operations	31	0	–
Acquisition of intangible assets	10	–181	–354
Disposal of intangible assets		127	284
Acquisition of property, plant and equipment	11	–731	–634
Disposal of property, plant and equipment		2	18
Disposal of financial assets		15	8
Cash flow from investing activities		**–768**	**–678**

SEK m	Note	2025	2024
Financing activities			
Proceeds from borrowings	30	64	569
Repayment of borrowings	30	–375	–818
Repayment of lease liabilities	30	–81	–87
Increase in other non-current liabilities	30	119	424
Dividend paid		–200	–100
Cash flow from financing activities		**–473**	**–12**
Cash flow for the year		**–145**	**345**
Cash and cash equivalents at the beginning of the year		987	600
Exchange rate differences in cash and cash equivalents		–113	42
Cash and cash equivalents at the end of the year	**17**	**729**	**987**

Income Statement, Parent company

For the year ended December 31

SEK m	Note	2025	2024
Revenue		17	17
Administrative expenses		–19	–20
Operating profit	5,6,12,28	**–2**	**–3**
Profit from financial income/expense			
Profit from shares in group companies	8	–	100
Interest and similar income	8	258	1
Interest and similar expenses	8	–231	–432
Profit after financial income/expense	28	**25**	**–334**
Appropriations			
Group contributions	28	469	384
Tax allocation reserves		–126	6
Profit before tax		**368**	**56**
Income taxes	9	–79	–36
Profit for the year		**289**	**20**

Statement of Comprehensive Income, Parent company

For the year ended December 31

SEK m	Note	2025	2024
Profit for the year		**289**	**20**
Other comprehensive income			
Items that have been or may be reclassified to profit for the year			
Interest rate derivatives		–20	–33
Tax attributable to other comprehensive income	9	4	7
Other comprehensive income for the year		**–16**	**–26**
Comprehensive income for the year		**273**	**–6**

Balance Sheet, Parent company

As at 31 December

SEK m	Note	2025	2024
Assets			
Non-current assets			
Financial assets			
Shares in group companies	13	11,829	11,829
Non-current receivables		31	58
Deferred tax receivables	9	1	–
Total financial assets		**11,861**	**11,887**
Total non-current assets		**11,861**	**11,887**
Current assets			
Current receivables			
Receivables from group companies	28	21	1
Current tax assets		–	1
Other receivables		2	1
Prepaid expenses and accrued income	16	0	0
Total current receivables		**23**	**3**
Cash and cash equivalents	17	5	9
Total current assets		**28**	**12**
Total assets		**11,889**	**11,899**

SEK m	Note	2025	2024
Equity and liabilities			
Equity	18		
Restricted equity			
Share capital		20	20
Unrestricted equity			
Share premium reserve		686	686
Fair value reserve		14	30
Retained earnings		5,237	5,417
Profit for the year		289	20
Total equity		**6,246**	**6,173**
Untaxed reserves			
Tax allocation reserves		207	81
Total untaxed reserves		**207**	**81**
Provisions			
Deferred tax liabilities	9	–	1
Other provisions	22	2	6
Total provisions		**2**	**7**
Non-current liabilities			
Liabilities to credit institutions	23	1,811	2,402
Liabilities to group companies	28	3,540	3,189
Other non-current liabilities	20	12	20
Total non-current liabilities		**5,363**	**5,611**
Current liabilities			
Trade payables		0	0
Liabilities to group companies	28	8	13
Current tax liabilities		49	–
Other liabilities		3	2
Accrued expenses and deferred income	24	9	12
Provisions	22	2	–
Total current liabilities		**71**	**27**
Total equity and liabilities		**11,889**	**11,899**

Statement of Changes in Equity, Parent company

		Restricted equity	Unrestricted equity			
SEK m	**Note 18**	**Share capital**	**Share premium reserve**	**Fair value reserve**	**Retained earnings, incl. profit for the year**	**Total equity**
Opening equity as at 1 January 2024		20	686	56	5,517	6,279
Comprehensive income for the year						
Profit for the year		–	–	–	20	20
Other comprehensive income for the year		–	–	–26	–	–26
Comprehensive income for the year		**–**	**–**	**–26**	**20**	**–6**
Transactions with shareholders						
Dividends paid		–	–	–	–100	–100
Total transactions with shareholders		**–**	**–**	**–**	**–100**	**–100**
Closing equity as at 31 December 2024		**20**	**686**	**30**	**5,437**	**6,173**
Opening equity as at 1 January 2025		20	686	30	5,437	6,173
Comprehensive income for the year						
Profit for the year		–	–	–	289	289
Other comprehensive income for the year		–	–	–16	–	–16
Comprehensive income for the year		**–**	**–**	**–16**	**289**	**273**
Transactions with shareholders						
Dividends paid		–	–	–	–200	–200
Total transactions with shareholders		**–**	**–**	**–**	**–200**	**–200**
Closing equity as at 31 December 2025		**20**	**686**	**14**	**5,526**	**6,246**

Production facility in Höganäs, Sweden.
Kullaberg Nature Reserve can be seen in the background.

Cash Flow Statement, Parent company

For the year ended December 31

SEK m	Note	2025	2024
Operating activities			
Operating profit		–2	–3
Adjustment for items not affecting cash flow			
Provisions etc.		–2	–1
Other items		–	–2
Dividend received		–	100
Interest received		0	0
Interest paid		–231	–270
Realised foreign exchange gains and losses		1	0
Income tax paid		–30	–28
Cash flow from operating activities before changes in working capital		**–264**	**–204**
Cash flow from changes in working capital			
Increase (–) / Decrease (+) in operating receivables		1	0
Increase (+) / Decrease (–) in operating liabilities		–6	–7
Cash flow from operating activities		**–269**	**–211**
Investing activities			
Proceeds from (+) / Lending to (–) subsidiaries		799	569
Cash flow from investing activities		**799**	**569**
Financing activities			
Proceeds from borrowings	30	–	527
Repayment of borrowings	30	–334	–776
Dividend paid		–200	–100
Cash flow from financing activities		**–534**	**–349**
Cash flow for the year		**–4**	**9**
Cash and cash equivalents at the beginning of the year		9	0
Cash and cash equivalents at the end of the year	17	**5**	**9**

Höganäs' financial reporting is compiled through close collaboration within the global finance team.

Notes to the financial statements

Note 1 Significant accounting policies

(a) Compliance with standards and law

The consolidated accounts have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee as adopted by the EU. In addition, the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Board of Directors has authorised the Parent Company´s financial statements and the consolidated financial statements for issue on 24 March 2026. The consolidated statement of profit or loss, statement of comprehensive income and statement of financial position together with the Parent company's income statement, statement of comprehensive income and balance sheet will be subject to confirmation at the Annual General Meeting on 16 April 2026.

(b) Functional currency and reporting currency

The Parent company's functional currency is Swedish kronor, which is also the presentation currency for the Parent company and for the Group. Consequently, the financial statements are presented in Swedish kronor. All amounts are in millions of Swedish krona (SEK million) unless otherwise stated.

(c) Revised accounting policies resulting from amendments to or new IFRS Accounting Standards

None of the new or revised standards, interpretations or improvements issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) effective as of 1 January 2025, has had any significant impact on the Group.

(d) New IFRS and interpretations not yet adopted

A number of new and amended standards became effective for annual reporting periods beginning on or after 1 January 2026 and have not been applied in the preparation of these financial statements. Except for IFRS 18 *Presentation and Disclosure in Financial Statements*, none of the IFRS Accounting Standards or IFRIC Interpretations that are not yet effective are expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements* will affect the Group's annual report from 2027 onwards. Höganäs has performed a preliminary assessment of the expected impact on the Group's financial statements. Among other things, the presentation of interest on defined benefit pension obligations/assets will change. Under the Group's current accounting policy, interest on defined benefit pension obligations/assets is not presented separately, but is included within pension costs and, consequently, within operating profit. Under IFRS 18, the Group will present interest on defined benefit pension obligations (assets) separately and will present such interest within the financing category in the statement of profit or loss.

In addition, the Group has foreign exchange differences on intragroup lending which, under current accounting policies, are presented within net financial items, but which would be presented as part of operating profit under IFRS 18. It is currently not clear whether alternative classification approaches will be available for such foreign exchange differences, as the topic is under discussion by the IFRS Interpretations Committee. Accordingly, Höganäs cannot currently conclude whether the classification of these items will have any material effect on the Group's financial reporting when IFRS 18 is applied.

(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which Höganäs Holding AB has control.

(ii) Joint ventures

Joint ventures are companies where the Group, under agreements with one or more parties, has joint control over the operating and financial management. In the consolidated accounts, holdings in joint ventures are accounted for using the equity method.

The Group's share in the joint venture's profit/loss, adjusted for depreciation/amortisation or any impairment losses of acquired surplus values are recognised in the Group's profit for the year as 'Share of profit/loss of joint ventures'.

During 2025, Höganäs divested its interest in HRC Metalizações, Ltda. The loss arising from this transaction has been recognised as an other operating expense.

During 2025, the Group increased its interest in ZeBeyond, Ltd from 50% to 67%. As a result of this transaction, Höganäs obtained control over ZeBeyond, Ltd. The transaction has been accounted for as a business combination achived in stages. The Group concluded that that the carrying amount of the previously held interest, accounted for using the equity method, substantially corresponded to its fair value at the acquisition date. Consequently, no gain or loss arose on remeasurement. For further information, see Note 31.

(f) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction date and the effect of the translation is recognised in the statement of profit or loss.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate prevailing at the date of the transaction.

Non-monetary assets and liabilities recognised as fair value are translated using the exchange rates prevailing at the reporting date.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operations to the Group's presentation currency, Swedish kronor, using the exchange rate prevailing at the reporting date.

Income and expenses of foreign operations are translated to Swedish kronor using average exchange rates. This average is an approximation of the cumulative effect of the rates at each transaction date.

(iii) Net investment in a foreign operation

Monetary non-current receivables and liabilities to a foreign operation for which settlement is neither likely nor planned in the foreseeable future are part of the Group's net investment in foreign operations.

(g) Income

(i) Sale of goods

Income from the sale of goods relates mainly to the sale of metal powder. Höganäs recognises income once the Group has fulfilled its obligation to transfer the promised goods to the customer, i.e., when the customer gains control of the goods. This is essentially when the goods are handed over to the carrier. However, in some cases, revenue is recognised later if the risk of the

Note 1 Significant accounting policies, cont.

goods is transferred to the customer only at that time in accordance with the applicable shipping terms. Revenue is adjusted for expected discounts. The Group also provides certain services such as technical support. These services have not been considered distinct from the delivery of goods and have therefore not been recognised as separate performance obligations.

Normal credit terms apply in the respective market where the customer is located.

(ii) Government grants

Government grants are recognised in the statement of financial position as deferred income when there is a reasonable assurance that the grant will be received and the Group will comply with the conditions associated with the grant.

Government grants that are received in order to compensate the Group for specific expenses are recognised in profit or loss as other income in the periods in which the related expenses they are intended to compensate have been recognised. Government grants related to the acquisition of assets are recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

(h) Financial income and expenses

Financial income comprises interest income on invested funds, dividend income, gains arising from changes in the value of financial assets measured at fair value through profit or loss (FVTPL) as well as gains on derivatives that are recognised in profit or loss.

Financial expenses comprise interest costs on borrowing and lease liabilities, the effect of reversal of the present value calculation of provisions, losses caused by changes in the value of financial assets measured at fair value through profit or loss (FVTPL), impairment of financial assets and losses on derivatives that are recognised in profit or loss.

Exchange gains and losses are reported net.

(i) Income taxes

Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Deferred tax is measured using the balance sheet method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases.

(j) Financial instruments

Financial instruments reported in the statement of financial position include cash and cash equivalents, trade receivables, other receivables and derivatives. Liabilities include trade payables, borrowings and derivatives.

Cash and cash equivalents consist of cash and immediately available balances with banks and similar institutions.

(i) Derivative assets and liabilities

All derivatives are initially and subsequently measured at fair value in the Group's statement of financial position. For more information on how the Group accounts for its derivatives, see section (l) below.

(ii) Other financial assets

All financial assets except derivatives are measured at amortised cost.

(iii) Financial liabilities

Financial liabilities are classified either at amortised cost or at fair value through profit or loss (FVTPL). Liabilities that are measured at fair value consist solely of derivatives with a negative fair value. All other liabilities are measured at amortised cost.

(k) Impairment of financial assets

The Group applies the simplified model for calculating expected credit losses for trade receivables and contract assets. A loss allowance is recognised over the expected remaining lifetime of the receivable or asset. For all other financial receivables (except derivative assets), the Group applies the general model in IFRS 9 to calculate expected credit losses. The gross carrying amount the receivable is written off when the Group no longer has any reasonable expectation of all, or part of the receivable, being recovered.

(l) Derivatives and hedge accounting

The Group use derivative instruments to hedge its exposure to interest rate risk, metal price risk, energy price risk and currency risk. Höganäs also use foreign currency borrowings as hedges of net investments in foreign operations.

(i) Hedges of foreign currency receivables and liabilities

Currency forwards are used to hedge foreign currency receivables and liabilities against currency risk. Hedge accounting is not applied for such hedges as remeasurement of the hedged receivables or liabilities are largely offset in profit or loss by changes in the fair values of the derivatives even without hedge accounting.

Exchange rate fluctuations relating to operating receivables and liabilities are recognised in operating profit, while exchange rate fluctuations relating to financial receivables and liabilities are recognised within net financial items.

(ii) Cash flow hedges of forecast foreign currency sales

Currency forwards are used for hedging highly probable forecast sales in foreign currency. The Group applies cash flow hedge accounting for such hedges, whereby the changes in fair value on the hedging instruments are recognised in other comprehensive income and accumulated in the hedging reserve within equity. The amounts accumulated in the hedging reserve are reclassified to profit of loss when the Group recognize revenue from the hedged sales.

(iii) Cash flow hedging of interest rate risk

The Group use interest rate swaps to hedge highly probable forecasted interest rate payments on floating rate borrowing. Cash flow hedge accounting is used for these hedges. Changes in the fair value of the interest rate swaps are recognised in other comprehensive income and accumulated in the hedging reserve. Interest coupons on the swaps are recognised in profit or loss for each respective period as part of interest expenses.

(iv) Hedging of currency risk in foreign net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged by raising foreign currency borrowings, which are translated using the spot rate at the reporting date. The Group applies hedge accounting for such hedges. The foreign exchange gains and losses on the foreign currency borrowings are therefore reported in other comprehensive income and accumulated within the translation reserve within equity.

(v) Hedging of metal price risk and electricity price risk

The Group's exposure to metal price risk is hedged using standard financial derivative instruments listed on the London Metal Exchange (LME). For the metals not listed on LME, hedging can take place through physical fixed price agreements with suppliers. Such physical fixed price agreements fulfil the criteria for the 'own-use requirement' under IFRS 9 and are therefore not recognised as derivatives. Electricity price hedging is done using electricity forward contracts listed on Nord Pool.

Höganäs applies cash flow hedge accounting for both hedges of metal price risk and hedges of electricity price risk, i.e., the hedges are accounted for similarly to hedges of forecast foreign currency sales (see ii in this section). Gains or losses on derivatives hedging metal price risks are reclassified to profit or loss when the Group recognise the cost of the hedged metals in profit or loss. Gains or losses on the hedging instruments are included within cost of sales. Gains or losses on derivatives hedging electricity price risks are reclassified to profit or loss when the Group recognise the cost of the hedge electricity purchases and are included within cost of sales.

(m) Property, plant and equipment

Property, plant and equipment are recognised in the Group at cost of acquisition less accumulated depreciation and impairment losses. The gain or loss arising from the disposal of an asset is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Depreciation takes place on a straight-line basis over the estimated useful life of assets. Land is not depreciated. The Group

Note 1 Significant accounting policies, cont.

applies component depreciation, which means depreciation is based on the estimated useful lives of components.

Estimated useful lives:

• Buildings, commercial properties	20–33 years
• Belt furnaces and tunnel kilns	10–25 years
• Other plant and machinery	5–15 years
• Equipment, tools, fixtures and fittings	3–5 years

Other plant and machinery comprises a number of components with different useful lives, mainly between 5 and 15 years. The majority of these components take the form of operator units in production processes with an estimated useful life of 10 years. The residual value and useful life of an asset are assessed annually.

(n) Leasing where the Group is lessee

(i) Right-of-use assets

The Group recognises a right-of-use asset and a lease liability on the commencement date. Right-of-use assets are initially measured at cost, which consists of the initial value of the lease liability plus lease payments made on or before the start date plus any initial direct expenses.

Right-of-use assets are depreciated on a straight-line basis from the start date until the end of the asset's useful life or the end of the lease period, whichever comes first. For the Group, this is normally the end of the lease term. In rarer cases where the acquisition value of a right-of-use asset reflects that Höganäs will exercise an option to purchase the underlying asset, the asset is written off until the end of its useful life.

(ii) Lease liabilities

Lease liabilities, divided into non-current and current, are initially measured at the present value of the remaining lease payments for the estimated lease period.

The lease period consists of the period during which the lease may not be terminated plus additional periods in the contract if it is deemed on the start date to be reasonably certain that these will be used. The Group has a number of contracts, primarily relating to properties, that are open-ended and without a clearly defined end date or without limitations in terms of the number of possible extension options. This requires Höganäs, as a lessee, to determine a reasonable contract period instead of considering the termination clause. Höganäs determines the length of the contract period based on factors such as the importance of the property to the business, any planned or completed leasehold investments and the property market situation.

In order to harmonise the principle for determining discount rates by subsidiaries, Höganäs use a Group-wide model for calculating discount rates. This is based on the individual country's risk-free interest rate plus a business-specific risk premium. Based on the term of each individual contract, an individual marginal borrowing rate is then determined for the specific contract. Höganäs does not apply differentiated risk premiums across the various asset classes, as approximately two thirds of the lease portfolio by value relates to property. Instead, the risk premium determined for the property asset class is used when determining the discount rate for all lease contracts.

(iii) Short-term leases and leases of low value

Right-of-use assets and lease liabilities are not reported for leases with a term of 12 months or less or leases with an underlying asset of low value, less than USD 5,000. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

(o) Intangible assets

(i) Goodwill

The Group's goodwill is essentially attributable to the Parent company's acquisition of Höganäs AB (publ) in 2013. Goodwill is carried at cost less accumulated impairment. Goodwill is allocated to cash-generating units when testing for impairment. Impairment testing is done at least annually. Allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that gave rise to the goodwill item. The cash-generating unit for which impairment testing is carried out has been identified as the operational Höganäs Group. Any impairment of goodwill is recognised as an expense and is not reversed.

(ii) Trademarks

The Group's carrying amount for trademarks with an indefinite useful life is also attributable to the acquisition of Höganäs' business operations. These trademarks are not depreciated but are tested annually for impairment. The Group's carrying amount for trademarks with a finite useful life is recognised at cost less accumulated depreciation.

(iii) Technical know-how

The Group's carrying amount for technical know-how is essentially attributable to the acquisition of Höganäs' business operations, as described in section i. Acquired technical know-how has a finite useful life and is recognised at cost less accumulated depreciation.

(iv) Customer relationships

The Group's carrying amount for customer relationships is also essentially attributable to the acquisition of Höganäs' business operations. Acquired customer relationships are recognised at cost less any impairment.

(v) Research and development

Research costs are expensed as incurred. Development costs are recognised as intangible assets if they meet the capitalisation criteria. A large part of the Group's development costs relate to specific customer projects. The useful life for each project is estimated and determined by management and is normally around 3–10 years. Each project's useful life and indications of impairment are assessed annually.

(vi) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite.

Estimated useful lives:

• Trademarks with a finite useful life	2 years
• Technical know-how	10 years
• Customer relationships	10 years
• Patents and similar rights	10–20 years
• Capitalised development costs	3–10 years

The useful lives are reviewed each year.

(vii) Emission allowances

The allocation of carbon emission allowances for the year is recognised in the statement of financial position as an intangible asset and deferred income, respectively, and is measured at fair value. As the emission allowances are used up, they are transferred from deferred income to other current provisions. The short-term provision and the intangible asset are settled when used emission allowances are reported back to the Swedish Energy Agency. Available emission allowances at year-end are tested for impairment and reported at year-end at the lower of acquisition value or market value. Any divested emission allowances are recognised in 'Other operating income'.

On some occasions, Höganäs sells carbon emission allowances on the market. The intangible assets are then derecognised. Gains or losses from such transactions are reported within operating profit in 'Other operating income' or 'Other operating expenses'. In order to be able to surrender certificates to the Swedish Energy Agency, the Group entered into swap contracts to purchase new certificates on the market at a later date. The sale and the swap have been accounted for as separate transactions. As the swap is an agreement for the purchase of a non-financial item and cannot be cash settled, the so-called 'own-use requirement' in IFRS 9 is applied and the swap has consequently not been reported as a derivative.

(p) Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is measured by applying the first in, first out (FIFO) method and includes expenses incurred in acquiring the inventories and transporting them to their current location and condition. The cost of finished goods and work in progress, includes a reasonable proportion of indirect costs based on normal operating capacity.

For in-house manufactured semi-finished and finished goods, the cost of acquisition consists of direct manufacturing costs and indirect attributable manufacturing costs.

(q) Employee benefits

(i) Defined contribution plans

Defined contribution pension plans are plans where the company's obligation is limited to the contributions the company has agreed to pay. Contributions to defined contribution plans are recognised as an expense as they are earned by employees performing services for the company.

Note 1 Significant accounting policies, cont.

(ii) Defined benefit plans
Defined benefit plans are post-employment benefit plans other than defined contribution plans. In addition to Sweden, defined benefit plans are also available in Belgium, Germany, Switzerland, India and Italy. The pension plan in Switzerland was curtailed in 2024.

The defined benefit plans are both funded and unfunded. In cases where plans are funded, assets have been separated, mainly in a pension fund. These plan assets can only be used to pay benefits in accordance with pension agreements.

The Group's net obligation for defined benefit plans is calculated separately for each plan by estimating the future benefits employees would accrue through their employment in both current and previous periods; these benefits are discounted to a present value.

Remeasurements of the net defined benefit liability are recognised in other comprehensive income. Net interest expense and other expenses related to defined benefit plans are reported in profit or loss within operating profit.

(iii) Termination benefits
A cost for remuneration in connection with staff redundancies is only recognised if the company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to terminate an employee's employment before the normal time. When remuneration is provided as an incentive to encourage voluntary resignation, a cost is recognised if the offer is likely to be accepted and the number of employees who will accept the offer can be reliably estimated.

(r) Provisions

(i) Emission allowances
The Group recognise a current provision for the obligation to surrender carbon emission allowances to the Swedish Energy Agency (see also (o) above).

(ii) Restoration of land
In accordance with the Group's published environmental principles and applicable legal standards, a provision is recognised for the restoration of landfill sites.

ACCOUNTING POLICIES – PARENT COMPANY

The Parent company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting policies have been applied consistently to all periods presented in the Parent company's financial statements.

New accounting policies

Unless otherwise stated below, the Parent company's accounting policies have changed in 2025 in accordance with what is stated above for the Group.

Differences between the Group's and the Parent company's accounting policies

Differences between the Group's and the Parent company's accounting policies are described below.

(i) Classification and presentation
The Parent company uses the terms income statement and balance sheet for the reports that in the Group are titled statement of profit or loss and statement of financial position. The income statement and balance sheet for the Parent company are prepared in accordance with the Swedish Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 *Presentation of financial statements* and IAS 7 *Statement of cash flows*, respectively. The differences from the Group's reports that apply to the Parent company's income statement and balance sheet relate primarily to the recognition of financial income and expenses, non-current assets, equity and the existence of untaxed reserves and provisions as a separate heading in the balance sheet.

(ii) Subsidiaries
Investments in subsidiaries are recognised in the Parent company using the cost model. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. Contingent considerations are measured based on the likelihood that the consideration will be paid. Any changes in contingent considerations are added to/deducted from the carrying amount of the shares.

(iii) Monetary items that form part of the net investment
Exchange rate differences on monetary items that form part of the Parent company's net investment in a foreign operation are recognised in the income statement.

(iv) Leasing
The Parent company does not apply IFRS 16, in accordance with the exemption set out in RFR 2. Lease payments are recognised as an expense on a straight-line basis over the lease term and consequently, no right-of-use assets or lease liabilities are recognised in the balance sheet. The Parent company has not entered into any lease agreements in a capacity as lessor.

(v) Group contributions and shareholders' contributions
The Parent company recognises all group contributions received and paid in the income statement. These are included in the appropriations line.

Shareholders' contributions are recognised directly in the recipient's equity and capitalised under shares and participations for the donor, to the extent that no impairment is required.

(vi) Income taxes
Untaxed reserves are recognised in the balance sheet in the Parent company without any split between equity and deferred tax liabilities, unlike in the Group. Similarly, in the income statement, the parent company does not allocate a portion of appropriations to deferred tax expenses.

Production facility in Stony Creek, US.

Note 2 Revenue

Group

SEK m	Revenue from contracts with customers 2025	2024
Geographical areas		
Sweden	86	93
Europe, Middle East and Africa (EMEA), excluding Sweden	3,084	3,268
North and South America (Americas)	3,262	3,586
Asia-Pacific (APAC)	4,613	4,879
Total	**11,045**	**11,826**

Allocation of revenue from agreements with customers

Revenue from contracts with customers relates essentially to sales of metal powder.

Contract balances

The Group has no contractual assets or liabilities of material amounts. Trade receivables are stated in Note 27.

Remaining performance commitments

No information is provided on remaining performance commitments that as at 31 December 2024 or 31 December 2025 have an original expected maturity of no more than one year, in accordance with IFRS 15.

Note 3 Other operating income

Group

SEK m	2025	2024
Exchange rate gains on operating liabilities/ receivables	–	12
Capital gains on disposal of non-current assets	2	17
Government grants	22	14
Curtailment of pension plan, see Note 21	–	21
Insurance compensation	4	6
Gain on liquidation of subsidiaries	32	–
Other	10	8
Total	**70**	**78**

Note 4 Other operating expenses

Group

SEK m	2025	2024
Exchange rate losses on operating liabilities/ receivables	20	–
Capital losses on disposal of non-current assets	2	3
Loss on divestment of joint venture	3	–
Loss on liquidation of subsidiaries	7	12
Emission allowances, swap	4	8
Other	12	14
Total	**48**	**37**

Note 5 Employees and personnel expenses

Salaries and other benefits

	2025			2024		
SEK m	Board/CEO and Management team	Other employees	Total	Board/CEO and Management team	Other employees	Total
Salaries and other benefits						
Parent company	–	11	11	–	12	12
of which bonus	–	4	4	–	7	7
Subsidiaries	62	1,513	1,575	73	1,546	1,619
of which bonus	8	0	8	4	0	4
Total Group	**62**	**1,524**	**1,586**	**73**	**1,558**	**1,631**
Social security contributions						
Parent company	–	6	6	–	8	8
of which pensions	–	2	2	–	2	2
Subsidiaries	22	570	592	27	573	600
of which pensions	8	142	150	9	139	148
Total Group	**22**	**576**	**598**	**27**	**581**	**608**
Total personnel expenses	**84**	**2,100**	**2,184**	**100**	**2,139**	**2,239**

Profit-sharing scheme

Since 2010, Höganäs has operated a profit-sharing scheme with the aim of increasing employee interest in and commitment to the Group's operations. The scheme covers all employees. Entitlement to profit sharing for the 2025 financial year arises when the operating profit of Höganäs AB and its subsidiaries exceeds SEK 956 million (909). The maximum allocation is achieved when operating profit exceeds SEK 1,168 million (1,111), corresponding to total profit sharing of SEK 31.9 million (30.3). Accordingly, a provision of SEK 25.3 million (22.9) was recognised for 2025.

Severance pay

Upon termination by Höganäs, five executives are entitled to a maximum of 18 months' salary in severance pay, including notice period and pension benefits. No severance pay is due if termination of employment is initiated by an employee.

Pensions

Expenses for defined contribution plans in the Group during the year were SEK 125 million (122), of which SEK 2 million (2) in the Parent company. The remaining part is defined benefit plans in accordance with Note 21.

Note 5 Employees and personnel expenses, cont.

Average number of employees

	2025		2024	
	No. of	of which male, %	No. of	of which male, %
Parent company in Sweden	1	100	1	100
Subsidiaries				
Sweden	809	77	791	78
Belgium	167	91	168	92
Brazil	132	81	138	82
China	112	73	126	71
France	6	50	7	57
Germany	446	83	439	86
India	92	88	88	90
Italy	6	67	5	60
Japan	37	65	36	67
South Korea	29	72	28	75
Switzerland	–	–	6	100
Taiwan	8	38	8	38
UK	59	92	51	90
US	341	88	355	88
Subsidiaries total	**2,244**	**81**	**2,246**	**83**
Group total	**2,245**	**81**	**2,247**	**83**

Gender distribution in management

Group	31 Dec. 2025	31 Dec. 2024
	Women, %	Women, %
Board of Directors	13	16
Other senior executives	22	20

Parent company	31 Dec. 2025	31 Dec. 2024
	Women, %	Women, %
Board of Directors	–	–
Other senior executives	–	–

Note 6 Auditors' fees and remuneration

	Group		Parent company	
SEK m	2025	2024	2025	2024
PwC				
Audit services*	8.4	8.6	1.4	1.4
Other auditing services	0.3	0.3	–	–
Tax advisory services	0.1	0.1	–	–
Other services	0.5	–	–	–
Total	**9.3**	**9.0**	**1.4**	**1.4**
Other auditors	0.9	1.0	–	–

* Audit services refer to the audit of the annual accounts, accounting records and administration of the Board of Directors and the CEO, as well as other tasks that the company's auditor is responsible for performing.

Note 7 Operating expenses by cost item

Group

SEK m	Note	2025	2024
Personnel expenses	5		
Salaries and other benefits		1,586	1,631
Social security contributions		446	458
Pension costs		152	150
Total		**2,184**	**2,239**
Depreciation/amortisation and cost of sales included in the statement of profit or loss			
Included in cost of sales:			
Amortisation of intangible assets	10	5	11
Depreciation of property, plant and equipment	11, 12	420	439
Impairment of property, plant and equipment	11, 12	4	7
Other expenses for goods production/consumption		8,080	8,913
Included in selling expenses:			
Amortisation of intangible assets	10	36	36
Depreciation of property, plant and equipment	11, 12	27	29
Impairment of property, plant and equipment	11, 12	–	1
Included in administrative expenses:			
Amortisation of intangible assets	10	3	3
Depreciation of property, plant and equipment	11, 12	21	20
Impairment of property, plant and equipment	11, 12	–	0
Included in research and development expenses:			
Amortisation of intangible assets	10	5	1
Depreciation of property, plant and equipment	11, 12	16	16

Note 8 Net financial items

Group

SEK m	2025	2024
Financial income		
Interest income from derivative instruments and external investments	–	6
Other interest income	18	19
Change in the fair value of interest swaps for which hedge accounting is not applied	–	1
Net exchange differences	7	–
Other financial income	0	0
Total	**25**	**26**
Financial expenses		
Interest expenses on loans measured at amortised cost	–122	–182
Interest coupon on interest rate swaps	15	57
Interest expenses on leases	–14	–15
Change in the fair value of interest swaps for which hedge accounting is not applied	–1	–
Net exchange differences	–	–19
Other financial expenses	–1	0
Total	**–123**	**–159**
Net financial items	**–98**	**–133**

Parent company

SEK m	2025	2024
Profit from shares in group companies		
Dividend	–	100
Total	**–**	**100**
Interest and similar income		
Interest income	0	0
Change in the fair value of interest swaps for which hedge accounting is not applied	–	1
Net exchange differences	258	–
Total	**258**	**1**
Interest and similar expenses		
Interest expenses, group companies	–131	–163
Interest expenses, other	–114	–173
Interest coupon on interest rate swaps	15	57
Change in the fair value of interest swaps for which hedge accounting is not applied	–1	–
Net exchange differences	–	–153
Total	**–231**	**–432**
Net financial items	**27**	**–331**

Note 9 Income taxes

Income tax items recognised in statement of profit or loss

Group

SEK m	2025	2024
Current tax expense (–) / tax income (+)		
Tax expense for the period	–248	–278
Adjustment of tax attributable to prior years	9	–13
Total	**–239**	**–291**
Deferred tax expense (–) / tax income (+)		
Deferred tax on temporary differences	6	–2
Deferred tax attributable to changes in tax rates	0	–3
Recognition of deferred tax assets for tax losses carried forward	15	3
Derecognition of previously recognised tax assets for tax losses carried forward	–42	0
Remeasurement of deferred tax attributable to prior years	–7	2
Deferred tax on remeasurement of deferred tax assets	–3	–2
Total	**–31**	**–2**
Income tax expense	**–270**	**–293**

Parent company

SEK m	2025	2024
Current tax expense (–) / tax income (+)		
Tax expense for the period	–77	–23
Adjustment of tax attributable to prior years	0	–9
Total	**–77**	**–32**
Deferred tax expense (–) / tax income (+)		
Deferred tax on temporary differences	–2	–4
Derecognition of previously recognised tax assets for tax losses carried forward	–	0
Total	**–2**	**–4**
Income tax expense	**–79**	**–36**

Note 9 Income taxes, cont.

Reconciliation of effective tax

Group

SEK m		2025		2024
Profit before tax		1,050		926
Tax according to Parent company's enacted tax rate	20.6%	–216	20.6%	–191
Weighted average tax rate based on national tax rates	4.3%	–45	3.6%	–33
Non-deductible expenses	0.4%	–4	2.8%	–26
Non-taxable income	–2.1%	22	–0,0%	0
Withholding tax	2.5%	–27	3.0%	–28
Loss carry forwards not recognised as assets during the year	0.2%	–2	0.3%	–3
Recognition of previously unrecognised loss carry forwards	–0.1%	1	–0.2%	2
Tax attributable to prior years	–0.2%	2	1.2%	–11
Effect of changed tax rates	0.0%	–0	0.3%	–3
Remeasurement of deferred tax	0.3%	–3	0.2%	–2
Other	–0.2%	2	–0.2%	2
Recognised effective tax	**25.7%**	**–270**	**31.6%**	**–293**

Parent company

SEK m		2025		2024
Profit before tax		368		56
Tax according to Parent company's enacted tax rate	20.6%	–76	20.6%	–12
Non-deductible expenses	6.8%	–25	80.4%	–45
Non-taxable income	–6.0%	22	–37.5%	21
Recognised effective tax	**21.4%**	**–79**	**64.3%**	**–36**

Tax items recognised in other comprehensive income

Group

SEK m	2025	2024
Deferred tax attributable to hedging of currency risk in foreign operations	–53	31
Deferred tax attributable to cash flow hedges	7	–16
Current tax attributable to cash flow hedges	–8	27
Deferred tax attributable to foreign exchange gains and losses	49	–23
Current tax attributable to foreign exchange gains and losses	–30	25
Deferred tax attributable to remeasurement of defined benefit pension plans	–14	–18
Total	**–49**	**26**

Parent company

SEK m	2025	2024
Deferred tax attributable to hedging	4	7
Total	**4**	**7**

Deferred tax assets and liabilities recognised in the statement of financial position

Group

	Deferred tax assets		Deferred tax liabilities		Net	
SEK m	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Intangible assets	88	112	255	267	–167	–155
Property, plant and equipment	0	0	311	332	–311	–332
Right-of-use assets	–	–	74	81	–74	–81
Inventories	67	71	–	–	67	71
Trade receivables	–	–	1	4	–1	–4
Provision for pensions	27	48	–	–	27	48
Interest-bearing liabilities	–	–	55	104	–55	–104
Lease liabilities	80	88	–	–	80	88
Financial instruments	–	–	9	9	–9	–9
Tax allocation reserve	–	–	43	17	–43	–17
Other	25	41	–	–	25	41
Tax loss carry forwards	98	134	–	–	98	134
Tax assets/liabilities	385	494	748	814	–363	–320
Netting of taxes	–161	–170	–161	–170	–	–
Tax assets/liabilities, net	**224**	**324**	**587**	**644**	**–363**	**–320**

Parent company

	Deferred tax assets		Deferred tax liabilities		Net	
SEK m	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Pensions	4	6	–	–	4	6
Financial instruments	–	–	3	7	–3	–7
Other	–	0	–	–	–	0
Tax assets/liabilities	4	6	3	7	1	–1
Netting of taxes	–3	–6	–3	–6	–	–
Tax assets/liabilities, net	**1**	**–**	**–**	**1**	**1**	**–1**

Unrecognised deferred tax assets

Deferred tax assets not recognised in the statement of profit or loss and the statement of financial position relating to:

	Group		Parent company	
SEK m	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Tax losses	59	92	–	–
Total	**59**	**92**	**–**	**–**

Unrecognised deferred tax assets mainly relate to loss carry forwards in Germany, UK and Brazil, as well as state tax in the US, for which it is unlikely that the Group will be able to off-set against future taxable profits.

Note 9 Income taxes, cont.

Change in deferred tax in temporary differences and loss carry forwards

Group

SEK m	Balance sheet as at 1 Jan. 2024	Recognised in profit or loss	Recognised in other comprehensive income	Translation difference	Balance sheet as at 31 Dec. 2024
Intangible assets	–151	–7	–	3	–155
Property, plant and equipment	–337	16	–	–11	–332
Right-of-use assets	–90	9	–	0	–81
Inventories	60	9	–	2	71
Trade receivables	2	–6	–	0	–4
Provision for pensions	65	–1	–18	2	48
Interest-bearing liabilities	–78	–34	8	–	–104
Lease liabilities	96	–8	–	0	88
Financial instruments	–9	16	–16	–	–9
Tax allocation reserves	–18	1	–	–	–17
Other	36	3	–	2	41
Tax loss carry forwards	132	0	–	2	134
Total	**–292**	**–2**	**–26**	**0**	**–320**

Group

SEK m	Balance sheet as at 1 Jan. 2025	Recognised in profit or loss	Recognised in other comprehensive income	Translation difference	Balance sheet as at 31 Dec. 2025
Intangible assets	–155	–7	–	–5	–167
Property, plant and equipment	–332	–4	–	25	–311
Right-of-use assets	–81	7	–	0	–74
Inventories	71	1	–	–5	67
Trade receivables	–4	3	–	0	–1
Provision for pensions	48	–3	–14	–4	27
Interest-bearing liabilities	–104	53	–4	–	–55
Lease liabilities	88	–8	–	0	80
Financial instruments	–9	–7	7	–	–9
Tax allocation reserves	–17	–26	–	–	–43
Other	41	–11	–	–5	25
Tax loss carry forwards	134	–29	–	–7	98
Total	**–320**	**–31**	**–11**	**–1**	**–363**

Parent company

SEK m	Balance sheet as at 1 Jan. 2024	Recognised in the income statement	Recognised in other comprehensive income	Balance sheet as at 31 Dec. 2024
Pensions	7	–1	–	6
Financial instruments	–14	–	7	–7
Other	3	–3	–	–
Total	**–4**	**–4**	**7**	**–1**

Parent company

SEK m	Balance sheet as at 1 Jan. 2025	Recognised in the income statement	Recognised in other comprehensive income	Balance sheet as at 31 Dec. 2025
Pensions	6	–2	–	4
Financial instruments	–7	–	4	–3
Total	**–1**	**–2**	**4**	**1**

Pillar Two tax rules

Höganäs is subject to the OECD's Pillar Two Model Rules as the Group's consolidated revenue exceeds EUR 750 million. The Group applies the exemption under IAS 12 to report and disclose deferred tax assets and liabilities related to income taxes in accordance with Pillar Two.

Under the legislation that entered into force on 1 January 2024, the Group is liable to pay additional tax if it is found that the effective tax rate for 2025 in any jurisdiction is below 16 percent (15) in the Global Anti-Base Erosion calculation (GloBE).

In the application of the calculation models, as set out in the legislation, Höganäs has assessed that all jurisdictions meet the simplified transition criteria of the GloBE calculation (Safe Harbour). Therefore, no current tax expense relating to specific adjustments in accordance with the legislation has been recognised.

The Group monitors developments in legislation in order to continuously assess each subsidiary's tax position and the associated potential impact on operating profit, financial position and cash flow.

Note 10 Intangible assets

Group

SEK m	Customer relationships	Technical know-how	Trademark	Goodwill	Capitalised development costs	Patents and similar assets	Intangible assets under development	Total
Accumulated cost								
Opening balance, 1 Jan. 2024	1,816	475	1,121	6,270	60	334	179	10,255
Additions	–	–	–	–	–	504	17	521
Disposals	–	–	–	–	–	–479	–	–479
Reclassifications	–	–	–	–	4	130	–136	–2
Translation differences for the year	11	3	1	26	–	8	6	55
Closing balance, 31 Dec. 2024	**1,827**	**478**	**1,122**	**6,296**	**64**	**497**	**66**	**10,350**
Opening balance, 1 Jan. 2025	1,827	478	1,122	6,296	64	497	66	10,350
Acquisition of operations	–	–	–	–	–	11	12	23
Additions	–	–	–	–	–	297	15	312
Disposals	–18	–	–10	–74	–	–296	–	–398
Reclassifications	–	–	–	–	28	12	–42	–2
Translation differences for the year	–19	–5	0	–44	–	–32	–1	–101
Closing balance, 31 Dec. 2025	**1,790**	**473**	**1,112**	**6,178**	**92**	**489**	**50**	**10,184**

Group

SEK m	Customer relationships	Technical know-how	Trademark	Goodwill	Capitalised development costs	Patents and similar assets	Intangible assets under development	Total
Accumulated amortisation								
Opening balance, 1 Jan. 2024	–1,673	–468	–12	–	–55	–290	–	–2,498
Amortisation for the year	–34	–5	–	–	–1	–11	–	–51
Disposals	–	–	–	–	–	4	–	4
Translation differences for the year	–6	–3	–0	–	–1	–4	–	–14
Closing balance, 31 Dec. 2024	**–1,713**	**–476**	**–12**	**–**	**–57**	**–301**	**–**	**–2,559**
Opening balance, 1 Jan. 2025	–1,713	–476	–12	–	–57	–301	–	–2,559
Acquisition of operations	–	–	–	–	–	–10	–	–10
Amortisation for the year	–33	–2	–	–	–4	–10	–	–49
Disposals	11	–	–	–	–	3	–	14
Translation differences for the year	14	5	0	–	–	13	–	32
Closing balance, 31 Dec. 2025	**–1,721**	**–473**	**–12**	**–**	**–61**	**–305**	**–**	**–2,572**

State and EU-funded research and development projects

In 2025, the Group recognised research and development grants of SEK 13 million (1) as income.

In 2025, five new government-funded projects were started. One project in the area of Sustainability and four projects in the area of Process Development.

Projects initiated in prior years that continued during 2025 include six projects in the area of Sustainability and four in the area of Process Development.

The above projects were initiated by Horizon 2020, Horizon Europe, the Swedish Energy Agency, Vinnova, Metallic Materials, RISE, the Swedish Research Institute, Chalmers University and University West, KK Foundation.

Note 10 Intangible assets, cont.

Group

SEK m	Customer relationships	Technical know-how	Trademark	Goodwill	Capitalised development costs	Patents and similar assets	Intangible assets under development	Total
Accumulated impairment losses								
Opening balance, 1 Jan. 2024	–7	–	–9	–72	0	–	–6	–94
Translation differences for the year	–0	–	–1	–2	–	–	–	–3
Closing balance, 31 Dec. 2024	**–7**	**–**	**–10**	**–74**	**0**	**–**	**–6**	**–97**
Opening balance, 1 Jan. 2025	–7	–	–10	–74	0	–	–6	–97
Disposals	7	–	10	74	–	–	–	91
Translation differences for the year	0	–	0	0	–	–	–	0
Closing balance, 31 Dec. 2025	**–**	**–**	**–**	**–**	**0**	**–**	**–6**	**–6**
Carrying amounts								
As at 1 Jan. 2024	136	7	1,100	6,198	5	44	173	7,663
As at 31 Dec. 2024	**107**	**2**	**1,100**	**6,222**	**7**	**196**	**60**	**7,694**
As at 1 Jan. 2025	107	2	1,100	6,222	7	196	60	7,694
As at 31 Dec. 2025	**69**	**–**	**1,100**	**6,178**	**31**	**184**	**44**	**7,606**

Impairment testing of intangible assets

Höganäs Holding AB assesses on an ongoing basis whether there is any indication of impairment for intangible assets. If such an indication exists, an impairment test is carried out to ensure that the carrying amount of the intangible assets does not exceed the recoverable amount. In addition, goodwill and trademarks that are not amortised are tested annually to ensure that the recoverable amount exceeds the carrying amount and that there is therefore no requirement for impairment.

Acquired trademarks that are deemed to have an indefinite useful life are essentially derived from the acquisition of the Höganäs Group. The useful life is considered to be indefinite as it concerns well-established trademarks in its market, which the Group intends to retain and further develop. The trademarks are considered to be of significant financial importance as they form an integral part of the market offering by signalling product quality and innovation, which can influence pricing and competitiveness. They are therefore considered to have an indefinite useful life because they are inherently inextricably linked to business operations and will remain so for as long as the business continues to operate.

The cash-generating unit for which impairment is tested has been identified as the operational Höganäs Group, in which all of the Group's goodwill and trademarks are reported (see table on pages 91–92). In the 2018 financial year, the Höganäs Group acquired all of the shares and votes in H.C. Stark Surface Technology and Ceramic Powders GmbH), as well as Alvier AG PM-Technology. The purpose of these acquisitions was strategic, with anticipated synergies in both the original Höganäs Group and the acquired companies. The integration work reached its completion in 2021 and the operations are now fully integrated in the existing Höganäs Group. Consequently, the Höganäs Group continues to constitute the cash-generating unit for which impairment testing is carried out.

Impairment is also tested in cases where there are indications that assets may have decreased in value.

As a result of the negative profit trend for Alvier AG PM-Technology in recent years, impairment testing was carried out separately for this unit in 2023 based on a strategic plan drawn up for the company. This testing showed a total impairment of SEK 81 million. The assets are therefore reported at SEK 0 million. Alvier AG PM-Technology was liquidated in 2025.

Given the assessment that cash flows attributable to trademarks cannot be separated from other cash flows within the cash-generating unit, impairment testing is carried out for both goodwill and trademarks together by calculating the recoverable amount for the cash-generating unit.

The impairment test for the cash-generating unit is based on the calculation of the value in use. This value is based on cash flow calculations over a forecast period of five years, adjusted if necessary for production capacity at existing facilities, which is based on the most recently approved business plan together with the forecasts produced by Group management. The subsequently measured cash flows in the residual period have been based on an annual growth rate of 2.0 percent (2.0), which is deemed to correspond to the long-term growth rate in the unit's markets. The measured cash flows have been calculated at present value using a discount rate of 10.6 percent (11.1) before tax. The key assumptions in the five-year forecasts and the methods used to estimate values are as follows:

Key variables	Method for estimating values
Market share and growth	Demand for the unit's products has historically followed economic trends. Expected market growth is based on an assessment of economic trends taking into account the expected long-term growth. Current market share has been assumed for future periods. The forecast is consistent with previous experience and external sources of information.
Raw material prices	Raw material prices have been forecast based on the average price from 2025. Price changes are assumed to be possible to pass on directly to the customer. Exchange rate fluctuations have been taken into account. The forecast is consistent with previous experience and external sources of information.
Electricity prices	Electricity price forecasts are based on the current reference price and on quoted forward rates. Existing electricity price hedges have been taken into account. The forecast is consistent with external information sources.
Personnel expenses	The forecast for personnel costs is based on expected inflation, a certain real pay rise (historical average) and planned streamlining of the company's production (in accordance with the agreed budget and strategic plan). The forecast is consistent with previous experience and external sources of information.
Discount rate	The discount rate is calculated using a weighted average cost of capital for the industry in which the Group operates and reflects current market assessments of the fair value of money and the risks that relate specifically to the asset for which future cash flows have not been adjusted.

For the Höganäs Group in general, the recoverable amount exceeds the carrying amount by SEK 2,729 million (2,901). To support impairment testing, an overall sensitivity analysis has been carried out on the variables used in the model. The analyses have taken into account a change of 1 percentage point in the gross margin, discount rate and growth assumption. All sensitivity analyses indicate a margin for impairment.

The values used for the value in use calculations and the revised values that make the recoverable amount equal to the carrying amount are as follows:

Variable	Assumed value 2025	Assumed value 2024
Annual average gross margin, %	25.6	25.5
Discount rate, %	7.8	8.2

Note 11 Property, plant and equipment

Group

31 Dec. 2024, SEK m	Buildings and land	Machinery and other technical equipment	Equipment, tools, fixtures and fittings	Construction in progress	Total
Property, plant and equipment owned as described below	1,019	1,867	261	689	3,836
Right-of-use assets in accordance with Note 12	183	8	112	–	303
Carrying amounts	**1,202**	**1,875**	**373**	**689**	**4,139**

Group

31 Dec. 2025, SEK m	Buildings and land	Machinery and other technical equipment	Equipment, tools, fixtures and fittings	Construction in progress	Total
Property, plant and equipment owned as described below	915	1,894	239	781	3,829
Right-of-use assets in accordance with Note 12	154	6	123	–	283
Carrying amounts	**1,069**	**1,900**	**362**	**781**	**4,112**

Owned property, plant and equipment

Group

SEK m	Buildings and land	Machinery and other technical equipment	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated cost					
Opening balance, 1 Jan. 2024	2,089	7,242	827	491	10,649
Additions	18	100	3	513	634
Disposals	–6	–249	–34	–	–289
Reclassifications	47	205	40	–290	2
Translation differences for the year	70	215	39	15	339
Closing balance, 31 Dec. 2024	**2,218**	**7,513**	**875**	**729**	**11,335**
Opening balance, 1 Jan. 2025	2,218	7,513	875	729	11,335
Acquisition of operations	–	–	0	–	0
Additions	2	98	2	629	731
Disposals	–1	–177	–19	–40	–237
Reclassifications	41	387	55	–481	2
Translation differences for the year	–180	–486	–95	–56	–817
Closing balance, 31 Dec. 2025	**2,080**	**7,335**	**818**	**781**	**11,014**

SEK m	Buildings and land	Machinery and other technical equipment	Equipment, tools, fixtures and fittings	Construction in progress	Total
Accumulated depreciation					
Opening balance, 1 Jan. 2024	–1,108	–5,350	–559	–	–7,017
Depreciation for the year	–60	–311	–53	–	–424
Disposals	5	219	33	–	257
Translation differences for the year	–36	–156	–32	–	–224
Closing balance, 31 Dec. 2024	**–1,199**	**–5,598**	**–611**	**–**	**–7,408**
Opening balance, 1 Jan. 2025	–1,199	–5,598	–611	–	–7,408
Acquisition of operations	–	–	0	–	0
Depreciation for the year	–58	–301	–47	–	–406
Disposals	1	146	18	–	165
Translation differences for the year	91	360	64	–	515
Closing balance, 31 Dec. 2025	**–1,165**	**–5,393**	**–576**	**–**	**–7,134**
Accumulated impairment losses					
Opening balance, 1 Jan. 2024	–	–43	–4	–40	–87
Impairment loss for the year	–	–4	–	–	–4
Disposals	–	–	1	–	1
Translation differences for the year	–	–1	0	–	–1
Closing balance, 31 Dec. 2024	**–**	**–48**	**–3**	**–40**	**–91**
Opening balance, 1 Jan. 2025	–	–48	–3	–40	–91
Impairment loss for the year	–	–4	–	–	–4
Disposals	–	1	–	40	41
Translation differences for the year	–	3	0	–	3
Closing balance, 31 Dec. 2025	**–**	**–48**	**–3**	**–**	**–51**
Carrying amounts					
As at 1 Jan. 2024	981	1,849	264	451	3,545
As at 31 Dec. 2024	**1,019**	**1,867**	**261**	**689**	**3,836**
As at 1 Jan. 2025	1,019	1,867	261	689	3,836
As at 31 Dec. 2025	**915**	**1,894**	**239**	**781**	**3,829**

Note 11 Property, plant and equipment, cont.

Information on government grants in the Group/ Parent company

Government grants related to district heating in Sweden

In 2005, Höganäs entered into an agreement for the supply of surplus heat to Höganäs Fjärrvärme AB for the period 2006–2025. In connection with the connection to the district heating network, initial investments were made, which were partly financed through a grant of SEK 25 million from the Municipality of Höganäs. In 2008 and 2010, supplementary agreements were entered into regarding increased delivery capacity, whereby Höganäs Fjärrvärme AB co-financed the investments through a connection fee of SEK 14 million. Further district heating investments amounting to a total of SEK 7 million were made in 2018 and 2020 and were financed by Höganäs Energi AB, the Swedish Energy Agency and the Swedish Environmental Protection Agency.

The recognised deferred income at year-end in Höganäs Sweden AB relating to the government grants received as described above corresponds to 13 percent (17) of the acquisition cost of the assets to which the grants relate. The deferred grants are recognised as income over the contractual period or the useful life of the assets, respectively, and are presented under other operating income.

Government grant for relocation of facility in China

As at 31 December 2025, Höganäs (China) Co., Ltd has received a total of SEK 723 million (698) in government grants from the Shanghai Qingpu District Government in China. The grants are partly intended to compensate the Group for costs incurred in connection with the expropriation of the land on which the Group's existing facility in Shanghai is located, resulting in the relocation of the Group's operations in China. The grants also relate to the construction of a new facility in the Shanghai Qingpu District in China. As neither the relocation nor the construction of the new facility has been completed, the amount received has been recognised as deferred income and presented under 'Other non-current liabilities' and 'Accrued expenses and deferred income'. The portion of the grants received to compensate for certain specific costs will be recognised in the statement of profit or loss in 2026 as other income. This amount is estimated to be in the range of SEK 250–275 million. Final analyses are ongoing.

Note 12 Leasing

Lessee

Höganäs leases various types of assets, primarily office, production and warehouse premises, as well as forklifts and passenger cars. At year-end, the lease portfolio comprised approximately 360 lease agreements with an average lease term of six years. In terms of number of agreements, approximately three quarters relate to leases of forklifts and passenger cars, with an average lease term of four years. In value terms, however, approximately two thirds relate to office, production and warehouse premises with an average lease term of 15 years. Only a few leases were terminated before the end of the lease term during 2025.

The lease agreements contain no restrictions other than security in the leased assets. Variable lease payments and any residual value guarantees do not amount to material amounts. The accounting for extension options is described in Note 1, section (n). To the extent that lease payments are index-linked, the effects of the indexation have been reflected in the measurement of right-of-use assets and lease liabilities as at 31 December 2025. As at the reporting date, there were no material lease agreements that had been entered into but not yet commenced. The Group does not engage in subleasing or sale and leaseback transactions relating to right-of-use assets.

In addition to the leases described above, the Group also leases a number of low-value assets, such as minor IT and office equipment. A number of leases also have a lease term of less than 12 months. The Group has elected to apply the recognition exemptions and therefore does not recognise right-of-use assets and lease liabilities for these leases. The Group's future commitments as at 31 December 2025 relating to short-term leases are in line with the previous year.

The Group's property, plant and equipment comprise both owned and leased assets (right-of-use assets). A specification of owned assets, as well as a reconciliation to the line item 'Property, plant and equipment' recognised in the consolidated statement of financial position, is provided in Note 11 Property, plant and equipment. Significant estimates and judgements related to leasing, such as the determination of the lease term and the discount rate, are described in Note 29.

Right-of-use assets

Group

SEK m	Buildings and land	Machinery and other technical equipment	Equipment, tools, fixtures and fittings	Total
Accumulated cost				
Opening balance, 1 Jan. 2024	370	22	230	622
Added right-of-use assets in the year	4	–	26	30
Amended right-of-use assets*	0	0	12	12
Early termination of agreements	–53	–3	–18	–74
Translation differences for the year	10	1	9	20
Closing balance, 31 Dec. 2024	**331**	**20**	**259**	**610**
Opening balance, 1 Jan. 2025	331	20	259	610
Added right-of-use assets in the year	1	1	63	65
Amended right-of-use assets*	17	0	6	23
Early termination of agreements	–21	–5	–49	–75
Translation differences for the year	–30	–1	–21	–52
Closing balance, 31 Dec. 2025	**298**	**15**	**258**	**571**
Accumulated depreciation				
Opening balance, 1 Jan. 2024	–147	–11	–114	–272
Depreciation for the year	–30	–4	–46	–80
Early termination from agreements	38	3	18	59
Translation differences for the year	–5	0	–5	–10
Closing balance, 31 Dec. 2024	**–144**	**–12**	**–147**	**–303**
Opening balance, 1 Jan. 2025	–144	–12	–147	–303
Depreciation for the year	–29	–2	–47	–78
Early termination from agreements	16	5	45	66
Translation differences for the year	13	0	14	27
Closing balance, 31 Dec. 2025	**–144**	**–9**	**–135**	**–288**

* The amount for amended right-of-use assets includes the acquisition value of additional amounts when reassessing lease liabilities due to changes in payments as a result of changes in the lease term.

Note 12 Leasing, cont.

SEK m	Buildings and land	Machinery and other technical equipment	Equipment, tools, fixtures and fittings	Total
Accumulated impairment losses				
Opening balance, 1 Jan. 2024	–13	–	–	–13
Impairment loss for the year	–4	–	–	–4
Terminated contracts	14	–	–	14
Translation differences for the year	–1	–	–	–1
Closing balance, 31 Dec. 2024	**–4**	**–**	**–**	**–4**
Opening balance, 1 Jan. 2025	–4	–	–	–4
Terminated contracts	4	–	–	4
Translation differences for the year	0	–	–	0
Closing balance, 31 Dec. 2025	**–**	**–**	**–**	**–**
Carrying amounts				
As at 1 Jan. 2024	210	11	116	337
As at 31 Dec. 2024	**183**	**8**	**112**	**303**
As at 1 Jan. 2025	183	8	112	303
As at 31 Dec. 2025	**154**	**6**	**123**	**283**

Lease liabilities

Group

SEK m	Note	31 Dec. 2025	31 Dec. 2024
Non-current lease liabilities	19	228	251
Current lease liabilities	19	77	80
Total lease liabilities		**305**	**331**
Maturity structure of lease liabilities			
Within one year		84	88
One to two years		65	70
Two to five years		133	132
Five to ten years		61	82
More than ten years		5	8
Total payments		**348**	**380**
Effect of discounting		–43	–49
Total lease liabilities		**305**	**331**

Expenses reported in the consolidated statement of profit or loss

Group

SEK m	2025	2024
Depreciation of right-of-use assets	78	80
Impairment of right-of-use assets	–	4
Interest expenses on lease liabilities	14	15
Expenses attributable to variable lease payments not included in the measurement of lease liabilities	5	6
Expenses attributable to short-term leases	10	13
Costs attributable to low-value leases	5	5
Total	**112**	**123**

Amounts recognised in the consolidated statement of cash flows

Group

SEK m	2025	2024
Costs attributable to low-value leases	112	123

The above cash outflows include both amounts for leases reported as lease liabilities and amounts paid for variable lease payments and short-term leases.

Parent company

The Parent company's operating lease payments in 2025 amounted to SEK 0 million (0). Future non-cancellable lease payments amounted to SEK 0 million (0).

Höganäs leases, for example, office, production and warehouse premises, as well as forklifts and passenger cars.

Note 13 Group companies

Holdings in subsidiaries and joint ventures

Parent company	Registered office, country	Participating interest, %	
		31 Dec. 2025	31 Dec. 2024
Höganäs AB (publ), 556005-0121	Höganäs, Sweden	100.0	100.0
Höganäs Hamnbyggnads AB, 556000-8301	Höganäs, Sweden	94.0	94.0
Alvier Mechatronics AB, 556324-0760	Höganäs, Sweden	100.0	100.0
ZeBeyond, Ltd	Leamington, UK	66.7	50.0
Höganäs Brasil Ltda	Mogi das Cruzes, Brazil	0.2	0.2
Höganäs Saltglaserat AB, 556054-5922	Höganäs, Sweden	100.0	100.0
Höganäs Sweden AB, 556204-9691	Höganäs, Sweden	100.0	100.0
Alvier AG PM-Technology in Liquidation (liquidated)	Buchs SG, Switzerland	–	100.0
Alvier Mechatronics GmbH	Goslar, Germany	100.0	100.0
Höganäs Germany GmbH	Goslar, Germany	100.0	100.0
Höganäs Belgium S.A.	Ath, Belgium	100.0	100.0
Höganäs Brasil Ltda	Mogi das Cruzes, Brazil	99.8	99.8
HRC Metalizações, Ltda (divested)	Piracicaba, Brazil	–	50.0
Höganäs (China) Co., Ltd	Shanghai, China	100.0	100.0
Höganäs France S.A.S.	Limas, France	100.0	100.0
Höganäs (Great Britain) Ltd	Kent, UK	100.0	100.0
Abril Industrial Waxes Ltd	Kent, UK	100.0	100.0
Höganäs Ibérica S.A. (liquidated)	Madrid, Spain	–	100.0
Höganäs India Pvt Ltd	Pune, India	100.0	100.0
Höganäs Italia S.r.l.	Rapallo, Italy	100.0	100.0
Höganäs Japan K.K.	Tokyo, Japan	100.0	100.0
Höganäs Korea Ltd	Busan, South Korea	100.0	100.0
Höganäs Taiwan Ltd	Taipei, Taiwan	100.0	100.0
North American Höganäs Holdings, Inc.	Hollsopple, US	100.0	100.0
NAH Finance Holding AB, 556662-4572	Höganäs, Sweden	100.0	100.0
Höganäs Environment Solutions, LLC (liquidated)	Cary, US	–	100.0
North American Höganäs High Alloys LLC	Hollsopple, US	100.0	100.0
North American Höganäs Co.	Hollsopple, US	100.0	100.0

Parent company		
SEK m	**31 Dec. 2025**	**31 Dec. 2024**
Accumulated cost		
Opening balance, 1 January	12,054	12,054
Closing balance, 31 December	**12,054**	**12,054**
Accumulated impairment losses		
Opening balance, 1 January	–225	–225
Closing balance, 31 December	**–225**	**–225**
Carrying amount	**11,829**	**11,829**

Breakdown of Parent company's direct holdings of shares in subsidiaries

Parent company	Number of shares	Share of equity, %	Carrying amount	
SEK m			**31 Dec. 2025**	**31 Dec. 2024**
Höganäs AB (publ)	35 098 932	100.0	11,829	11,829
Total			**11,829**	**11,829**

The Group's head office in Höganäs, Sweden.

Note 14 Non-current receivables

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Receivables from joint ventures	–	5
Plan assets, pensions	76	65
Special employer's contribution, pensions	19	16
Deposit	17	8
Interest rate derivatives held for hedging	31	58
Energy derivatives held for hedging	3	4
Recovered VAT receivable abroad	–	5
Prepaid expenses for relocation of production facility in China	–	11
Other	8	12
Total	**154**	**184**

Note 15 Inventories

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Raw materials and consumables	1,072	1,033
Work-in-progress	833	767
Finished goods and goods for resale	1,720	1,727
Total	**3,625**	**3,527**

Cost of sales includes write-down of inventories of SEK -28 million (-33) and reversal of write-down of inventories of SEK 16 million (22).

Note 16 Prepaid expenses and accrued income

	Group		Parent company	
SEK m	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Prepaid interest expenses	1	2	–	–
Prepaid insurance premiums	7	6	–	–
Prepaid supplier invoices	62	57	0	0
Insurance compensation	0	0	–	–
Reimbursement due for gas and electricity tax	10	6	–	–
Other	7	9	–	–
Total	**87**	**80**	**0**	**0**

Note 17 Cash and cash equivalents

	Group		Parent company	
SEK m	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Cash and cash equivalents include the following components:				
Cash and cash equivalents	667	973	5	9
Short-term investments	62	14	–	–
Total	**729**	**987**	**5**	**9**

Cash and cash equivalents include an amount of SEK 393 million (723) that is not available for use on the Group's behalf without payment of a withholding tax.

Short-term investments are classified as cash and cash equivalents if:
- They have a negligible risk of value fluctuations
- They can be readily converted into cash
- They have a maximum maturity of three months from the acquisition date

Note 18 Equity

Capital management

The Group's objective is to have a favourable capital structure and financial stability. This is an important basis for continued development of business operations. Capital is defined as total equity including non-controlling interests.

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Capital		
Share capital	20	20
Other paid-in capital	6,948	6,948
Translation reserve	200	704
Hedging reserve	23	18
Retained earnings, incl. profit for the year	5,330	4,707
Non-controlling interests	–1	0
Total capital	**12,520**	**12,397**

Breakdown of equity reserves

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Translation reserve		
Opening translation reserve, 1 January	704	541
Translation differences for the year	–727	282
Hedging of currency risk in foreign operations	257	–153
Tax attributable to changes in translation reserve	–34	34
Closing translation reserve, 31 December	**200**	**704**
Hedging reserve		
Opening hedging reserve, 1 January	18	59
Cash flow hedges:		
Changes in fair value	–84	–66
Reclassified to profit for the year	90	15
Tax attributable to hedges	–1	10
Closing hedging reserve, 31 December	**23**	**18**
Total reserves		
Opening reserves, 1 January	722	600
Change in reserves:		
Translation reserve	–504	163
Hedging reserve	5	–41
Closing balance reserves, 31 December	**223**	**722**

Share capital and number of shares

SEK m	31 Dec. 2025	31 Dec. 2024
Share capital		
Opening balance, 1 January	20	20
Closing balance, 31 December	**20**	**20**
Number of shares		
Opening balance, 1 January	20 000 000	20 000 000
Closing balance, 31 December	**20 000 000**	**20 000 000**

The shares have a nominal value of SEK 1. Holders of ordinary shares are entitled to dividends progressively, and their shareholding entitles them to voting rights at the Annual General Meeting (one vote per share). All shares have equal entitlement to the Parent company's remaining net assets.

Reserves

Translation reserve

The translation reserve encompasses all foreign exchange gains and losses that arise when translating the financial statements of foreign operations that have prepared their financial statements in a currency other than the Group's presentation currency. The Parent company and the Group present their financial statements in Swedish krona. The translation reserve also comprises foreign exchange gains and losses arising from the remeasurement of liabilities reported as hedging instruments for a net investment in a foreign operation.

Hedging reserve

The hedging reserve covers the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Retained earnings, incl. profit for the year

Retained earnings, including profit for the year, include profits accrued by the Parent company and its subsidiaries as well as remeasurement of the pension scheme.

Parent company

Changes in the Parent company's equity are shown in the 'Statement of Changes in Equity, Parent company' on page 80.

Restricted equity

Restricted reserves may not be reduced through dividends.

Unrestricted equity

Share premium reserve

When shares are issued at a premium, i.e. when more has to be paid for the shares than their nominal price, an amount equivalent to the amount received in excess of the shares' nominal value is transferred to the share premium reserve. The amount transferred to the share premium reserve is included in unrestricted equity.

Fair value reserve

The company applies the Swedish Annual Accounts Act (ÅRL) rules for the valuation of financial instruments at fair value in accordance with chapter 4, paragraph 14 a-e. A change in value is recognised in the fair value reserve when it relates to a hedging instrument and the hedge accounting policies applied allow for part or all of the change in value to be recognised in equity. Changes in value caused by a change in the exchange rate of a monetary item that is part of the company's net investment in a foreign entity are recognised in equity.

Retained earnings, incl. profit for the year

Retained earnings comprise previous year's profit brought forward after the deduction of dividends paid out during the year. Along with profit for the year, share premium reserve and fair value reserve, they comprise total unrestricted equity, i.e. the amount available for distribution to shareholders.

Proposed distribution of profit

Dividend, 20,000,000 shares x SEK 20 per share	400,000,000
Carried forward	5,826,287,914
Total	**6,226,287,914**

Note 19 Interest-bearing liabilities

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Non-current liabilities		
Credit facilities	1,811	2,402
Non-current lease liabilities	228	251
Total	**2,039**	**2,653**
Current liabilities		
Overdraft facilities	102	97
Current lease liabilities	77	80
Total	**179**	**177**

Conditions and repayment periods

The credit facilities in Höganäs Holding AB amount to a total of SEK 5.4 billion (5.8). Financing risk, including the maturity profile, is described in further detail in Note 27.

Liabilities raised under the credit facilities referred to above have been designated as hedging instruments for the Group's translation exposure. Further information is provided in Note 27.

Lease liabilities

The maturity structure of lease liabilities is described in Note 12 Leasing.

Note 20 Other non-current liabilities

	Group		Parent company	
SEK m	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Derivatives held for hedging	14	23	12	20
Government grant, district heating facility	5	6	–	–
Government grant, relocation of production facility in China*	449	698	–	–
Long-term incentive scheme**	–	34	–	–
Other	4	9	–	–
Total	**472**	**770**	**12**	**20**

* During 2025, the portion of the grant received to compensate for certain specific costs expected to arise during 2026 was reclassified as current and is recognised as at 31 December 2025 in Accrued expenses and deferred income, see Note 24. For further information, see Note 11, section Disclosures on government grants in the Group.

** The long-term incentive scheme covers the financial years 2023–2025 and is expected to be settled during 2026. The item has therefore been reclassified as current in 2025 and is recognised as at 31 December 2025 in Accrued expenses and deferred income, see Note 24.

Note 21 Pensions

Defined contribution plans

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Present value of fully or partly funded obligations	545	554
Fair value of plan assets	–608	–614
Net fully or partly funded obligations	–63	–60
Present value of unfunded obligations	253	300
Present value of net liabilities	**190**	**240**
The net amount is reported in the following items in the statement of financial position:		
Non-current receivables	76	65
Provision for pensions	266	305
Net amount in statement of financial position	**190**	**240**

Overview of defined benefit plans

Höganäs has defined benefit plans in Sweden, Germany, Belgium, India and Italy. The plans are based on the employees' remuneration and length of service at or close to retirement. Plan assets are held in Sweden, Belgium and India. In the previous year, plan assets were also held in Germany. The pension plan in Switzerland was settled during 2024.

Change in the defined benefit obligation

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Defined benefit obligation, 1 January	854	914
Current service cost	17	18
Past service costs	3	–21
Interest expenses	29	29
Remeasurements:		
Actuarial gains and losses on changed demographic assumptions	–	–
Actuarial gains and losses on changed financial assumptions	–54	–11
Experience-based adjustments	–5	6
Employee contributions	0	1
Curtailments/settlements	–	–65
Benefits paid	–26	–28
Translation differences	–20	11
Defined benefit obligation, 31 December	**798**	**854**

Note 21 Pensions, cont.

The majority of the obligation, approximately 93% (94), relates to employees in Sweden and Germany. The present value of the obligation is allocated among plan members in these countries as follows:

- Active members 42% (42)
- Paid-up pension holders 20% (20)
- Retired employees 38% (38)

Change in fair value of plan assets

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Fair value of plan assets, 1 January	614	607
Interest income recognised in the statement of profit or loss	22	19
Fees paid	3	4
Return on plan assets, excluding interest income	–9	66
Employee contributions	0	1
Curtailments/settlements	–	–65
Benefits paid	–19	–20
Translation differences	–3	2
Fair value of plan assets, 31 December	**608**	**614**

Plan assets have the following components

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Shares and units in equity funds	415	424
Interest-bearing securities incl. bank accounts	193	190
Fair value of plan assets	**608**	**614**

Expenses reported in the statement of profit or loss

Group

SEK m	2025	2024
Current service cost	17	18
Past service costs	3	–21
Interest expense on obligations	29	29
Interest income on plan assets	–22	–19
Total net expenses in the statement of profit or loss	**27**	**7**

Expenses recognised in the following lines in the statement of profit or loss

Group

SEK m	2025	2024
Cost of sales	16	15
Selling expenses	2	4
Administrative expenses	5	5
Research and development expenses	4	4
Other operating income	–	–21
Total net expenses in the statement of profit or loss	**27**	**7**
Actual return on plan assets	13	85

Expenses recognised in other comprehensive income

Group

SEK m	2025	2024
Remeasurements:		
Actuarial gains (–) and losses (+)	–59	–5
Difference between actual return and return according to the discount rate on plan assets	9	–66
Special employer's contribution, pensions	–5	–16
Total net expenses in other comprehensive income	**–55**	**–87**

Assumptions for defined benefit obligations

Key actuarial assumptions at the reporting date (expressed as weighted averages):

Group

		31 Dec. 2025	31 Dec. 2024
Discount rate, %		3.9	3.5
Expected return on plan assets, %		3.8	3.6
Future salary increase, %		2.7	2.8
Future increase of pensions, %		1.8	1.9
Life expectancy assumptions after 65 years:			
Sweden	Men	23 years	22 years
	Women	24 years	24 years
Germany	Men	21 years	21 years
	Women	24 years	24 years

Note 21 Pensions, cont.

Sensitivity analysis

The table below shows how changes in key actuarial assumptions as at the reporting date would affect the defined benefit obligation, assuming all other assumptions remain unchanged.

Group

31 Dec. 2025, SEK m	Increase	Reduction
Discount rate in Sweden and Germany (0.5% change)	–52	59
Future salary increase in Sweden and Germany (0.5% change)	19	–17
Life expectancy in Sweden (change 1 year)	17	–17

Effects on future cash flows

It is estimated that approximately SEK 31 million (30) will be paid into defined benefit plans in 2026.

Pension obligations

Defined contribution plans

Retirement pension obligations for the majority of white-collar employees in Sweden are vested through provisions for PRI liabilities. These funds are vested through transfer to an employee pension fund. Other white-collar employees have chosen alternative defined contribution pension solutions.

There are no defined benefit obligations in the Parent company.

Defined contribution plans

In Sweden, the Group has defined contribution pension plans for blue-collar employees, which are funded in full by the group companies. Defined contribution plans are also available to white-collar employees who have chosen an alternative defined contribution pension solution.

Outside Sweden, the Group has defined contribution plans that are financed partly by the subsidiaries and partly by employee contributions. Contributions to these plans are paid on an ongoing basis in accordance with each plan's rules.

Expenses for defined contribution plans in the Group during the year were SEK 125 million (122), of which SEK 2 million (2) in the parent company.

Note 22 Other provisions

Group

	Emission allowances		Employee-related provisions		Special employer's contribution, pensions		Provision for restoration costs		Other		Total	
SEK m	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Carrying amount, 1 January	30	–	26	19	11	11	12	11	2	13	81	54
Provisions in the period	166	126	7	8	0	0	0	1	0	1	173	136
Amounts utilised during the period	–162	–96	–2	–3	–4	–1	–	–	–	–10	–168	–110
Remeasurement due to changes in estimates	–	–	–7	2	0	1	0	0	0	–2	–7	1
Carrying amount, 31 December	**34**	**30**	**24**	**26**	**7**	**11**	**12**	**12**	**2**	**2**	**79**	**81**
Of which total long-term portion of provisions	–	–	19	21	3	11	12	12	2	2	36	46
Of which total short-term portion of provisions	34	30	5	5	4	–	–	–	0	0	43	35

Parent company

	Special employer's contribution, pensions	
SEK m	**2025**	**2024**
Carrying amount, 1 January	6	7
Provisions in the period	0	0
Amounts utilised during the period	–2	–1
Carrying amount, 31 December	**4**	**6**
Of which total long-term portion of provisions	2	6
Of which total short-term portion of provisions	2	0

Emission allowances

Emission allowances for CO_2 were received during the year at a market value of SEK 130 million. The emission allowances used are recognised as current provisions. The short-term provision is settled when used emission allowances are reported back to the Swedish Energy Agency. See also accounting policies Note 1, section r, (i).

Special employer's contribution, pensions

This heading includes provisions for special employer's contribution attributable to defined benefit pensions and capital insurance.

Provision for restoration costs

Most of these total costs are provisions for restoring a damming area for landfill. At the beginning of the year, these provisions amounted to SEK 9 million. The estimated provision for the remaining commitments is SEK 10 million. Due to the long-term nature of the liability, the biggest uncertainty lies in estimating the provision for the costs that will arise. Based on estimated future production volume, the useful life is estimated at three years.

Note 23 Liabilities to credit institutions

Parent company

SEK m	31 Dec. 2025	31 Dec. 2024
Non-current liabilities		
Bank loans*	1,811	2,402
Current liabilities		
Bank loans	–	–
Liabilities that become due for payment more than five years after the reporting date		
Bank loans	–	–

* Financing risk, including the maturity profile, is described in further detail in Note 27.

Note 24 Accrued expenses and deferred income

	Group		Parent company	
SEK m	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**
Accrued holiday pay	137	135	1	0
Social security contributions	77	73	3	2
Customer bonuses	36	29	–	–
Invoices not received	89	92	0	1
Personnel bonuses	99	63	3	4
Freight costs	12	11	–	–
Prepaid emission allowances	129	165	–	–
Government grant, relocation of production facility in China*	274	–	–	–
Interest	2	4	2	3
Deferred income	4	4	–	–
Other	52	58	–	2
Total	**911**	**634**	**9**	**12**

* During 2025, the portion of the grant received to compensate for certain specific costs expected to arise during 2026 was reclassified from Other non-current liabilities. For further information, see Note 11, section Disclosures on government grants in the Group.

Note 25 Pledged assets and contingent liabilities

	Group		Parent company	
SEK m	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**
Pledged assets				
For own liabilities and provisions:				
Property mortgages	48	55	–	–
Total	**48**	**55**	**–**	**–**
Contingent liabilities				
Pension liabilities	9	9	9	9
Guarantees on behalf of subsidiaries	–	–	510	392
Other guarantees	13	14	–	–
Other contingent liabilities	5	6	–	–
Total	**27**	**29**	**519**	**401**

Note 26 Exchange rates

		Closing rate on reporting date		Average rate	
Country	**Local currency**	**31 Dec. 2025**	**31 Dec. 2024**	**2025**	**2024**
Brazil	BRL	1,6813	1,7834	1,7557	1,9687
China	CNY	1,3155	1,5111	1,3653	1,4683
EMU	EUR	10,8215	11,4590	11,0663	11,4325
India	INR*	10,2480	12,8849	11,2688	12,6279
Japan	JPY*	5,8784	7,0275	6,5614	6,9814
South Korea	KRW*	0,6377	0,7479	0,6906	0,7750
Switzerland	CHF	11,6185	12,1749	11,8105	12,0043
Taiwan	TWD	0,2933	0,3368	0,3149	0,3290
UK	GBP	12,4014	13,8197	12,9219	13,5062
US	USD	9,2098	11,0299	9,8166	10,5659

* Rates of exchange in 100 units.

Note 27 Financial risks

Risks and risk management

Global developments affect exchange rates, interest rates, metal and energy prices. Höganäs incurs costs and generates revenue in a number of currencies. In addition, metals and energy are important input goods, resulting in significant exposure to financial risks. Höganäs' financial policy sets out goals, guidelines and risk mandates for how financial risks should be managed. The financial policy covers financing, liquidity management, credit risks, currency risks, interest rate risks, and metal and energy price risk. Höganäs' finance department is responsible for the Group's management of these risks and serves as an internal bank. As work is performed across the Group, strict management of the Group's financial risks and strong internal control are ensured.

In order to explain how Höganäs is exposed to financial risks, it is useful to start with a description of the business flows. Höganäs purchases metal that is refined into metal powder products. When the products are sold, there is a price adjustment to the current market prices of the metals included in the product. Accordingly, from a risk perspective, operations can be viewed as consisting of two parts. The first part relates to the purchase and sale of raw materials in the form of metals, and the second part is the industrial process of refining the raw materials into metal powder products. Purchases and sales of raw materials create exposure to price changes. The refining process gives rise to exposure to several currencies through goods being produced with costs in certain currencies and sold in markets where, to some extent, payments occur in other currencies. In addition, price and currency risks arise as a result of other input goods, costs of capital and energy costs.

Operations are conducted on the basis of a financial policy adopted by the Board of Directors, which sets out rules and guidelines for how the various financial risks should be managed. The financial policy identifies the following three material risks – (a) market risk, (b) liquidity risk, and (c) credit risk. Currency, interest rate, metal and energy derivatives are used as hedging instruments in accordance with the guidelines set by the Board of Directors.

(a) Market risk

Höganäs is primarily exposed to (i) currency risk, (ii) interest rate risk and (iii) energy and commodity price risk. The following section provides disclosures on each of these risks and on Höganäs' risk management.

(i) Currency risk

Transaction exposure

The main exposure relates to the Group's sales and purchases in different currencies. These currency risks partly include the risk of fluctuations in the value of financial instruments, i.e., trade receivables and trade payables, and partly the currency risk in relation to expected and contracted cash flows.

In 2025, 99.2 percent (99.2) of the Group's total revenue was generated in countries outside Sweden. For sales denominated in currencies other than the selling company's functional currency, the largest cash flows were in EUR, USD, CNY, and JPY. See the table to the right for outstanding hedges of such currency cash flows and estimated net cash flows for the next twelve months.

The objective of Höganäs' currency hedging is to hedge an appropriate portion of the Group's net foreign currency exposure in the short and medium term. The purpose of hedging currency exposure is to even out fluctuations in profit. The consolidated statement of profit or loss includes foreign exchange gains and losses of SEK –20 million (12) in operating profit and SEK 7 million (–19) in net financial items.

The exposure to currency risk during the industrial refining process of raw materials into metal powder products is dependent on how and where the product is produced, as well as on where products are sold. The objective of the hedging strategy is, to the extent possible, eliminate the currency effect on the portion of revenue that corresponds to the conversion value added. Accordingly, Höganäs can mitigate the effects of exchange rate fluctuations, especially in the short term, using derivative instruments. However, the degree of forecast accuracy in the Group's business flows affects the ability to eliminate short-term risk entirely. In the long term, Höganäs is always exposed to the impact of changing external conditions. In the long term, the Group's currency risk is partly mitigated by its geographically diversified operations across several countries and by continuously adapting its activities to changing external conditions. Höganäs' financial policy states that the exposure arising from the refining process shall be hedged up to 80 percent for a horizon of up to 13 months. Deviations are permitted within a risk mandate decided by the Board of Directors.

Currency risk when buying and selling metals arises when the purchases are paid for and remains until the trade receivable is settled. Höganäs' financial policy states that price and currency risks resulting from the purchase and sale of raw materials and raw material content in various products should be 90 percent hedged, provided that there are efficient markets for hedging instruments.

Regarding currency risks in financial instruments, Höganäs hedges the net of trade receivables and trade payables. The financial policy states that this exposure should be 100 percent hedged. The hedges have maturities of up to three months and are executed using forward contracts. Deviations are permitted within a risk mandate decided by the Board of Directors. Net trade receivables and trade payables in 2025 amounted to an average of SEK 617 million (694) per month.

At year-end 2025, the Group had the following currency hedges for expected payment flows in EUR, JPY, USD and CNY. The derivatives used are primarily forward contracts. Contract volumes are stated in nominal terms in the table below. For these derivatives, hedge accounting is applied meaning that changes in the fair value of the derivatives are recognised in equity via other comprehensive income.

The effect of currency derivatives on operating profit in 2025 amounted to SEK 66 million (25). The value of outstanding unrealised contracts is stated in the table below.

Outstanding hedges of currency flows

Group

	EUR/SEK		USD/SEK		JPY/SEK		CNY/SEK	
31 Dec. 2025	**Volume***	**Rate of exchange****	**Volume***	**Rate of exchange****	**Volume***	**Rate of exchange****	**Volume***	**Rate of exchange****
Q1 2026	7.95	11.22	6.90	10.44	504	7.12	57.00	1.46
Q2 2026	7.95	11.06	6.90	9.54	504	6.83	57.00	1.35
Q3 2026	7.95	11.09	6.90	9.26	504	6.60	57.00	1.34
Q4 2026	7.95	10.97	6.90	9.26	504	6.25	57.00	1.33
Total	**31.80**	**11.09**	**27.60**	**9.62**	**2,016**	**6.70**	**228.00**	**1.37**
31 Dec. 2024	31.8	11.42	27.6	10.44	2,016	7.22	228	1.48
Closing rate on reporting date		10.82		9.21		5.88		1.32

* Volumes are expressed in millions of local currency.

** Average forward rate. The exchange rate for JPY/SEK is stated in 100 units.

Sensitivity analysis

Impact on profit from exchange rate changes linked to the refining process:

Group

31 Dec. 2025, SEK m		**Excluding hedges**	**Including hedges**
USD/SEK	+10%	34	8
EUR/SEK	+10%	41	6
CNY/SEK	+10%	43	12
JPY/SEK	+10%	17	3
Others	+10%	23	23
Total		**158**	**52**

Note 27 Financial risks, cont.

Translation exposure

Currency risks also arise from the translation of foreign subsidiaries' assets, liabilities and profit into the Group's reporting currency, referred to as translation exposure.

Höganäs' policy is that net investment in the form of lending and equity in foreign currencies should be hedged through external borrowing denominated in the same currency. All borrowing should be arranged in the currencies in which the Group has its net investments. If net investment exceeds external borrowing, there is no requirement for the excess portion to be hedged using currency forwards.

Höganäs applies hedge accounting to hedges of net investments in subsidiaries, meaning that exchange rate differences arising from the remeasurement of loans identified as hedging instruments are recognised in the hedging reserve within equity via other comprehensive income. Net investments in foreign subsidiaries amounted to SEK 4,510 million (4,924). The translation difference is reported in Note 18 Equity.

Hedged portion of net assets by currency

Group

	31 Dec. 2025			31 Dec. 2024		
SEK m	**Net assets**	**Hedged portion**	**Carrying amount of hedging instruments, recognised in other comprehensive income**	**Net assets**	**Hedged portion**	**Carrying amount of hedging instruments, recognised in other comprehensive income**
USD	1,613	63%	200	1,932	63%	–111
EUR	2,541	32%	57	2,565	47%	–42
JPY	221	0%	–	247	0%	–
GBP	135	0%	–	180	0%	–
Total	**4,510**		**257**	**4,924**		**–153**

(ii) Interest rate risk

Interest rate risk is the risk that the Group's net interest income/expense deteriorates when market interest rates change. Höganäs Holding AB is a net borrower, and accordingly, the Group is exposed to a risk of deterioration in net financial income/expense when market interest rates rise. Höganäs' financial policy states that the duration of interest rate fixing shall be between 1.5 and 4 years and that the interest rate risk should be limited by ensuring that at least 50 percent of its liabilities, including hedges, have a fixed-interest period longer than one year. Deviations are permitted within the stated risk mandates.

At year-end, interest-bearing liabilities amounted to SEK 2,484 million (3,135) and the average fixed-interest period was 1.8 years (2.4) including interest rate swaps and 0.1 years (0.1) excluding interest rate swaps. Liabilities in USD under the Group's credit facility bear interest at SOFR + margin, while liabilities in EUR bear interest at the EURIBOR rate + margin. Short-term and long-term investments and cash and cash equivalents amounted to SEK 745 million (922) and the average fixed-interest period on these assets was less than one year. Höganäs Holding AB's borrowing facilities are usually arranged with maturities of three months. The fixed-interest period is achieved using interest rate swaps. See further information under Liquidity risk.

Fixed-interest period and maturity dates

Maturity dates

Group

SEK m	**31 Dec. 2025**	**31 Dec. 2024**
2025	–	318
2026	470	564
2027	861	1,001
2028	433	458
2029	162	172
Total	**1,927**	**2,513**

Sensitivity analysis

A one percentage point interest rate fluctuation would affect the Group's net interest income by SEK 3 million (3) in a one-year horizon, taking into account the Group's interest rate derivatives.

Note 27 Financial risks, cont.

(iii) Energy and raw material risk

A significant portion of Höganäs' operations consists of buying and selling metals. The Group buys metals and sells metal powder products, where selling prices are adjusted for the price of the metals included in the product. Refining metals into metal powder is energy intensive. Höganäs' raw material price risk mainly arises in copper, nickel, cobalt and molybdenum. Changes in value from raw material derivatives are recognised in the hedging reserve within equity via other comprehensive income.

Electricity and gas

Höganäs' production consumes a substantial amount of energy. The Group's purchases of electricity, natural gas, biogas and liquefied petroleum gas amounted to SEK 747 million (855) in 2025. Future costs for energy purchases are hedged in accordance with the policy using financial derivative instruments or fixed-price contracts from suppliers. Through price-hedging of purchases, Höganäs secures a delayed impact of price increases and reduces volatility in annual energy costs. Höganäs' financial policy states that energy price risks linked to natural gas, electricity and liquefied petroleum gas shall be hedged at predetermined percentage rates over a horizon of up to 36 months. Deviations are permitted within the stated risk mandates.

Metals

Purchases are usually made through call-off agreements stating that the price is based on the market price applicable at any time, with a predetermined time lag. Similarly, the sales agreements state that the price of metal powder includes a fixed proportion of raw material, the price of which should be based on the applicable market price, with a predetermined time lag. This means that the price risk arises when the purchase price is determined. The price risk subsequently continues until the day on which the price of the metal powder product that includes the raw material is determined in accordance with the sales agreement.

Metal derivatives, primarily forward contracts, are used to reduce exposure to changes in raw material prices. In 2025, the price risk of nickel, copper, molybdenum and cobalt was hedged. Hedging is achieved mainly using standardised financial derivatives listed daily on the London Metal Exchange (LME). For metals not listed on the LME, price hedging can be achieved through fixed-fee contracts with suppliers.

The prospects of eliminating price risks completely are limited by several factors. Firstly, this would require access to perfect information about future business flows, and secondly, there are no efficient markets for some metals meaning the cost of price hedging would be unreasonably high. Höganäs' financial policy states that price risk resulting from the purchase and sale of raw materials and raw material content in various products should be 90 percent hedged, provided that there are efficient markets for hedging instruments. Deviations are permitted within a risk mandate decided by the Board of Directors.

Outstanding hedges on electricity and gas

Group

	Electricity		Gas	
31 Dec. 2025	**Volume***	**Price****	**Volume***	**Price****
Due 2026	161	586	184	387
Due 2027	105	576	70	328
Due 2028	51	585	–	–
Total	**317**	**583**	**254**	**371**
31 Dec. 2024	341	614	279	432
Spot price on reporting date		860		319

* Volume is expressed in GWh.

** Average forward price in SEK/MWh.

Sensitivity analysis

Impact on profit from price changes; excluding hedges:

Group

31 Dec. 2025, SEK m		
Electricity	+10%	33
Natural gas	+10%	13
Total		**46**

Outstanding hedges on copper, cobalt, nickel and molybdenum

Group

	Copper		Cobalt		Nickel		Molybdenum	
31 Dec. 2025	**Volume***	**Price****	**Volume***	**Price****	**Volume***	**Price****	**Volume***	**Price****
January 2026	350	11,839	19	36,985	1,036	14,738	71	47,353
February 2026	–	–	15	53,932	–	–	66	47,020
March 2026	–	–	15	53,932	–	–	49	47,552
April 2026	–	–	15	53,932	–	–	44	46,931
May 2026	–	–	8	58,106	–	–	15	45,415
June 2026	–	–	8	58,106	–	–	15	45,415
July 2026	–	–	8	58,106	–	–	10	45,195
Total	**350**	**11,839**	**88**	**51,412**	**1,036**	**14,738**	**270**	**46,944**
31 Dec. 2024	300	8,899	58	24,750	1,122	15,559	191	46,574
Spot price on reporting date		12,504		54,564		16,485		52,700

* Volume is expressed in tonnes.

** Average forward price in USD.

Sensitivity analysis

The impact on profit from changes in metal prices, calculated based on the Group's outstanding exposure to the metals specified below, is presented in the following table:

Group

31 Dec. 2025, SEK m		**Excluding hedges**	**Including hedges**
Copper	+10%	5	1
Nickel	+10%	17	3
Molybdenum	+10%	16	3
Cobalt	+10%	5	1
Total		**43**	**8**

Note 27 Financial risks, cont.

Effects of hedge accounting

The following table summarises the effects of the Group's hedges.

Group

31 Dec. 2025, SEK m	Cash flow hedges of: Currency risk	Interest rate risk	Energy price risk (electricity and gas)	Raw material price risk (metals)	Hedge of net investments in foreign operations
Hedging instruments					
Carrying amount of hedging instruments that are assets:					
Non-current receivables (reported under non-current receivables)	–	31	3	–	–
Current receivables (reported under other receivables)	50	1	5	3	–
Carrying amount of hedging instruments that are liabilities:					
Non-current liabilities (reported under other non-current liabilities)	–	12	3	–	1,825
Current liabilities (reported under other liabilities)	0	3	16	28	–
Change in fair value recognised in other comprehensive income for the year	–1	34	21	31	257
Nominal amounts*	1,066	1,640	572	1,744	–
Hedged items					
Balance in hedging reserves**	50	18	–11	–27	–
Amount reclassified from the hedging reserve to profit or loss for the year	66	15	2	8	–

* The nominal amounts are expressed in the following units: currency risk – SEK m, interest rate risk – SEK m, energy price risk – GWh, and raw material price risk – tonnes.
** For cash flow hedges, this refers to the hedging reserve, whereas for hedges of net investments in foreign operations it refers to the translation reserve. All hedges are ongoing.

Group

31 Dec. 2024, SEK m	Cash flow hedges of: Currency risk	Interest rate risk	Energy price risk (electricity and gas)	Raw material price risk (metals)	Hedge of net investments in foreign operations
Hedging instruments					
Carrying amount of hedging instruments that are assets:					
Non-current receivables (reported under non-current receivables)	–	58	4	–	–
Current receivables (reported under other receivables)	5	1	25	6	–
Carrying amount of hedging instruments that are liabilities:					
Non-current liabilities (reported under other non-current liabilities)	–	20	2	–	2,423
Current liabilities (reported under other liabilities)	23	–	19	2	–
Change in fair value recognised in other comprehensive income for the year	97	90	–230	109	–153
Nominal amounts*	1,134	2,196	621	1,671	–
Hedged items					
Balance in hedging reserves**	–17	37	8	–4	–
Amount reclassified from the hedging reserve to profit or loss for the year	24	57	–118	52	–

* The nominal amounts are expressed in the following units: currency risk – SEK m, interest rate risk – SEK m, energy price risk – GWh, and raw material price risk – tonnes.
** For cash flow hedges, this refers to the hedging reserve, whereas for hedges of net investments in foreign operations it refers to the translation reserve. All hedges are ongoing.

Höganäs uses a range of metals in its production and manages price risk through the use of metal derivatives.

Note 27 Financial risks, cont.

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting its obligations associated with financial liabilities. The objective is that the Group at all times should have access to committed long-term credit facilities that cover the needs of its operations with a satisfactory margin. Höganäs' financial policy states that Höganäs shall secure access to borrowed capital through loan commitments exceeding an amount decided by the Board of Directors. Surplus liquidity shall primarily be used to repay interest-bearing debt. The credit facilities in Höganäs Holding AB comprise a total of SEK 5.4 billion (5.8) and mature in June 2028.

Credit facilities

Group

31 Dec. 2025	Maturity structure
USD 110 million	June 2028
EUR 400 million	June 2028

As at the end of December 2025, SEK 1,825 million (2,416) of the committed credit facilities had been utilised and the amount available was SEK 3,532 million (3,385). The committed credit facilities are subject to covenants with regard to net debt in relation to EBITDA and EBITDA in relation to net interest expenses. Both covenants were met with a considerable margin as at the end of December 2025. Uncommitted credit facilities were SEK 377 million (447), of which SEK 102 million (97) had been used at year-end.

The parent company serves as financier to the subsidiaries. Subsidiaries have local overdraft facilities, which have been approved by the parent company.

The following maturity analyses illustrate the contracted undiscounted cash flows for the Group's financial liabilities allocated to the stated time intervals. The cash flows of interest-bearing liabilities cover repayments of principal and payment of interest. Future interest payments have been estimated on the basis of the liabilities existing on the reporting date. Interest payments of liabilities accruing variable interest have been measured on the basis of current market rates on the reporting date. For interest rate swaps, the net of the interest to be paid or received respectively is stated in the relevant time interval as it is the net cash flow that is swapped. For a maturity analysis of the lease liabilities, see Note 12 Leasing.

Maturity

Group

31 Dec. 2025, SEK m	Jan–June 2026	July–Dec 2026	2027	2028	2029	2030
Credit facilities	39	39	77	1,863	–	–
Current interest-bearing liabilities	179	–	–	–	–	–
Interest rate derivative assets	–8	–8	–11	–3	–1	–
Interest rate derivative liabilities	6	3	5	1	0	–
Trade payables	1,062	–	–	–	–	–
Metal derivative liabilities	28	–	–	–	–	–
Energy derivative liabilities	10	12	10	4	–	–
Currency derivative liabilities:						
Currency derivative outflow	–595	–132	–	–	–	–
Currency derivative inflow	591	129	–	–	–	–
Total	**1,312**	**43**	**81**	**1,865**	**–1**	**–**

Group

31 Dec. 2024, SEK m	Jan–June 2025	July–Dec 2025	2026	2027	2028	2029
Credit facilities	59	59	118	2,476	–	–
Current interest-bearing liabilities	177	–	–	–	–	–
Interest rate derivative assets	–13	–13	–24	–17	–5	–2
Interest rate derivative liabilities	2	2	3	2	1	–
Trade payables	1,081	–	–	–	–	–
Metal derivative liabilities	2	–	–	–	–	–
Energy derivative liabilities	10	10	10	5	–	–
Currency derivative liabilities:						
Currency derivative outflow	1,239	379	–	–	–	–
Currency derivative inflow	–1 216	–367	–	–	–	–
Total	**1,341**	**70**	**107**	**2,466**	**–4**	**–2**

(c) Credit risk

Credit risk can be divided into a (i) commercial and a (ii) financial counterparty risk. Höganäs' credit risk exposure at year-end is stated in the below table.

Credit risk exposure

Group

SEK m	31 Dec. 2025	31 Dec. 2024
Trade receivables	1,540	1,686
Cash and cash equivalents	729	987
Short-term and long-term investments	16	5
Derivatives	103	117
Total	**2,388**	**2,795**

(i) Commercial counterparty risk

Commercial counterparty risk is the risk that one of the Group's customers becomes insolvent and that sales forecasts or committed flows cannot be realised.

To some extent, Höganäs' credit risk relating to customers is limited through sales occurring in a large number of countries to a large number of customers, thus achieving risk diversification. There is credit insurance of USD 10 million that is intended to reduce the credit risk of customers in the US. Höganäs also uses export letters of credit when selling in certain markets.

At year-end, the single largest credit exposure amounted to SEK 121 million (143). This exposure is not past due and relates to a customer with a high credit rating with whom the Group has a long historical business relationship. Consequently, the credit risk within this specific exposure is limited for the Group. The Group's credit policy stipulates that credit checks precede all sales to new customers. Credit losses amounted to SEK 0 million (0), which represents 0.001 percent (0.004) of consolidated revenue. The previous year's credit loss is stated net of insurance compensation of SEK 3 million.

Note 27 Financial risks, cont.

Age analysis, trade receivables

Group

31 Dec. 2025, SEK m	Carrying amount, gross	Impairment loss allowance	Carrying amount, net	Collateral
Not past due	1,367	–3	1,364	48
Past due 0–30 days	154	–0	154	43
Past due 31–90 days	22	–1	21	1
Past due 91–180 days	1	–0	1	–
Past due 181–360 days	2	–2	–	–
Past due >360 days	5	–5	–	–
Total	**1,551**	**–11**	**1,540**	**92**

Group

31 Dec. 2024, SEK m	Carrying amount, gross	Impairment loss allowance	Carrying amount, net	Collateral
Not past due	1,481	–5	1,476	76
Past due 0–30 days	178	–0	178	48
Past due 31–90 days	31	–0	31	8
Past due 91–180 days	5	–4	1	–
Past due 181–360 days	2	–2	–	–
Past due >360 days	3	–3	–	–
Total	**1,700**	**–14**	**1,686**	**132**

Trade receivables includes allowance for expected credit losses. At the end of the year, the allowance for expected credit losses in the Group amounted to SEK 11 million (14).

Concentration of credit risk in trade receivables

Group

31 Dec. 2025	No. of customers	% of total number of customers	% of value
Exposure SEK <1 million	849	79	9
Exposure SEK 1–50 million	228	21	67
Exposure SEK >50 million	5	0	24
Total	**1,082**	**100**	**100**

Group

31 Dec. 2024	No. of customers	% of total number of customers	% of value
Exposure SEK <1 million	841	79	9
Exposure SEK 1–50 million	220	21	68
Exposure SEK >50 million	5	0	23
Total	**1,066**	**100**	**100**

Allowance for expected credit losses

The table below shows the development in the Group's loss allowance during the year. In the statement of financial position, the loss allowance has been deducted from the carrying amount of trade receivables.

Group

SEK m	2025	2024
Opening balance, 1 January	14	12
Incurred credit losses before insurance compensation	–0	–3
Reversal of previous impairments	–4	–10
Impairment loss for the year	1	15
Closing balance, 31 December	**11**	**14**

(ii) Financial counterparty risk

Financial counterparty risk is the risk of a counterparty that Höganäs has entered a contract with becomes insolvent and that an investment and/or unrealised gain cannot be repaid. Höganäs has binding master agreements regarding derivatives trading, referred to as ISDA agreements, with each bank. Through these agreements, Höganäs can offset financial liabilities against financial assets if the counterparty becomes insolvent or another similar event occurs, referred to as netting. The tables below show the amounts covered by such netting agreements.

Group

	31 Dec. 2025		31 Dec. 2024	
SEK m	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Amount reported in the statement of financial position	103	63	117	73
Amount covered by netting	–63	–63	–45	–45
Amount after netting	**40**	**0**	**72**	**28**

Regarding investments (excluding cash and cash equivalents), Höganäs has a limited outstanding exposure of SEK 16 million (5). For these investments, Höganäs aims to apply an approach similar to that used for derivatives by primarily placing investments with the banks with which Höganäs has credit facilities. In addition, to a lesser extent, there are investments with local banks that subsidiaries use as transaction banks.

The majority of the financial counterparties have a minimum rating of A+ (S&P) or A1 (Moody's).

Note 27 Financial risks, cont.

Fair value and carrying amount of financial assets and liabilities reported in the consolidated statement of financial position

The carrying amounts of interest-bearing assets and liabilities in the statement of financial position may differ from fair value, among other reasons due to changes in market interest rates. To measure the fair value of financial assets and liabilities, official quoted prices have been used for the assets and liabilities traded on an active market. In cases where no reliable market quotes are available, fair value has been determined by discounting future cash flows using current market interest rates and by translating into Swedish kronor using the current rate of exchange. Because interest-bearing financial assets have very short fixed-interest periods, the fair value is deemed to equal the carrying amount.

For financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities, which are reported at amortised cost less any impairment, the fair value is deemed to equal the carrying amount.

The following table states fair values and carrying amounts of financial assets and liabilities reported in the consolidated statement of financial position.

Group 31 Dec. 2025, SEK m	Note	Financial assets and liabilities measured at fair value through profit or loss*	Derivatives used in hedge accounting	Financial assets at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
Non-current receivables:	14	–	–	–	–	–	–
Interest rate derivatives	14	–	31	–	–	31	31
Energy derivatives	14	–	3	–	–	3	3
Trade receivables	27	–	–	1,540	–	1,540	1,540
Other current receivables:							
Interest rate derivatives		1	–	–	–	1	1
Currency derivatives		15	50	–	–	65	65
Metal derivatives		–	0	–	–	0	0
Energy derivatives		–	3	–	–	3	3
Cash and cash equivalents	17	–	–	729	–	729	729
Short-term and long-term investments		–	–	16	–	16	16
Total		**16**	**87**	**2,285**	**–**	**2,388**	**2,388**
Non-current interest-bearing liabilities	19, 21	–	–	–	2,305	2,305	2,319
Current interest-bearing liabilities	19	–	–	–	179	179	179
Trade payables		–	–	–	1,062	1,062	1,062
Other current liabilities:							
Interest rate derivatives		2	13	–	–	15	15
Currency derivatives		7	1	–	–	8	8
Metal derivatives		–	24	–	–	24	24
Energy derivatives		–	16	–	–	16	16
Total		**9**	**54**	**–**	**3,546**	**3,609**	**3,623**

* Fair value option is not applied.

Note 27 Financial risks, cont.

Group 31 Dec. 2024, SEK m	Note	Financial assets and liabilities measured at fair value through profit or loss*	Derivatives used in hedge accounting	Financial assets at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
Non-current receivables:	14	–	–	5	–	5	5
Interest rate derivatives	14	–	58	–	–	58	58
Energy derivatives	14	–	4	–	–	4	4
Trade receivables	27	–	–	1,686	–	1,686	1,686
Other current receivables:							
Interest rate derivatives		1	–	–	–	1	1
Currency derivatives		19	6	–	–	25	25
Metal derivatives		–	6	–	–	6	6
Energy derivatives		–	24	–	–	24	24
Cash and cash equivalents	17	–	–	987	–	987	987
Short-term and long-term investments		–	–	5	–	5	5
Total		**20**	**98**	**2,683**	**–**	**2,801**	**2,801**
Non-current interest-bearing liabilities	19, 21	–	–	–	2,958	2,958	2,973
Current interest-bearing liabilities	19	–	–	–	177	177	177
Trade payables		–	–	–	1,081	1,081	1,081
Other current liabilities:							
Interest rate derivatives		–	20	–	–	20	20
Currency derivatives		8	23	–	–	31	31
Metal derivatives		–	1	–	–	1	1
Energy derivatives		–	20	–	–	20	20
Total		**8**	**64**	**–**	**4,216**	**4,288**	**4,303**

* Fair value option is not applied.

Note 27 Financial risks, cont.

Valuation hierarchy

All financial instruments measured at fair value in the statement of financial position should be assigned to one of the following three levels in the fair value hierarchy:

Level 1
Financial instruments whose fair value is measured according to prices quoted on an active market for an identical instrument, such as exchange-traded standard derivatives for electricity, gas and metals.

Level 2
Financial instruments whose fair value is measured on the basis of either directly (as a price) or indirectly (derived from prices) observable market data that are not included in Level 1, such as certain OTC-traded products including interest rate swaps and currency forwards.

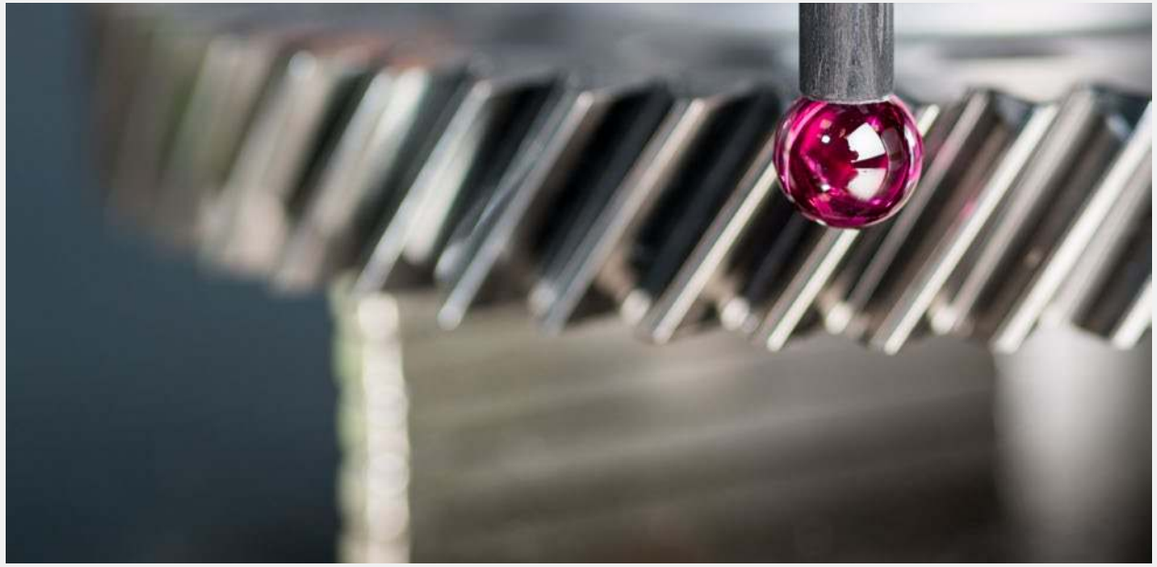
Level 3
Financial instruments whose fair value is measured on the basis of input data that are not observable on the market.

Group	Level 1		Level 2		Level 3	
SEK m	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**	**31 Dec. 2025**	**31 Dec. 2024**
Assets						
Interest rate derivatives	–	–	32	58	–	–
Currency derivatives	–	–	65	25	–	–
Metal derivatives	–	6	–	–	–	–
Energy derivatives	5	28	–	–	–	–
Total	**5**	**34**	**97**	**83**	**–**	**–**
Liabilities						
Interest rate derivatives	–	–	–15	–20	–	–
Currency derivatives	–	–	–7	–31	–	–
Metal derivatives	–24	–1	–	–	–	–
Energy derivatives	–16	–20	–	–	–	–
Total	**–40**	**–21**	**–22**	**–51**	**–**	**–**

Note 28 Related parties

The Parent company exerts a controlling interest over its subsidiaries, see Note 13. Business terms and market pricing apply to the supply of services and products between group companies. Intragroup transactions and dealings between subsidiaries are stated below. The Group's transactions with senior executives in the form of salaries and other remuneration, benefits, pensions and agreements on severance pay to the Board of Directors and CEO are stated in Note 5.

Parent company	Höganäs AB		Höganäs Sweden AB		Lindéngruppen AB		FAM AB	
SEK m	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Transactions reported in the income statement								
Sales of services to related parties	17	17	–	–	–	–	–	–
Purchase of services from related parties	–	–	–	–	–	–	–	–
Other (dividend, interest, group contributions)	317	321	21	–	–100	–50	–100	–50
Transactions reported in the balance sheet								
Due from related parties as at 31 December	–	1	21	–	–	–	–	–
Due to related parties as at 31 December	3,548	3,202	–	–	–	–	–	–
Dividend recognised in equity	–	–	–	–	–	–	–	–



Not 29 Significant accounting estimates and judgements

Group management and the Board of Directors make estimates and judgements regarding the future. These estimates and judgements affect the accounts and other financial information presented, including contingent liabilities. The estimates are based on historical experience and various judgements considered reasonable under the prevailing circumstances. The conclusions drawn form the basis for decisions regarding the carrying amounts of assets and liabilities in cases where they cannot be measured through other information. Actual outcomes may differ from these estimates if other judgements are made or other circumstances arise. Areas that involve various estimates and judgements that may have a material impact on the Group's profit and financial position include, for example:

Impairment testing of goodwill and trademarks with an indefinite useful life

The Group continually tests for impairment. Impairment testing is based on a review of the recoverable amount. The value is estimated on the basis of management's judgements of future cash flows which are based primarily on internal business plans, financial budgets and forecasts.

The Group's impairment testing of goodwill and trademarks is carried out for the operational Höganäs Group as it is considered to be the lowest cash-generating unit for the ongoing monitoring of this item from the perspective of the highest executive decision-makers. As at the end of December 2025, recognised goodwill amounted to SEK 6,178 million (6,222) and trademarks to SEK 1,100 million (1,100).

When testing for impairment, a management judgement is required of various factors, particularly with regard to events which may affect the value of goodwill, the assumptions underlying cash flow forecasts and whether the discounting of these cash flows is reasonable. Changes in the assumptions made by the management may result in a different outcome and a different future financial position. For further information on impairment testing of goodwill, see Note 10.

Calculation of income tax and measurement of loss carry forwards

Estimates are made to determine both current and deferred tax assets or liabilities, especially for deferred tax assets. In this context, the likelihood that the deferred tax assets will be used for offsetting against future taxable profits is estimated. The fair value of these future taxable gains may differ in terms of future business conditions and earning capacity or changes in tax rules. Deferred tax assets related to tax loss carry forwards of SEK 98 million (134) have been reported in the Group, based on judgements that are likely to be recognised and result in lower tax payments in the future. The majority of these deferred tax assets relate to losses in Germany.

Calculations of employee benefits

The net liabilities relating to defined benefit plans amounted to SEK 190 million (240) at year-end. The value of pension obligations for defined benefit plans is based on actuarial calculations based on assumptions regarding discount rates, future salary increases, inflation and demographic conditions. The majority of the net liabilities are attributable to defined benefit plans in Germany at SEK 250 million (290). Sweden is included with net assets of SEK 76 million (65).

A description of the most significant actuarial assumptions and sensitivity analysis is provided in Note 21. Changes in assumptions, which result in actuarial gains or losses, as well as experience-based adjustments give rise to remeasurement of net defined benefit liability and are recognised in other comprehensive income. Remeasurement in the year reduced the Group's net defined benefit liability by SEK –50 million (–71).

Calculation of right-of-use assets and lease liabilities

The carrying amount of right-of-use assets amounted to SEK 283 million (303) and lease liabilities to SEK 305 million (331) at the end of 2025.

Some subjective estimates and judgements are made in connection with the reporting of leases, both in terms of the possibility/probability of exercising options to extend, terminate and purchase, estimated useful life of a lease that is extended on an ongoing basis if neither party actively terminates the lease and actual expected useful life of the asset under existing leases. Such estimates and judgements primarily affect the magnitude of the reported right-of-use assets and lease liabilities.

From a materiality perspective, the most important leases for the Group relate primarily to property leases where these estimates and judgements can have a material effect on the financial position. Höganäs has a number of open-ended leases, mainly relating to properties, which do not have a clearly defined end date or limitations in terms of the number of possible extension options. In many countries, local laws and regulations provide protection for lessees from being given notice. This requires Höganäs, as a lessee, to determine a reasonable contract period instead of considering the termination clause. The lessee determines the length of the contract term based on factors such as the importance of the property to the business, any planned or completed leasehold investments and the property market situation.

Furthermore, a component that affects the carrying value of leases in the Group's financial position is the underlying discounting rate. This is based on the individual country's risk-free interest rate plus a business-specific risk premium. When calculating the carrying value, Höganäs applies an incremental interest rate for the relevant currency and individual contract term that is assessed as relevant, with the aim of best reflecting lease-related assets and financial obligations in a fair manner.

Note 30 Disclosures related to the statement of cash flows

Reconciliation of liabilities arising from financing activities

Group

			Non-cash changes				
SEK m	**1 Jan. 2024**	**Cash flow**	**Amortisation of transaction costs**	**New leases**	**Foreign exchange gains and losses**	**Other**	**31 Dec. 2024**
Credit facilities	2,492	–249	6	–	153	–	2,402
Overdraft facilities	95	0	–	–	2	–	97
Lease liabilities	366	–87	–	30	10	12	331
Other non-current liabilities	311	424	–	–	35	–	770
Total	**3,264**	**88**	**6**	**30**	**200**	**12**	**3,600**

Group

			Non-cash changes				
SEK m	**1 Jan. 2025**	**Cash flow**	**Amortisation of transaction costs**	**New leases**	**Foreign exchange gains and losses**	**Other**	**31 Dec. 2025**
Credit facilities	2,402	–334	0	–	–257	–	1,811
Overdraft facilities	97	23	–	–	–18	–	102
Lease liabilities	331	–81	–	65	–28	18	305
Other non-current liabilities*	770	119	–	–	–143	–274	472
Total	**3,600**	**–273**	**0**	**65**	**–446**	**–256**	**2,690**

* The amount included in Other relates to a reclassification from Other non-current liabilities to Accrued expenses and deferred income.

Parent company

			Non-cash changes				
SEK m	**1 Jan. 2024**	**Cash flow**	**Amortisation of transaction costs**	**New leases**	**Foreign exchange gains and losses**	**Other**	**31 Dec. 2024**
Credit facilities	2,492	–249	6	–	153	–	2,402
Other non-current liabilities	18	–	–	–	–	2	20
Total	**2,510**	**–249**	**6**	**–**	**153**	**2**	**2,422**

Parent company

			Non-cash changes				
SEK m	**1 Jan. 2025**	**Cash flow**	**Amortisation of transaction costs**	**New leases**	**Foreign exchange gains and losses**	**Other**	**31 Dec. 2025**
Credit facilities	2,402	–334	0	–	–257	–	1,811
Other non-current liabilities	20	–	–	–	–	–8	12
Total	**2,422**	**–334**	**0**	**–**	**–257**	**–8**	**1,823**

Note 31 Acquired operations

On 1 September 2025, Höganäs acquired an additional 17 percent of the shares in ZeBeyond, Ltd (hereinafter 'ZeBeyond'), which up to that date had been a joint venture. The additional shares were acquired through participation in a directed share issue carried out by ZeBeyond. Following the acquisition, Höganäs holds 67 percent of the capital and voting rights in ZeBeyond, resulting in the acquisition of control. The consideration for the newly issued shares was paid in cash and amounted to SEK 17 million.

ZeBeyond is a software and services company (SaaS) that develops simulation technology aimed at optimising powertrain development.

Effects of the acquisition of ZeBeyond

Acquired net assets of ZeBeyond at the acquisition date

Group

SEK m	1 Sep. 2025
Intangible assets	13
Property, plant and equipment	0
Trade receivables	2
Other receivables	1
Cash and cash equivalents	17
Trade payables	7
Other liabilities and accrued expenses	6
Net identifiable assets and liabilities	**20**
Cash consideration paid for newly issued shares	17
Fair value of previously held interest	2
Non-controlling interests	1
Less: fair value of acquired net assets	-20
Goodwill	**–**

The Group assessed that the carrying amount of the investment in ZeBeyond accounted for using the equity method substantially corresponded to its fair value as at the acquisition date on 1 September 2025. Accordingly, no gain or loss arose from the remeasurement of the previously held interest.

Impact on cash and cash equivalents

The acquisition of ZeBeyond had a marginal impact on the Group's cash and cash equivalents, amounting to SEK +0 million, representing the cash acquired. The cash consideration paid for the newly issued shares of SEK 17 million is included in the acquired net assets and therefore had no cash flow impact for the Group.

Impact on the Group's revenue and profit

For the period after 1 September 2025, ZeBeyond contributed SEK 3 million to the Group's revenue and SEK –7 million to the Group's profit for the year. Had the acquisition been completed on 1 January 2025, the Group's revenue would have increased by SEK 9 million and the Group's profit for the year would have decreased by SEK –14 million.

Note 32 Significant events after the reporting period

No events that are considered to be significant occurred between the end of the period and the signing of this Annual Report.

ZeBeyond develops software that supports manufacturers in making data-driven decisions.

Auditor's report

To the general meeting of the shareholders of Höganäs Holding AB, corporate identity number 556915-6655

Report on the annual accounts and consolidated accounts

Opinions

We have performed an audit of the annual accounts and consolidated accounts of Höganäs Holding AB for year 2025. The annual accounts and consolidated accounts of the company are included on pages 64–114 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. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

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

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–61 and 117–118. The Board of Directors is responsible for this other information.

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

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

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The Board of Directors is 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 is responsible for the assessment of the company and 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 intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

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 responsibility for the audit of the annual accounts and consolidated accounts is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.. This description is 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 of Höganäs Holding AB for year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors 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

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 and group's type of operations, size and risks place on the size of the parent company's equity, consolidation requirements, liquidity and position in general.

Auditor's report, cont.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes among other things continuous assessment of the company and 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.

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 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 responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Malmö. Date as per electronic signature.

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Carl Fogelberg
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.

Financial overview

Group, SEK m	2025	2024	2023	2022	2021
Revenue	11,045	11,826	12,334	12,256	10,527
Operating profit	1,148	1,059	716	1,121	1,091
Financial income and expenses	–98	–133	–126	–180	–118
Profit before tax	1,050	926	590	941	973
Profit for the year	780	633	377	779	747
Operating margin, %	10.4	9.0	5.8	9.1	10.4
Net margin, %	9.5	7.8	4.8	7.7	9.2
Total assets	18,322	18,888	17,997	19,012	17,711
Equity	12,520	12,397	11,673	11,544	10,476
Capital employed	15,004	15,532	14,940	16,015	14,869
Return on capital employed, %	7.5	7.0	4.6	7.3	7.5
Return on equity, %	6.3	5.3	3.2	7.1	7.3
Equity ratio, %	68.3	65.6	64.9	60.7	59.1
Net debt	1,755	2,148	2,667	4,152	4,181
Debt/equity ratio, multiple	0.14	0.17	0.23	0.36	0,40
Risk-bearing capital, %	71.5	69.0	68.4	64.6	63.5
Interest coverage ratio, multiple	9.4	7.6	4.3	8.5	8.3
Rate of capital turnover, multiple	0.72	0.78	0.80	0.79	0.72
Operating cash flow	328	357	1,359	492	582
Cash flow after investments	328	357	1,359	492	582
Investments	912	988	841	656	399
Average number of employees	2,245	2,247	2,250	2,360	2,282
Turnover per employee	4.92	5.26	5.48	5.19	4.61

Financial definitions

Capital employed
Total assets less non-interest-bearing liabilities, deferred tax liabilities and other provisions.

Capital turnover rate
Revenue in relation to average capital employed.

Cash flow from operations
Cash flow after investments but before acquisitions or divestments of companies/operations.

Debt/equity ratio
Interest-bearing debt less cash and cash equivalents and other interest-bearing receivables in relation to equity.

Equity/asset ratio
Total equity in relation to total assets.

Interest coverage ratio
Operating profit in relation to interest expenses.

Investments
Investments in intangible assets and property, plant and equipment excluding acquisitions.

Net debt
Interest-bearing liabilities less cash and cash equivalents.

Net margin
Profit before tax in relation to revenue.

Operating margin
Operating profit in relation to revenue.

Return on capital employed
Profit before tax plus net interest and exchange rate differences on financial loans in relation to average capital employed.

Return on equity
Profit for the year in relation to average equity.

Risk-bearing capital
Total equity and deferred tax liability in relation to total assets.

Höganäs

POWDER THAT EMPOWERS®

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