

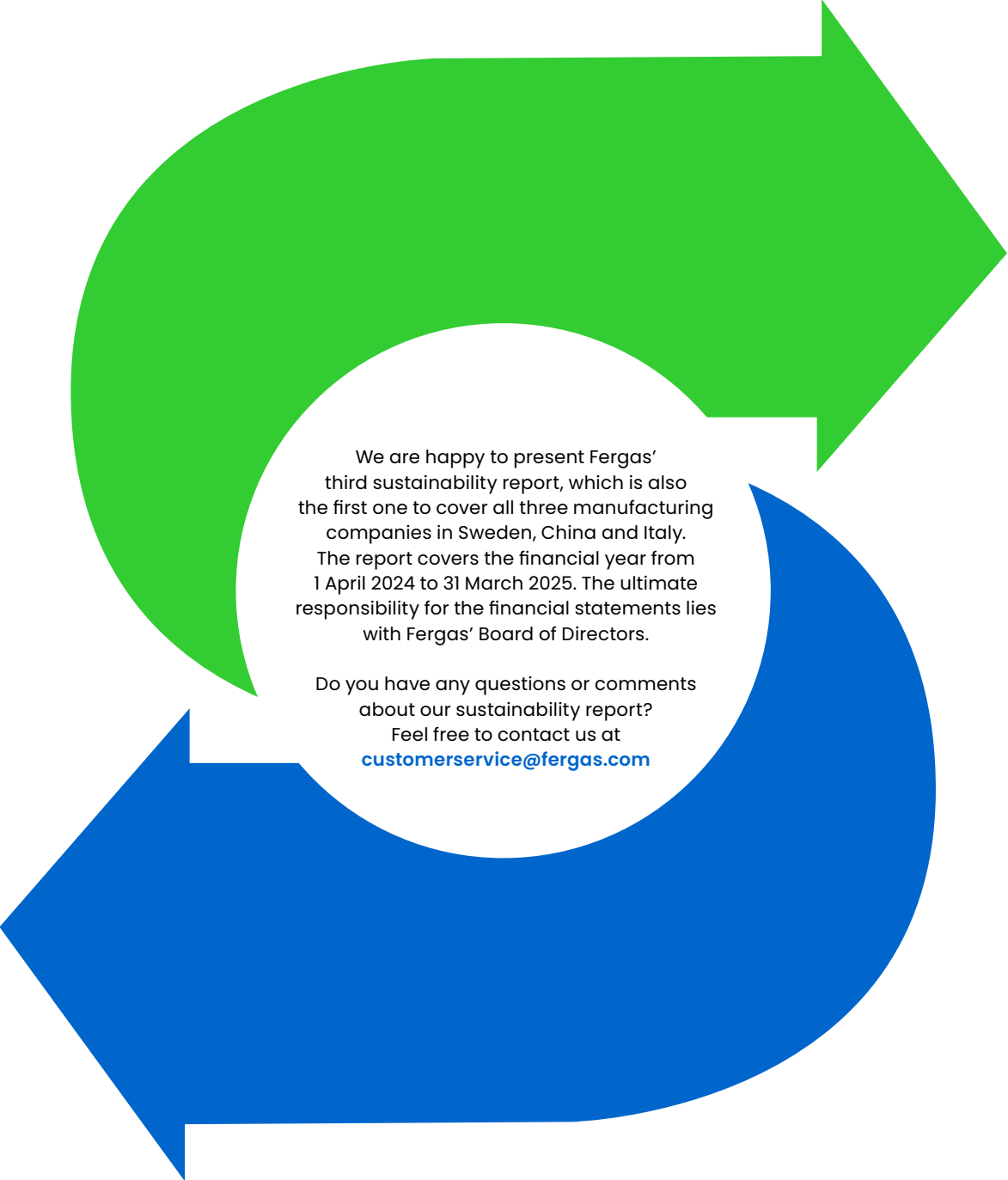
Fergas Group AB

Sustainability Report 2024/25



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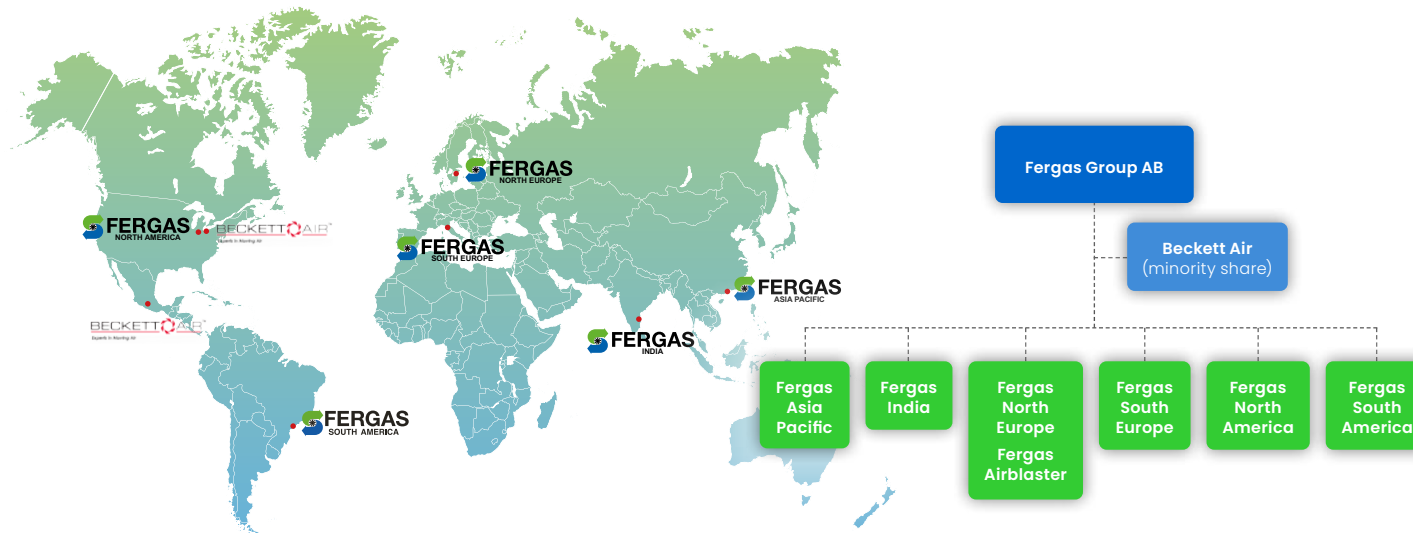


We are happy to present Fergas' third sustainability report, which is also the first one to cover all three manufacturing companies in Sweden, China and Italy. The report covers the financial year from 1 April 2024 to 31 March 2025. The ultimate responsibility for the financial statements lies with Fergas' Board of Directors.

Do you have any questions or comments about our sustainability report?
Feel free to contact us at
customerservice@fergas.com

Welcome to Fergas

Fergas was founded in 1949 by Lennart Wallman in Linköping, Sweden, which is still the location for the head office and one of our factories. Today, Fergas consists of the global corporate group Fergas Group AB, which in turn is owned by Walinov AB. Fergas Group has production units in Sweden, China and Italy as well as sales offices in the USA, Brazil and India. Since 1988, the Fergas Group has been a partner with Beckett Air, for production in North America.



Fergas North Europe (FNE), Sweden

Fergas North Europe serves the northern European market with an annual turnover of approximately 120 million SEK and employs around 60 employees. The company specializes in the development, production, and sale of blower wheels, blowers and blower systems. The manufacturing site produces approximately 4 million blowers per year, with 90% exported outside of Sweden.

Fergas Asia Pacific (FAP), China

Fergas Asia Pacific, founded in 2005, joined the Fergas family of companies in a joint effort to serve the Asian markets with air moving products. With offices in Hong Kong and Southern China and a factory located in Dongguan, the company serve the whole of Asia with Fergas local production and engineering support.

Fergas South Europe (FSE), Italy

Fergas South Europe is located in Misinto outside Milan Italy. It is perfectly located to serve our South European markets. In combination with our facilities in Sweden and China, it covers the whole Fergas range of products and supplies seamlessly to our global markets.

2024/25 in brief

- Initiated a new organizational structure within the Fergas Group.
- Strengthened leadership by hiring key competencies, including a Global Sales Director and a Global Technical Engineering Director.
- Launched a new strategic development initiative.
- Despite a turbulent year, we remain committed to our sustainability goals and continue progressing toward net-zero emissions.
- Faced a challenging external environment — marked by the war in Ukraine and a general economic downturn — we experienced a decline in sales.
- Managed to avoid major shortages in materials and input goods, and successfully offset increased costs in freight, energy, and other inputs.
- Initiated the transition toward a more optimized production model — one that benefits people, the planet, our products, and profitability.

Comments from the CEO

Fergas Group CEO Summary

Sales for the fiscal year April 1, 2024 – March 31, 2025 amounted to SEK 201.9 million (SEK 218.7 million). The decrease in sales has been most noticeable in Europe, primarily due to the current economic climate. The automotive and HVAC markets have been particularly affected in our case.

Operating profit amounted to SEK -15.2 million (SEK -12.3 million). The lower result is partly due to the decline in sales. We have taken several measures during the downturn, including organizational changes. This has led to a reduction in the number of employees during the fiscal year. In connection with the staff reductions, our companies in Europe have incurred restructuring costs.

We have successfully managed to fully offset increased costs in raw materials, freight, energy, and more.

Asia

In Asia, we managed to slightly increase sales compared to the previous year. This has been achieved through increased sales to the U.S. and the domestic market. We have also succeeded in improving our results by reducing both variable and fixed costs.

We see significant sales potential in the domestic market. We will invest in developing the market and improving our product portfolio to enable growth in the coming years.

Our growth in India continues, albeit at a slow pace. We are launching a business plan to accelerate growth over the next few years. We will make targeted efforts in selected market segments where we see strong potential going forward.

Europe

For Fergas in Europe (Fergas North Europe, Fergas AirBlaster, and Fergas South Europe), the year has been challenging. A continued downturn in the economy, particularly within the construction, engineering, and automotive industries, has affected many of our customers. At both of our European sites, we have had to reduce costs by decreasing our workforce. We have also worked to standardize our product range to reduce tied-up capital and create favorable conditions when volumes and sales return.

We have also made a write-down of SEK -8,4 million in the book value of shares in the subsidiary Fergas South Europe.

During the final quarter of our broken fiscal year, we have seen an improvement in order intake and sales. We hope and believe that we have now passed the bottom of the current economic cycle.

America

In North America, sales have been slightly better compared to the previous year, which is positive. We are involved in many exciting strategic projects, primarily within commercial appliances and the automotive industry. Our hope is that these projects will generate positive growth in North America in the coming years.

If we succeed in realizing our growth, this could lead to the establishment of local production as well.

The partnership with our partner Beckett Air Inc regarding the production and sales of fan wheels remains strong and now also includes Mexico, where "Beckett Air Mexico" is now established and offers local manufacturing.

Looking Ahead

At group level, we have developed a new strategic plan covering the years through 2028–2029. This plan aims to increase our growth on all three continents. It also includes a business plan to develop and improve our product offering to support our future sales growth. We have therefore strengthened our organization with the necessary expertise to enable this journey. Continued investments in organization, products, and production will be required to best meet the future for Fergas Group AB. Fergas' ability to offer global solutions remains one of our strongest competitive advantages!

We would like to take this opportunity to thank all employees around the world for your dedicated efforts during the past year.



Patrik Jonsson

CEO
Fergas Group AB

Fergas' vision and foundation

Fergas Group is a multinational corporation with global operations, leveraging local expertise and strategically placed production facilities near our customers' manufacturing sites. Our vision is to support our customers' international market expansion, strengthening their global business efforts.

Fergas vision

We want to make our customers successful with our air-moving solutions.

- by being close to our customers as a true global supplier
- by thriving on longterm relationships
- by applying innovative technology in all aspects of our business

At Fergas, we cultivate an inclusive corporate culture, empowering employees with significant responsibilities and streamlined decision-making. Rooted in the 75-year history of the company, we embody the value of Fergas Foundation in every operation. Currently, we are focused on transformative growth, prioritizing our workforce, and embracing sustainability to align with our global objectives.

Fergas Foundations

Customer

We strive towards long term relationships by devotedly serving our customers.

Operations

Production processes should be customer focused and should utilize world class technology.

The Fergas team

The heart of the Fergas Culture is our dedicated team members who want to cooperate and take responsibility.

Innovation & sustainability

We should be innovative and sustainable in all aspects of our business.

Force of good

We are a "force of good" in the Workplace and in our local communities that we serve.

Profitability

The company has profitable growth that fuels future prosperity.

Sustainability at Fergas

Since its foundation in 1949, Fergas has been committed to corporate responsibility by caring for employees and supporting those in need in the local area. This commitment is also one of the core principles of Fergas' foundations.

We have adhered to the United Nation's definition of sustainable development, as defined in 1987. For Fergas, sustainability is when we can satisfy our needs today – socially, environmentally, and economically – while at the same time providing the conditions for future generations to meet their needs.

The various aspects of sustainability interact in a multitude of processes and cannot be handled individually. We need to find the sweet spot where they all interact.

To ensure a comprehensive approach to sustainability, we have chosen to categorize our sustainability matters into four P's – People, Planet, Profit and Purpose – enabling us to actively address sustainability across multiple dimensions.

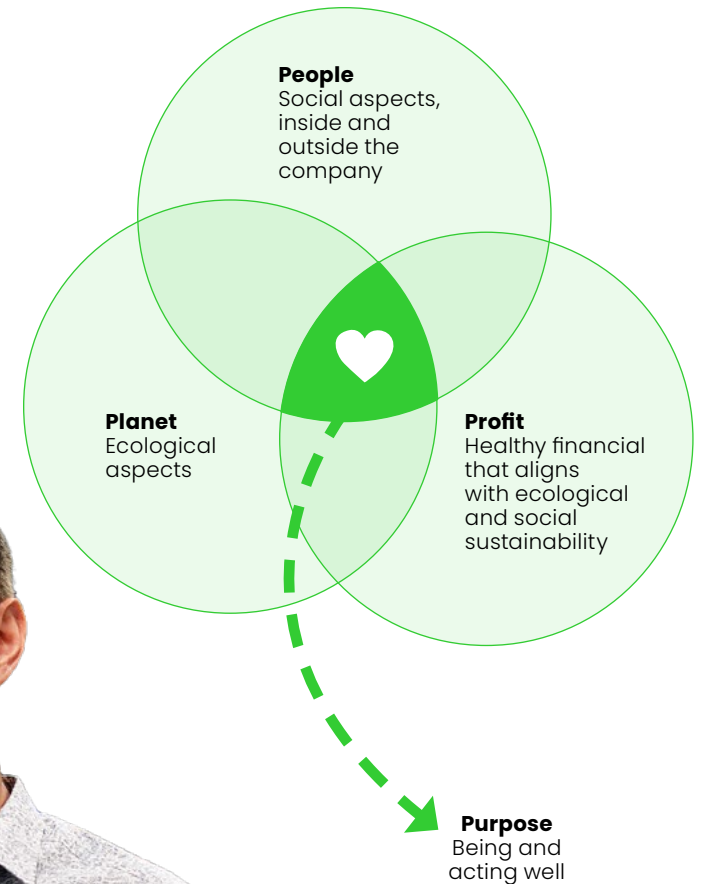
In recent years, we have observed a high demand from our stakeholders for us to address all aspects of sustainability and to provide information about our efforts. Consequently, we have dedicated our focus to this area, aiming to understand our current position and communicate our actions to others.

Building a common framework for Sustainability

Fergas is committed to aligning our global operations, and the introduction of a common sustainability report marks an important step in this journey. We recognize that our various entities currently measure efforts and outcomes in different ways. In this report, we aim to be transparent about these differences. As a result, some tables and diagrams may contain gaps. These inconsistencies highlight areas where we need to improve and harmonize our data collection and reporting practices moving forward.

Robert Leuchovius

*Quality and Sustainability
Manager*
Fergas Group AB



Sustainability management

Fergas has made the decision to undertake a comprehensive review of the sustainability matters that hold the utmost importance for Fergas Group in terms of management, monitoring, and reporting.

In the revised strategy for coming years, one of Fergas' five most important strategic objectives is to embed sustainability into Core Business Practices.

To identify and prioritize these issues, we conducted several analyses that now serve as the foundation for our sustainability initiatives.

Risks and opportunities

Each company within the group performs and evaluates an analysis of their risks and opportunities. Once a year, the Fergas Group conducts a comprehensive SWOT analysis for the entire group, assessing both risks and opportunities. This process results in prioritized activities that are then executed accordingly.

Main risks

- Lack of clarity in implementation of processes and organization throughout the group
- Geopolitical instability, including supply chain issues, tariffs, and trade barriers
- Incomplete product portfolio, technological advancements, and price/performance competition

Main opportunities

- Product adaptation, customer partnerships, and production consolidation
- New technology, strategic product development, and AI integration
- Growth in EC/DC, and increased demand for sustainability and climate solutions



Fergas North Europe

To achieve our sustainability goals, we implement strategies across all three sustainability aspects, emphasizing employee inclusion through a methodology called Concept K. The Concept K shows how to lead people to gain the full support from each person, in moving forward towards the organization's ambitions

During the year we have reduced the energy consumption in our plant and reduced the amount of waste through improved recycling of materials, both in production and office areas.



Fergas Asia Pacific

The company cares for our employees with the core concept of 'Growth + Safety + Health' and achieved certification from CQC (China Quality Certification Centre). Consequently,

100% of our employees have received occupational safety training, and there has been no occurrence of severe safety incidents for three consecutive years. In addition, the company plans to invest (recommended to add the specific amount) to upgrade the safety protection equipment for employees, comprehensively guarding them in terms of career development, safety and health.



Fergas South Europe

This year has been particularly challenging, marked by a decline in sales and a reduction in our workforce. In response, we prioritized supporting our employees, addressing their concerns and anxieties. By the end of the year, we successfully navigated this turbulent period, maintaining high levels of satisfaction among both our customers and employees.

Certifications and Management system

For many years, Fergas has held management system certificates regarding quality and environment, ensuring our management system supports standards and continuous improvement. During last years, we have successfully obtained certification according to ISO 45001, the standard for occupational health and safety, in two of our plants. This is an important step for us and a way to demonstrate that we always put safety first.

Policies and routines, integrated into our management system, are crucial tools for driving overall improvement and addressing sustainability issues in our business. Our goal is to create an efficient management system that actively engages all employees and processes within the company, rather than just drafting policies for their own sake.

Today we have separate management systems for each plant, but with the new organization last year we started an extensive work to align our processes. During 2025/26 we will establish and document global standards for key business processes, including implementation of a global management system for Fergas Group. The system should include all governing documents at the group level, and it should be accessible and utilized at all Fergas locations.

The companies within Fergas Group hold the following management systems certificates:

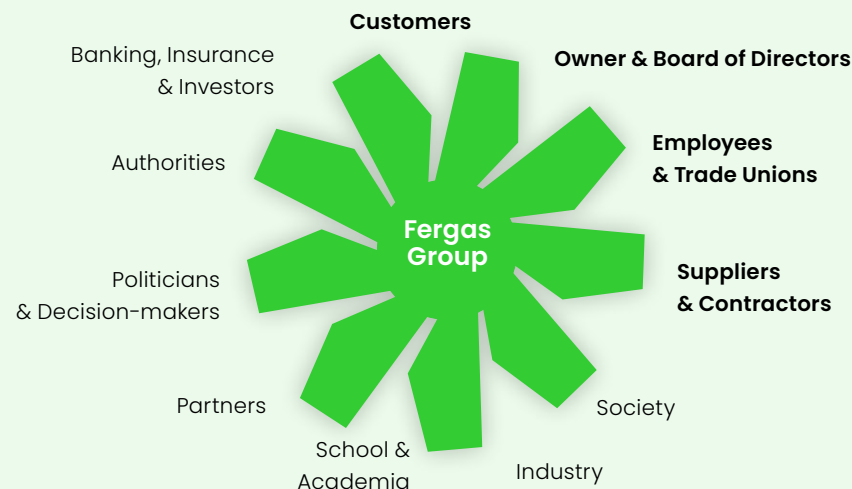
		FNE	FAP	FSE
ISO 9001	Quality	X	X	X
IATF 16949	Quality in automotive business	X	X	
ISO 14001	Environment	X	X	
ISO 45001	Health and safety	X	X	



Stakeholders

It is not solely our own goals and expectations that determines what is driving our sustainability work – the outside world and our stakeholders have an impact on us, just as we impact them.

Our stakeholders have been identified as individuals or groups with whom we have a mutual influence, interaction, or who are impacted by our operations in various ways. The depiction of these stakeholders can be found in the illustration beside.



Fergas and the Planet

Fergas primarily influences the environment and climate through four key areas, and our objective is to make improvements in all these areas:

The raw materials used in our products

Material transportation and business travel

Our internal production processes

The utilization of our products by customers

Limiting our climate impact

The climate crisis demands greater societal change and Fergas strives to minimize its negative climate impact. To reduce the burden on the environment and make a positive contribution to society, Fergas takes long-term responsibility for limiting our climate impact in all business processes.

We have implemented several strategies, where the most important one is to start measuring and visualizing our sustainability performance. For the first time, we can now present data for all our three plants.

Important areas for us are to keep circular economy in mind when designing new products, enhancing energy efficiency in our facilities and production and actively substituting chemicals restricted under appendix XVII in the REACH regulation.

During the coming year, we will initiate monthly collection and evaluation of sustainability data from all three of our production sites. We are doing this to:

- Create a common comparable baseline
- Understand and discuss how we measure at the different sites, to ensure continuity in our measurements and improve performance
- Increase focus on sustainability within the company and understand its benefits



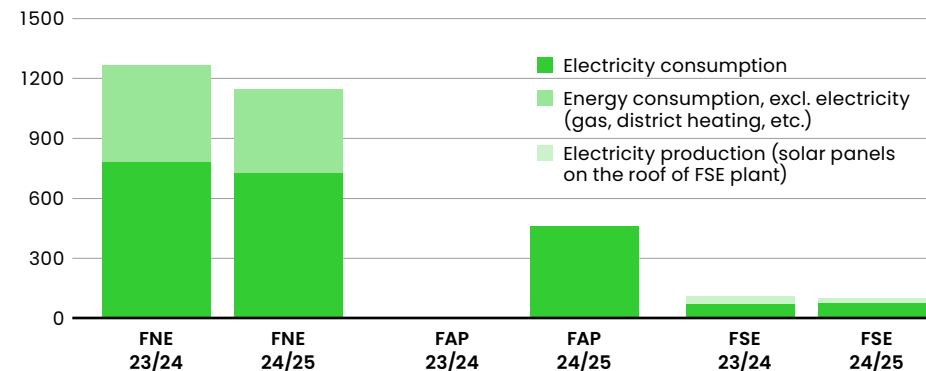
Environmental impact

Raw material usage

Indicator/measurement	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25
Scrapped steel (ton)*	335	295	90	128	10.5	9.7
Scrapped aluminium (ton)*	31	42	5	8	10.1	9.9

*Compare amount of scrapped metal/used metal

Energy: consumption and production (MWh)



Share of sold blowers with efficient DC/EC motor

Indicator/measurement	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25
Share of sold blowers with efficient DC/EC motor	22 %	18 %	4.2 %	4.8 %	0.2 %	0.4 %

Measured: Quantity DC/EC motors vs. Quantity AC motors)

Transport and travel

As a small, globally present company, we value local suppliers and customer proximity to minimize transportation. We are committed to becoming “Glocal.” The transport we control varies between our three factories. FNE is responsible for a large part of the transport, both inbound and outbound, while FAP only controls a small share and FSE does not control any transport. It is therefore not possible to compare the emissions from transport at each factory.

Our customers and suppliers are spread around the world. Customer relations are a key value for us and we prioritize frequent visits. Since we usually travel by air, this is another area that significantly affects our CO₂ emissions.

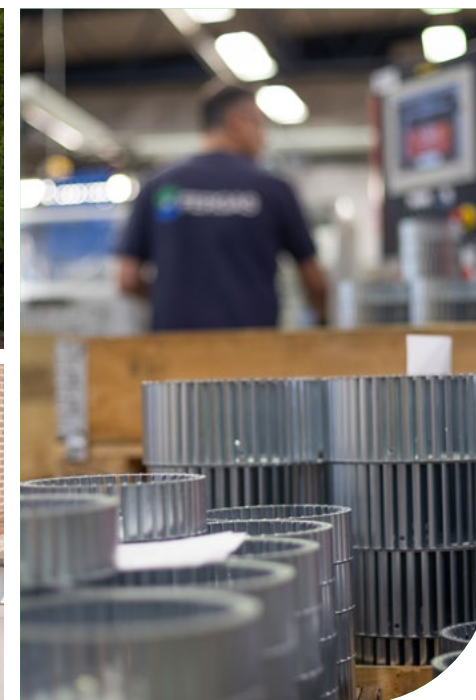
We recognise the need to work more systematically with life cycle assessments over time, but we do not yet have reportable results for the current year. One potential area for future development is to begin tracking emissions from air travel.

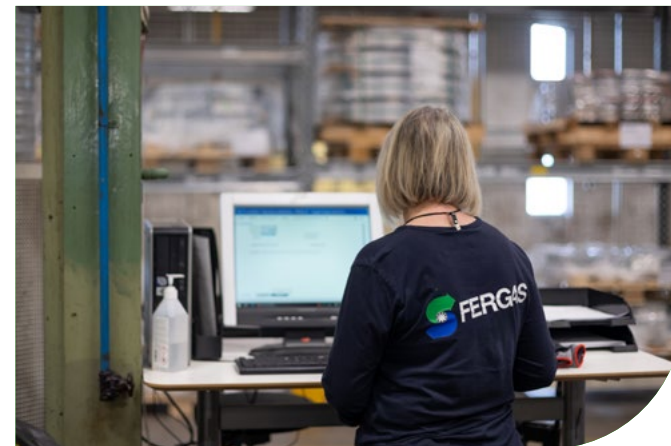
Transportation and resource management

Indicator/measurement	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25
Amount of non-recycled waste Land fill, combustible waste etc. (ton)	16.1	31.9	0.6	0.6	10.0	19.3
CO2 ton emissions, Transportation inbound and outbound.	209.0	168.0	*	*	**	**

* No record can be provided. Very limited outbound transportation.

** Very limited inbound and outbound transportation





Resource management and sustainable materials

Sustainable resource management is crucial for us. We are committed to hands-on approaches and as an example we maximize metal sheet usage to minimize waste. We sort and recycle leftover steel and aluminum, reducing plant scrap continuously.

We use production equipment as long as possible and acquire, and sell, second-hand machinery when possible, reducing the need for new machinery. We do not accept products with chemicals listed in ECHA's Restrictions Database and we comply with REACH, RoHS, CMRT and EMRT. We also collaborate with a third-party company to manage legal obligations like reporting hazardous waste to the Swedish Environmental Protection Agency.

Customer Service

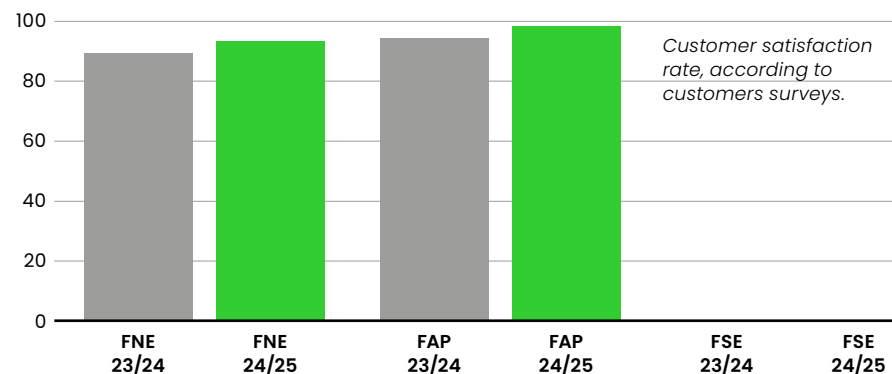
To provide optimal customer service and minimize waste, we place significant emphasis on effectively handling customer claims. We maintain open communication with our customers and conduct investigations to identify root causes and implement appropriate countermeasures.

Today we have different systems to handle customer claims, and when comparing the results from our three plants we notice that there are differences in the measurement method. During the next year we will focus on aligning our claim processes, to increase efficiency and effectiveness and improve product quality and customer satisfaction.

Customer claims

Indicator/measurement	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25
Number of customer claim reports	32	62	8	13	20	27
Claimed units (ppm)	2,602	2,094	1,994	169	990	520
Supplier claim rate (efficiency)	1,088	351	29,842	12,381	41,103	10,753

Customer satisfaction



Fergas and the People

At Fergas, our employees are our top priority. We ensure equal opportunities for training, fair salaries, and positive working conditions, condemning any form of offensive treatment. Prioritizing employee health and safety, we emphasize favorable working conditions, diversity, and equal treatment, which are essential for overall well-being.

Healthy employees

We are committed to promoting long-term health and well-being for all employees. And we take a proactive and preventive approach to physical and psychosocial health, supporting a sustainable work-life balance and long-term employability. We believe that preventive health measures lead to healthier employees, and through local initiatives and systematic follow-ups, we strive to foster a healthy, engaged, and resilient workforce across Fergas.

Work environment

Safety is our utmost priority. We strive to provide safe working conditions and prevent incidents, achieving ISO 45001 certification in 2023/2024. Regular Plant Meetings engage employees in safety initiatives. Insights from our employee surveys help us enhance employee satisfaction and organizational development.



Employee data

Indicator	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25	FERGAS GROUP 23/24	FERGAS GROUP 24/25
Total number of employees 1st of April 24/25	62	53	60	62	26	20	9	10

Illness rate, short- and longterm

Indicator	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25	FERGAS GROUP 23/24	FERGAS GROUP 24/25
Blue-collar workers	8.4 %	4.5 %	*	*	0.1	19.6	n/a	n/a
White-collar workers	1.8 %	1.7 %	*	*	*	*	0.94 %	0.71 %

* No record can be provided.

Equal treatment

Diversity and equality are core values at Fergas, fostering creativity and a stimulating environment. Our culture promotes equality and diversity, leading to higher employee satisfaction. We strictly prohibit victimization and bullying, confirmed by our employee survey. Fair salary determination supports productivity and skill development, reaffirmed by our equality salary survey, with no unjustified pay differences.

Lifelong learning

We foster a culture of lifelong learning for personal and organizational growth. Annual assessments identify areas for improvement, with a focus on reskilling, upskilling, and further training through internal and external programs.

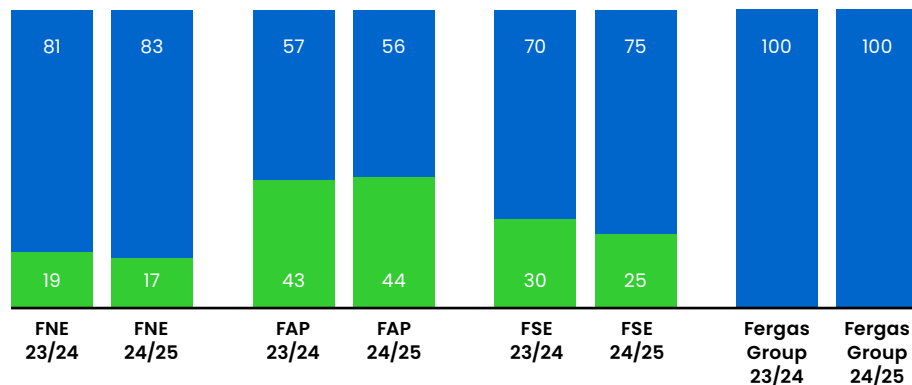
During last year we have conducted various Quality and ESG training for all employees, for example Work Environment, Safety, Six Sigma Green belt training, training in our various Digital Systems, Cyber Security and ISO- related training.

Worker's rights

We respect and promote human rights as outlined in the UN Declaration of Human Rights and ILO conventions. Fergas adheres to collective agreements and collaborates with union partners who participate in our yearly strategy conference. Our low staff turnover attests to Fergas being a desirable workplace.

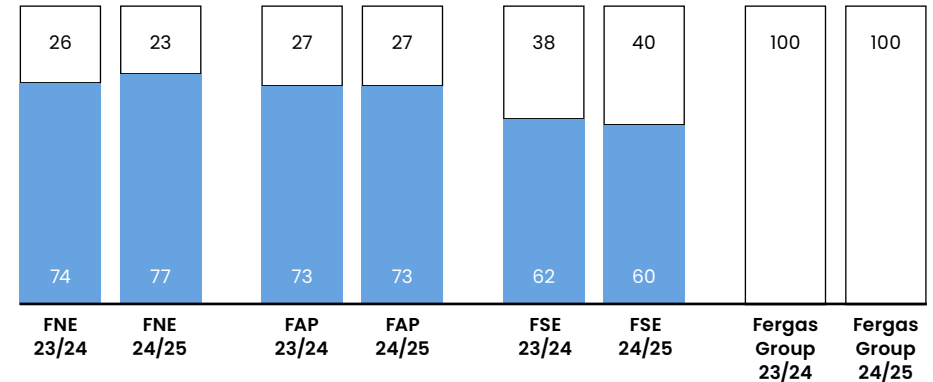
Gender distribution (%)

■ Men ■ Women



Employees Blue-collar/White-collar (%)

■ Blue-collar ■ White-collar



Gender distribution Blue-collar/White-collar

Indicator	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25	FERGAS GROUP 23/24	FERGAS GROUP 24/25
Blue-collar women	15 %	12 %	41 %	42 %	25 %	25 %	-	-
Blue-collar men	85 %	88 %	59 %	58 %	75 %	75 %	-	-
White-collar women	31 %	33 %	50 %	47 %	40 %	33 %	0 %	0 %
White-collar men	69 %	67 %	50 %	53 %	60 %	67 %	100 %	100 %

Risk observations, incidents and accidents, 2024/2025

	Risks	Incidents	Accidents
FNE	71	10	0
FAP	0	0	1
FSE	0	0	0

Fergas and the Profit

At Fergas, we act ethically, foster trust, and set positive examples. Honesty and fairness are core to Fergas' values and strategy, aiming to build long-term, trustworthy relationships with stakeholders. Practicing good business ethics includes sound judgment and risk mitigation, recognizing that environmental impact reduction ties closely to economic profitability.

Sound Business

Our Code of Conduct guides all business behaviors and is shared with employees and suppliers. Our dedication to customers fosters long-term relationships. Customer feedback reveals high satisfaction in service, quality, claims, and delivery, but highlights a need for improved sustainability efforts.

Economic Stability

We maintain customer-oriented relations, open communication, and foster personal development. Financial sustainability integrates business ethics and social responsibility. Our goal is high-quality products and sustainable business direction with a strong financial standing. With a 75-year history, we boast stability, no long-term loans, and support through Fergas Group's overdraft facility. Low customer losses are maintained through strong relationships with large global companies.

Anticorruption

We prioritize financial sustainability, ethical practices, and long-term capital management. We combat corruption through a whistleblowing procedure and partnership with an external reporting entity, ensuring all employees understand how to report corruption or bribery. Code of Conduct training is provided to all employees, including the board and management.



Our Products

The Fergas Group has a global market presence with manufacturing facilities and universal quality standards in Europe, North America, and China, supported by commercial and technical representatives worldwide. Fergas produces impellers and blowers for HVAC, refrigeration, and the automotive sector, promoting energy-efficient motors to save energy globally. The use of high efficiency EC-motors significantly impacts energy savings and reduces noise in our customers' applications.

Fergas' forward-curved blower wheels use "key rivet" technology for a rigid, light-weight, and efficient design. The highly automated production process ensures reliability and balance. Quality at Fergas involves efficient processes, material selection, adherence to norms, workplace structure, administration, communication, environmental stewardship, and human rights. Fergas emphasizes designing sustainable products and raising sustainability awareness across the business.



Supply Chain Management

Fergas focuses on developing suppliers in cost efficiency, delivery precision, quality, sustainability, and service. A global standard for approval, auditing, and monitoring ensures supplier consistency. Close, trust-based relationships with suppliers are prioritized, along with continuous performance measurement, action plans for improvement, and environmental footprint reduction. Technical assessments and evaluations during supplier visits ensure ISO certification or equivalent management standards. We have initiated the measurement of supplier claim rates (ppm) across our three companies. One of our targets for the coming year is to harmonize these measurements and enhance overall performance.

Indicator/measurement	FNE 23/24	FNE 24/25	FAP 23/24	FAP 24/25	FSE 23/24	FSE 24/25
Supplier claim rate (ppm)	1,088	351	29,800	12,400	41,100	10,800

Innovation and Development

Fergas is actively transforming its 75-year legacy into a modern, sustainable industry. We have taken significant steps in improving production efficiency, enhancing quality performance, and optimizing our use of production space. With the implementation of a new organizational structure across the Fergas Group, we have reignited our focus on continuous product development, innovative design, and world-class manufacturing.

Fergas' global sales strategy plays a key role in this transformation by identifying emerging market trends and delivering solutions that align with customer needs — in our commitment to being "Your Global Partner in Air-Moving Solutions."

Force of Good

Fergas aims to be a positive, long-term employer and contribute to local communities through:

- Financial support for charity projects.
- Sponsorship of local non-profits, preferably connected to employees.
- Commercial collaborations with higher purposes.
- Supporting worthy efforts with employee time.

Some organizations that Fergas support



ÖSTERGÖTLANDS
STADSMISSION

TOLERANS
BÄST KÄRLEKSHANDLING

Giving
People

NATTVANDRARN
Sedan 1989

What lies ahead?

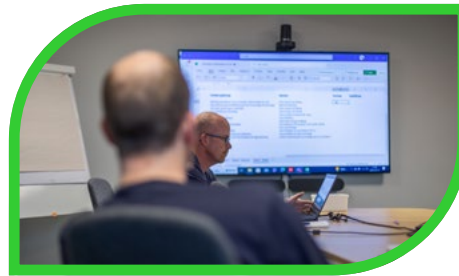
Fergas' focus for 2025/26 encompasses a combination of existing and new priorities. We will continue our efforts in standardization regarding products and processes, recognizing their long-term significance for our business.

Looking ahead, sustainability remains a primary focus for Fergas. In the coming year we will adopt a holistic approach and undertake new focus areas for the future and sustainability. This includes:



Sustainability and Environmental Commitment

- Define baselines and set CO₂ emission targets for all production plants
- Initiate Life Cycle Assessments (LCAs) for our products
- Develop a roadmap for achieving zero emissions
- Introducing an enhanced global supplier audit standard



Strategic and Operational Development

- Launch a new strategic initiative with an updated business plan
- Establish global standards for key business processes
- Implement a new global management system
- Develop a global standard for assessment of risks and opportunities



Employee Well-being and Engagement

- Strengthening employee health through targeted well-being initiatives
- Enhancing employee assessments to better understand needs and engagement
- Promoting a sustainable work-life balance across all parts of Fergas

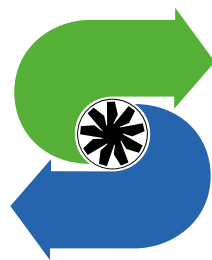


Product and Production Optimization

- Develop and expand our product portfolio
- Evaluate product manufacturing strategies, including what to produce and where
- Expand Six Sigma implementation across more sites and at a greater scale



At Fergas we are committed to take our responsibility and keep acting for our employees and creating a better community today and in the future/for future generations. We stand firm in our purpose and look forward to developing the way we can contribute to making a change for the better. It is only what we do that counts/truly matters.



FERGAS

Your Global Partner in Air Moving Solutions

FERGAS NORTH EUROPE

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