

The background of the cover is a dark blue gradient. On the right side, there is a large, detailed image of industrial machinery, including a cylindrical tank with a blue handle and a motor unit with cooling fins. The text "Annual & Sustainability Report" is overlaid on the left side of the image in a large, white, sans-serif font.

Annual & Sustainability Report

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Alfa Laval is a world-leading, global provider of first-rate products in the areas of heat transfer, separation and fluid handling. With these as its base, Alfa Laval aims to help enhance the productivity and competitiveness of its customers in various industries throughout the world. We understand their challenges and deliver sustainable products and solutions that meet their requirements – mainly in energy, food and the marine industry.

Alfa Laval in brief

World-leading in three key technologies



Heat transfer

Compact heat exchangers that recycle heat, optimize customers' energy consumption, cut costs and reduce negative environmental impact.



Separation

Separators, decanter centrifuges, filters, strainers and membranes that separate liquids from other liquids and solid particles from liquids or gases.



Fluid handling

Pumps, valves, tank cleaning equipment and installation material for industries with stringent hygiene requirements as well as pumping systems specifically for the marine industry and the offshore market.

Alfa Laval key figures

Founded in

1883

A strong local presence

Production units

45

Service Centres

70+

Sales Companies

21

Sales regions

9

Business divisions

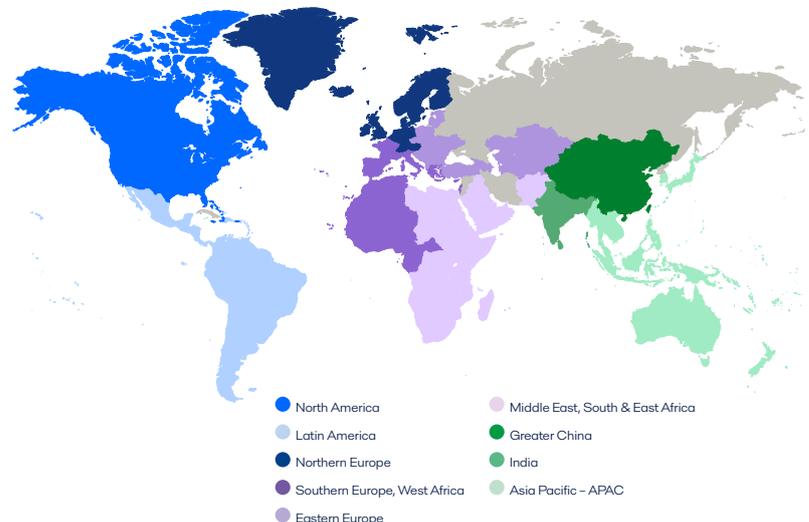
3

Employees

23,600+

Patents

4,200+





“After another turbulent year with increasing trade obstacles, we were pleased to achieve a record invoicing of 70 BSEK and record earnings of 12 BSEK in 2025. In today’s world there is no longer a synchronized business cycle. Instead, most end-markets develop individually with a great deal of variation between them. The over-all favorable end-market exposure of Alfa Laval still generated a solid year financially and we continued the growth journey initiated almost ten years ago.”

Tom Erixon, President and CEO

Order intake, SEK m

66,742 

Net sales, SEK m

69,674 

Adjusted EBITA, SEK m

12,334 

Three business divisions with customer needs front and centre



Food & Water Division

The Food & Water Division works with products and systems for food and water applications, for example in industries such as food, pharmaceuticals, biotech, brewing, dairy and water treatment.



Energy Division

The Energy Division focuses on solutions to promote greater energy efficiency, in both financial and environmental terms. Customers include companies operating in data centres, renewable energy, heating, ventilation and refrigeration, oil and gas extraction, refining, petrochemicals and power generation.



Marine Division

The Marine Division specializes in solutions for shipping customers, including shipping companies, shipyards, engine manufacturers and companies involved in offshore oil and gas exploration.

Food & Water Division

Improving the essentials of life

As the world population is expected to grow by 25 percent over the next 35 years – reaching 10 billion people – the demand for food, clean water and medicine will continue to increase. Demand for medicine will see the greatest growth, as the global elderly population is set to more than double to 1.6 billion by 2060. The Food & Water Division is committed to helping billions of people get the nutritious food, clean water, and safe medicine they deserve – and we are passionate about driving this mission every day.

Order intake, SEK m

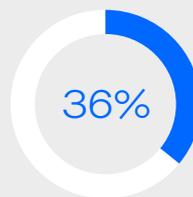
24,311

Net sales, SEK m

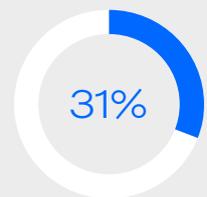
25,635

Adjusted EBITA, SEK m

3,882



Share of group orders



Service share of the division



Energy Division

Powering change – and changing power

2025 reaffirmed that the energy transition remains one of the most dynamic and unpredictable shifts in modern history. Global energy demand continues to rise, driven primarily by electrification, yet progress is still significantly slower than 2050 net-zero scenarios, with regional disparities widening.

Order intake, SEK m

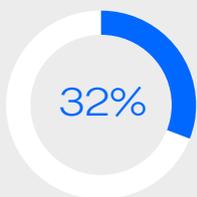
20,984

Net sales, SEK m

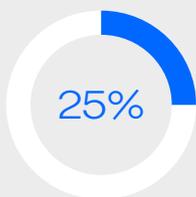
20,250

Adjusted EBITA, SEK m

3,435



Share of group orders



Service share of the division

Marine Division

Sailing towards new horizons

The maritime industry is undergoing its most significant transformation in a century. Despite ongoing geopolitical uncertainty and trade disruptions, shipping's transition continues to gather pace with the growing adoption of new emission reduction technologies and the need to renew an aging fleet. The Marine Division continues to advance on multiple fronts to enable maritime decarbonization by offering flexible, future-ready solutions.

Order intake, SEK m

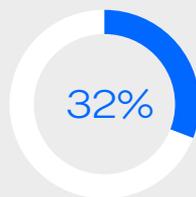
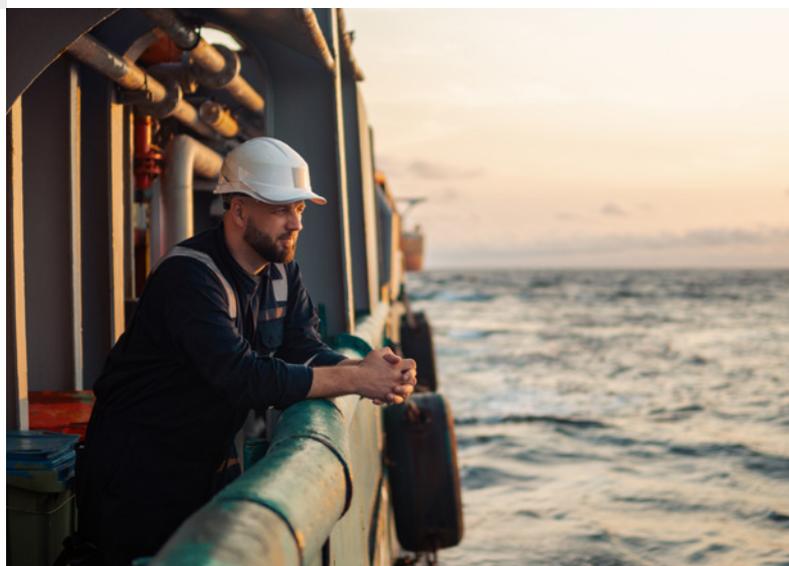
21,448

Net sales, SEK m

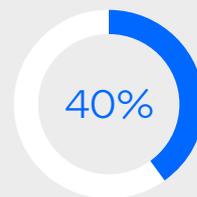
23,790

Adjusted EBITA, SEK m

5,433



Share of group orders



Service share of the division

Financial targets

Alfa Laval aims to realize its purpose, while at the same time meet its financial targets related to growth, profitability and capital utilization. By achieving or exceeding these targets, Alfa Laval creates the necessary scope for its continued development as well as creating value for its shareholders in the form of an annual dividend and by maximizing the value of the company.

During 2025, Alfa Laval AB updated its financial targets to better reflect the Group's performance in recent years and strategic priorities regarding growth and profitability moving forward.

Financial benchmarks

In addition to its financial targets, Alfa Laval has a number of financial benchmarks reflecting the company's ambitions with respect to the net debt / EBITA ratio and cashflow from operating activities. Further information on these financial benchmarks can be found on page 133.

	Financial target		Outcome 2025
Growth	7% (previously 5%)	Alfa Laval is to achieve an average annual sales growth of at least 7 percent measured over a business cycle. The target is set to reflect the structural growth opportunities – organic and inorganic – for Alfa Laval.	4%
Profitability	17% (previously 15%)	Alfa Laval is to achieve an operating margin – adjusted EBITA – of 17 percent measured over a business cycle. The target is set to reflect the company's ambitions regarding investments, portfolio development and capital allocation.	17.7%
Capital utilization	20%	The goal is to achieve a return on capital employed of at least 20 percent. The target reflects the company's ambition to optimize capital utilization by balancing investments and operating working capital.	23.9%

Board of Directors' Report

Management Report

The Board of Directors and the President and CEO of Alfa Laval AB (publ) hereby submit their annual report for the 2025 financial year.

Ownership structure

Alfa Laval AB (publ), corporate registration number 556587-8054, is the parent company of the Alfa Laval Group. The company's shares are listed on Nasdaq Stockholm in Sweden. The largest shareholder of Alfa Laval AB (publ) is Winder Holding AG. The Parent Company does not sell goods or services to external customers and has no employees.

Statutory annual report

The following elements make up the statutory annual report:

- The Board of Directors' Report, which includes the Sustainability Statement, the Corporate Governance Report and the guidelines for remuneration to senior executives
- Financial Statements and accompanying notes

Operations

Alfa Laval, a world leader in heat transfer, separation and fluid handling, focuses on the fields of energy, marine, food and water. The company's world-leading expertise, products and services are key success factors for a wide range of customers in around a hundred countries. The company helps customers to achieve both their business goals and their sustainability goals by optimizing customers' processes, enabling responsible growth and advancing technological development. Alfa Laval is engaged in the development, production and sale of products and systems based on three core technologies: separation, heat transfer and fluid handling.

Alfa Laval's business is divided into divisions: Energy, Food & Water and Marine. These sell to external customers and are responsible for the manufacturing of the products. There is also an Other division covering corporate management and non-core activities. The divisions constitute Alfa Laval's operating segments. The divisions, in turn, are divided into a number of business units.

Financial performance during the year

Group

Net sales amounted to SEK 69,674 (66,954) million, representing an increase of 4.1 percent compared with the previous year. Net sales within Service increased by 4.6 percent compared with the previous year, representing 30.4 (30.2) percent of total net sales. The current order book of SEK 48,259 (52,319) million supports a continued strong level of invoicing.

The adjusted gross margin amounted to 37.0 (35.6) percent, strengthened by high efficiency and capacity utilization at the factories, as well as positive purchase price deviations compared with the previous year. Adjusted EBITA amounted to SEK 12,334 (11,089) million, corresponding to an adjusted EBITA margin of 17.7 (16.6) percent. Operating income increased by 12.6 percent to SEK 11,749 (10,435) million compared with the previous year. Sales and administration costs amounted to SEK -10,750 (-10,284) million for the full year, corresponding to 15.4 (15.4) percent of net sales. Sales and administration costs were impacted by SEK -80 million in respect of transaction costs for Fives Cryogenics. Operating income was also affected by restructuring costs related to changes in the operational business structure that will take effect from January 1, 2026. The costs for research and development amounted to SEK -1,738 (-1,656) million, corresponding to 2.5 (2.5) percent of net sales. Tax on profit after financial items amounted to SEK -2,875 (-2,564) million for the full year, and the Group's tax rate was 26 (26) percent. Earnings per share amounted to SEK 20.01 (17.88).

Cash flow from operating activities amounted to SEK 9,166 (12,778) million. The decrease was due to higher working capital compared with the previous year. Working capital increased by SEK 2,674 million, compared with a decrease of SEK 2,309 million in the previous year. Depreciation and amortization amounted to SEK -2,503 (-2,418) million for the full year. Acquisitions of businesses amounted to SEK -9,412 (-50) million; of which SEK -8,883 million was attributable to the acquisition of Fives Cryogenics, and SEK -529 million was attributable to two smaller acquisitions.

Cash flow from financing activities amounted to SEK 2,915 (-7,357) million and was impacted by dividends to shareholders of SEK -3,513 (-3,100) million and a net increase in borrowings of SEK 7,715 (-3,186) million. The financing requirement for the acquisition of Fives Cryogenics was the driving force behind the increase in borrowings. Net debt amounted to SEK 13,179 (5,493) million at the end of the year, with a debt/equity ratio of 0.30 (0.13). Total cash flow for the year amounted to SEK 168 (2,140) million, with total cash and cash equivalents at year-end amounting to SEK 7,124 (7,369) million.

The Group applies alternative performance measures. Information on definitions can be found on pages 152 and 153.

Group, SEK million	2025	2024
Order intake	66,742	74,592
Order book ¹⁾	48,259	52,319
Net sales	69,674	66,954
Operating income ²⁾	11,749	10,435
Adjusted EBITA ³⁾	12,334	11,089
Adjusted EBITA margin ³⁾⁴⁾	17.7%	16.6%
Net income for the year	8,322	7,433
Return on capital employed ³⁾	23.9%	23.2%
Return on equity ³⁾	19.6%	18.8%
Earnings per share	20.01	17.88
Investments ⁵⁾	2,660	3,336
Cash flow from operating activities	9,166	12,778
Net debt ³⁾	13,179	5,493
Net debt/EBITDA ratio ³⁾	0.92	0.43
Debt/equity ratio ³⁾	0.30	0.13
Equity/assets ratio ³⁾	44.6%	47.6%

¹⁾ At the end of the period. ²⁾ Excluding items affecting comparability. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new lease agreements.

Energy division

The Energy division focuses on solutions that promote increased energy efficiency from both an economic and an environmental perspective. Key technologies include heat exchangers and separation solutions. Customers include companies working with data centres, renewable energy, heating, ventilation and cooling, oil and gas extraction, refining, petrochemicals and electricity generation.

The Energy division reported a higher order intake compared to last year. The acquisition of Cryogenic Technologies from Fives Group had a positive impact on order intake, but the division also reported positive order growth even without Cryogenic Technologies. Organic growth was driven mainly by increased demand in respect of data centres, cooling and power, as well as a recovery in the heat pump market. Transactional business grew in terms of both capital sales and Service. Uncertainty in respect of political and economic developments generally made customers more cautious within project business, and on an organic level project business decreased slightly compared with last year. Net sales increased for both capital sales and Service. Continued investments were made in capacity during the year in order to meet increasing demand in the energy sector. The adjusted EBITA decreased compared to the previous year. The increase in net sales did not fully compensate for the increase in costs related to capacity investments and R&D. Currency and product mix had a negative impact on earnings.

Energy division, SEK million	2025	2024
Order intake	20,984	20,047
Order book ¹⁾	12,299	10,590
Net sales	20,250	19,330
Operating income ²⁾	3,288	3,698
Adjusted EBITA ³⁾	3,435	3,740
Adjusted EBITA margin ⁴⁾	17.0%	19.3%
Depreciation	-524	-514
Amortization of step up values	-147	-42
Investments ⁵⁾	992	1,337
Assets ¹⁾	29,731	20,378
Liabilities ¹⁾	7,163	7,352
Number of employees ¹⁾	6,826	5,974

¹⁾ At the end of the period. ²⁾ Excluding items affecting comparability. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new lease agreements.

Food & Water division

The Food & Water division offers innovative solutions for liquid handling, heat transfer and separation, as well as process systems for key industries such as food, beverages, pharmaceutical manufacturers and water treatment companies. We help our customers to streamline processes using water, energy and raw materials, while also ensuring that they produce less waste.

Order intake was slightly lower than in the previous year, mainly because of lower demand in project business, where the major investment decision took longer due to the macroeconomic and geopolitical situation. There was broad underlying growth within the transactional part of the business, with the largest increase in the Dairy and Waste & Water segments. Net sales were in line with the previous year, with currency effects having a negative impact. Service sales increased, while new sales fell slightly. The adjusted EBITA margin increased compared with the previous year thanks to positive mix effects in combination with good results and capacity utilization at the factories.

Food & Water division, SEK million	2025	2024
Order intake	24,311	24,847
Order book ¹⁾	12,719	14,926
Net sales	25,635	25,742
Operating income ²⁾	3,650	3,579
Adjusted EBITA ³⁾	3,882	3,822
Adjusted EBITA margin ⁴⁾	15.1%	14.8%
Depreciation	-435	-527
Amortization of step up values	-232	-243
Investments ⁵⁾	434	499
Assets ¹⁾	20,968	22,659
Liabilities ¹⁾	8,191	8,960
Number of employees ¹⁾	8,499	8,454

¹⁾ At the end of the period. ²⁾ Excluding items affecting comparability. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new lease agreements.

Marine division

The Marine division specializes in solutions based on technologies such as heat exchangers, separation and liquid handling for customers in the marine industry, including shipowners, shipyards, engine manufacturers and companies operating in the offshore sector.

The order intake for the Marine division was lower than in the previous year, driven by a normalization in the field of tanker contracting, which led to a reduced demand for marine pump systems. The demand for offshore products and digital solutions was moderate, while the service business continued to grow. Net sales were higher for both capital sales and Service across almost all product areas except for offshore and ballast water systems, with good servicing of the large order book. The adjusted EBITA increased compared to the previous year. This improvement was driven by higher net sales and a more profitable product mix. Additionally, earnings were positively affected by favourable factory performance thanks to high capacity utilization. Costs increased on account of inflation and high business activity. The currency had a slightly negative effect.

Marine division, SEK million	2025	2024
Order intake	21,448	29,699
Order book ¹⁾	23,241	26,803
Net sales	23,790	21,881
Operating income ²⁾	5,232	3,653
Adjusted EBITA ³⁾	5,433	4,017
Adjusted EBITA margin ⁴⁾	22.8%	18.4%
Depreciation	-337	-353
Amortization of step up values	-201	-364
Investments ⁵⁾	548	390
Assets ¹⁾	28,398	30,065
Liabilities ¹⁾	9,587	10,382
Number of employees ¹⁾	6,658	6,290

¹⁾ At the end of the period. ²⁾ Excluding items affecting comparability. ³⁾ Alternative performance measure. ⁴⁾ Adjusted EBITA/net sales. ⁵⁾ Excluding new lease agreements.

Acquisitions, disposals and investments in businesses

On January 1, 2025, Alfa Laval acquired 100 percent of a small US-based service company. The company will be operating under its own name as an independent channel and have a marginal impact on the Group.

On 2 April 2025, Alfa Laval acquired 100 percent of NRG Marine, a leading supplier of ultrasonic anti-fouling solutions for industrial, marine, and oil and gas applications. The company's head office is in the United Kingdom. This acquisition aims to meet the growing demand for innovative ultrasonic technology against fouling and deposits, known as anti-fouling technology.

Alfa Laval acquired 100 percent of the business unit Fives Cryogenics, part of the Fives Group, on 7 July 2025. Fives Cryogenics is a world-leading specialist in cryogenic heat transfer and pump technologies, and its head office is based in France. This acquisition will provide Alfa Laval with a strong portfolio of heat transfer and pumping products for gas liquefaction.

Share-related information

There were no changes to the number of shares or the share capital during the year. At the beginning and end of the year, the share capital of SEK 1,116,719,930 was divided into 413,326,315 shares. The quota value of the shares as at December 31, 2025 is SEK 2.70 per share.

The company has issued only one class of shares, and all shares carry equal rights. There are no restrictions under law or in the Articles of Association on the transferability of the shares. The company is not aware of any agreements between shareholders that could result in restrictions on the transfer of their shares. The employees of the company do not own any shares in the company through pension trusts.

Research and development

Many years of intensive and consistent investment in research and development have allowed Alfa Laval to achieve a world-leading position in the fields of separation and heat transfer. Product development within fluid handling has resulted in a strong market position for a number of products. To consolidate this position and support organic growth by identifying new applications for existing products as well as developing new products, research and development is always a high-priority activity. Research and development is conducted at approximately twenty facilities around the world.

Intangible key resources

Alfa Laval's business model is based on a combination of technical leadership and sustainable solutions for customers within the Energy, Food & Water and Marine divisions. Intangible key resources, in particular the expertise, experience and innovation of employees, are a crucial prerequisite for this.

With more than 23,500 employees globally and a strong culture of collaboration and improvement, employees' technical expertise and ability to drive digitalization and sustainability initiatives are central to value creation. Their commitment makes it possible to develop and optimize solutions in the fields of heat recovery, flow handling and advanced separation technology, which form the core of the company's business model.

Intangible resources are utilized through:

- Strategic priorities that ensure customers' needs are met and that the company reinforces its position in the fields of technology and service.
- Constant innovation in order to improve processes and products, thereby contributing to high energy efficiency and a reduction in environmental impact.
- Business principles that are based on responsibility, transparency and a long-term approach, thereby creating trust among customers, investors and society.

To ensure that these intangible resources continue to contribute to competitiveness, the company actively works with skills development, career opportunities and a corporate culture that promotes commitment and responsibility. This makes it possible to deliver value to stakeholders by means of high-quality products, energy-efficient solutions and innovations that meet future requirements.

Environment

The subsidiary Alfa Laval Corporate AB conducts operations that are subject to notification and permit requirements under the Swedish Environmental Code. The permits mainly relate to the manufacture of heat exchangers in Lund and Ronneby and the manufacture of separators in Eskilstuna. Environmental impact occurs through limited emissions to air and water, and also through waste and noise.

Operations with similar environmental impact are conducted at Alfa Laval's manufacturing units outside Sweden. The extent to which such operations are subject to notification or permit requirements under local environmental legislation varies from country to country.

Disputes

As at December 31, 2025, the Alfa Laval Group had been named as one of many defendants in a total of 315 asbestos-related lawsuits involving approximately 315 claimants. Alfa Laval is firmly convinced that the claims are unfounded and intends to contest each claim. Based on what is known to Alfa Laval to date and the information Alfa Laval has regarding the asbestos-related cases, the company maintains its previous assessment that the claims will not materially affect the Group's financial position or results.

Renaming of operating segments

In 2025, Alfa Laval conducted a strategic review of the company's capabilities and position as a global technology leader in order to serve customers worldwide more effectively and create even stronger conditions for growth. As of January 1, 2026, two of the divisions will undergo name changes in order to reflect their strategic priorities more accurately.

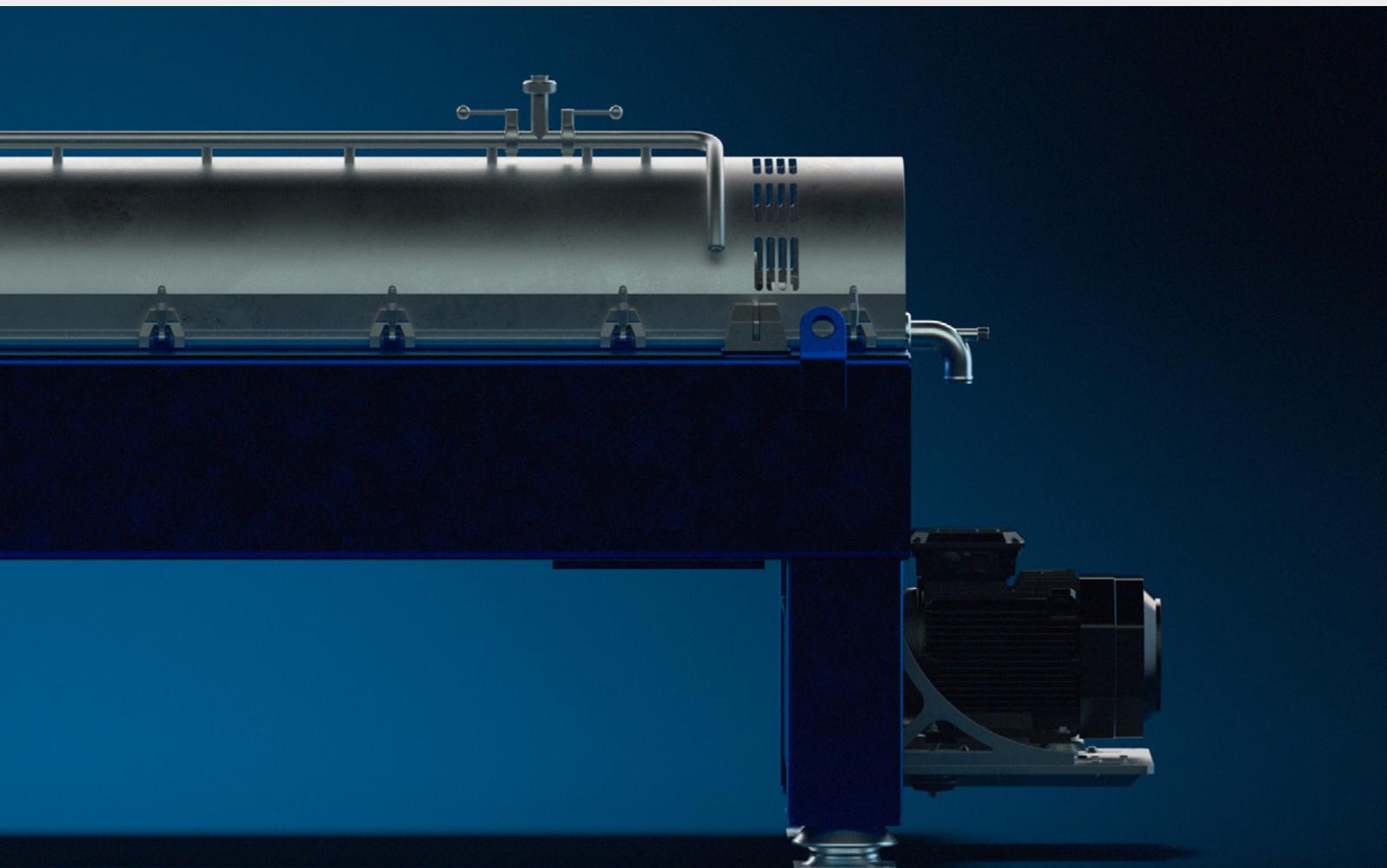
- The former Marine division will be renamed the Ocean division.
- The former Food & Water division will be renamed the Food & Pharma division.
- The Energy division will retain its current name.

Events after the balance sheet date

No significant events have occurred since the balance sheet date.

Dividend and proposed appropriation of profits

The unrestricted equity in Alfa Laval AB (publ) amounted to SEK 6,767 (7,573) million. The Board of Directors proposes a dividend of SEK 9.00 (8.50) per share, corresponding to a total of SEK 3,720 (3,513) million, and that the remaining distributable earnings in Alfa Laval AB (publ) of SEK 3,047 (4,059) million be carried forward.



Risk Management

At Alfa Laval, risk management is not a stand-alone activity – it is embedded into the governance model and supported by an internal control framework. Together, these structures ensure that risks are identified, assessed and managed in a way that supports sustainable value creation and compliance with regulatory expectations, including the Corporate Sustainability Reporting Directive (CSRD).

Governance structure and the Three lines of defense

The governance model is built on the principle of the three lines of defense, which ensures clear accountability and supports a culture of compliance and transparency across the organization:

- **First line:** Operational management owns and manages risks as part of daily business activities.
- **Second line:** Oversight functions such as Risk & Compliance, Legal, Sustainability, Internal Control and other Group functions provide guidance, frameworks and monitoring.
- **Third line:** Group Internal Audit provides independent assurance on the effectiveness of governance, risk management and internal controls.

Enterprise Risk Management (ERM) Integration

The ERM programme is integrated into this governance model. Risk assessments are conducted annually across all business areas and functions, with results consolidated into a Group Risk Report. The Risk & Compliance Board, chaired by Group Management, oversees the process and approves the Group Risk

Report. The report forms the basis for strategic risk discussions at Group Management level.

Alfa Laval’s ERM framework is built around five key areas:

- **Strategic risks** - addressed through Group-level scenario planning and investment governance.
- **Operational risks** - are mitigated through process controls and business continuity planning.
- **Compliance and Governance risks** - are overseen by the Group Compliance function and supported by training, monitoring and escalation protocols.
- **Sustainability and climate-related risks** - are assessed through double materiality and managed via governance processes for specific sustainability matters.
- **Financial risks** - are managed via treasury policies and internal financial controls.

Internal Control Framework

The Internal Control Framework is designed to minimize risks to an acceptable level while ensuring compliance with Alfa Laval’s Business Principles, governing documents and applicable laws. Controls are embedded in key processes and are regularly reviewed and updated based on audit findings, whistleblower reports and changes in the external environment.

Key components include:

- Defined control ownership across Group Finance, Legal, Information Security, Sustainability and HR.
- Governance bodies such as the Internal Control Steering Group and Reference Group.
- Physical controls and IT controls, including segregation of duties, stock taking and access management.

Year cycle

– Enterprise Risk Management



Strategic Risks

Risks impacting Alfa Laval's long-term direction, market position or ability to achieve long term strategic business objectives.

Risk	Description	Mitigation
Competition	Risk of losing market share or failing to adapt to changing customer needs.	Customer-focused divisions, acquisitions, cost competitiveness, securing strategic materials.
Business climate	Economic downturns or upturns affecting demand.	Diversification across markets and business units.
Pandemics & geopolitical disruption	Global events (e.g. pandemics, geopolitical shifts) impacting the business environment.	Business Resilience Policy, crisis management, cost reduction programmes, flexible work schemes.
Commodity prices	Volatility in prices and supply of key materials (e.g. metals, electricity).	Long-term supply commitments, price hedging, flexible pricing to customers.
Political risk	Adverse government actions or instability in operating countries.	Limited exposure in high-risk countries, ongoing monitoring.
Risk connected to technical development	Competitors developing superior technical solutions.	Investment in R&D, focus on innovation.

Operational Risks

Risks arising from day-to-day business processes, systems, people or external events.

Risk	Description	Mitigation
Risk for claims	Costs from product faults, recalls or penalties.	ISO-certified quality assurance, extensive product testing and recall insurance for certain products (very limited).
Supply chain & logistical disruptions	Disruptions in supply chain affecting production and delivery.	Business continuity plans, alternative sourcing and supplier collaboration.
Business interruption	Disruption from strikes, disasters, IT failures or supplier issues.	Business Resilience Management Policy, site risk reviews and emergency response plans.
IT related risks	Data breaches or unauthorized access to sensitive information.	Information security policies, compulsory training and supplier vetting.
Risk for technically related damages	Product failures causing damage to life/property.	Product liability insurance, quality assurance and extensive testing.
Insurance risks	Inadequate insurance coverage for property, liability or business interruption.	Regular insurance reviews and proactive risk minimization.

Compliance and Governance Risks

Risks related to legal, regulatory and ethical obligations, as well as internal controls and governance.

Risk	Description	Mitigation
Non-compliance with legislation and regulation	Failure to meet legal requirements, leading to penalties or reputational damage.	Policies, training, legal counsel and whistle-blower system.
Unfair competition and antitrust	Fines or reputational loss from breaches of competition law.	Fair Competition Policy, employee training and compliance monitoring.
Export control and trade sanction regulations	Breaches leading to loss of trade privileges or legal action.	Export Control Policy, compliance monitoring and training.
Risk in connection with litigations	Costs from legal disputes or settlements.	Legal review and provision for estimated losses.

Sustainability and Climate-related Risks

Sustainability risks arise from environmental, social or governance matters, including dependencies on natural, human and social resources and the potential effects of climate change on company assets. The material sustainability and climate-related risks are described in more detail in the Sustainability Statement on page 16–69.

Financial risks

Financial risks relate to financial instruments and consist of risks related to currency, interest, market, liquidity and refinancing, cash flow as well as counterparty risk. A more comprehensive description and disclosures related to these risks can be found in Note 32.

Sustainability Statement

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General information

Pioneering Positive Impact

SBM-1, SBM-3

Products and solutions

Across the industry's society depends on, change is accelerating. New challenges demand fresh thinking and those willing to lead the way are the ones who drive progress.

Alfa Laval's foundation is its portfolio of world-leading technologies with a wide range of application areas, that forms a launchpad to the future.

- Heat transfer – Heat exchangers that optimize energy consumption through increased efficiency and waste heat recovery.
- Separation – Separators, decanter centrifuges, membranes and filters used in, for example, food processing, water treatment and biofuel production.
- Fluid handling – Pumps, valves, tank cleaning equipment and installation material for industries with stringent hygiene requirements, as well as pumping systems for the marine industry.

These key technologies enable responsible use of natural resources, reduce emissions and the environmental impact of industrial processes, and improve energy efficiency, heat recovery and water treatment, while preserving value through circularity, supported by Alfa Laval's extensive service offering that prolongs the useful life of installed products.

The Alfa Laval 2030 Strategic Direction is about growing as an industry leader in existing areas while capturing new opportunities. This translates into empowering emerging technologies and reshaping vital industries.

Alfa Laval offers its customers and shareholders more than a century of engineering ingenuity and entrepreneurial spirit – which is a benefit to them and to future generations. Continuous development of the offer, with innovation and relentless optimization, has given the company a leading role in the energy transition.

There is an opportunity in every challenge. Only by working side by side with customers, partners and peers worldwide can full potential be unlocked.

Value chain

Alfa Laval relies on a range of key resources and inputs provided by more than 5,000 global and local suppliers in the upstream value chain. In terms of physical resources, stainless steel, copper, titanium and other metals are among the most significant. These are sourced as raw materials, forged or machined parts according to the design specifications of the products, and other criteria including price, availability, quality and the sustainability performance of suppliers. Alfa Laval's ambition is to work collaboratively with preferred and trusted suppliers of critical resources, that are frequently also valued partners in the design and development of customer applications.

The main operational activities involve the design, manufacture and sales of products and solutions that help customers optimize efficiency and productivity. These activities are carried out by more than 23,000 employees located in over 100 countries around the world, whose commitment and competence are fundamental to Alfa Laval's continued business growth. Other key resources include some 4,200 patents and substantial investments in research and development.

In the downstream value chain, Alfa Laval provides heat transfer, fluid handling and separation applications to customers in a wide range of industries through its own sales companies and a large network with over 600 distributors. Energy savings, increased productivity, and lower total cost of ownership are some of the benefits customers can expect from Alfa Laval's innovative solutions. This translates into customer satisfaction and loyalty, driving sales growth and increased profitability that can lead to rising stock prices and dividends for over 50,000 shareholders.

Additional information on the business, including financial data per division (operating segment) and any significant changes in operations during the year, is available in the Management Report. Data on the employee headcount in top workforce countries is presented in the S1 subchapter and in more detail (expressed as full-time equivalents) in Note 4 in the Financial Statement.

Living up to commitments

SBM-1, SBM-3

Alfa Laval recognizes that the company’s strategy to deliver sustainable products and solutions also has an impact on people and the environment. The company lives up to its commitments through transforming operations and supporting value chains in preventing and mitigating negative environmental, social and governance impacts.

The sustainability strategy is organized around four central themes – Climate, Circularity, Caring, Committed – reflecting the most significant sustainability impacts identified in Alfa Laval’s double materiality assessment. The 4C strategy sets the agenda and key sustainability priorities for the business to focus on until 2030. Each area includes a vision that sets out the ambition, which is further detailed in Alfa Laval Group policies and targets to guide activities throughout the organization. More information on the 4C strategy with policies, actions, targets and metrics is presented in the relevant topical sections of the Sustainability Statement.

Climate

Alfa Laval aims to achieve net zero greenhouse gas (GHG) emissions in its own operations by 2027 and throughout the value chain by 2050. Actions to deliver on these targets are set out in the Alfa Laval Climate Transition Action Plan (CTAP) and are also included in the business strategy. Reducing emissions from Alfa Laval operations by phasing out fossil fuels and increasing the production and use of renewable energy is one part of the climate strategy. But the most significant emission reduction challenges are in the value chain, primarily in reducing the energy use of products and increasing the procurement of metals and components with a low carbon footprint.

Circularity

Alfa Laval is dedicated to safeguarding the value of natural resources throughout its value chain by improving process efficiency, extending product lifespan, and increasing the reuse and recycling of materials. Efficient resource use in operations reduces water withdrawals, energy use and waste. In the upstream value chain, sourcing recycled materials reduces the product footprint, and downstream circular business models and service offerings contribute to more sustainable use of products. In addition, increasing circularity is important for biodiversity and freshwater availability.

Caring

Alfa Laval promotes a safe, inclusive culture both within the company and in its relationships with external partners. Safety is a top priority that is monitored continuously and addressed in day-to-day actions to ensure improved performance over time. By fostering a diverse and inclusive culture and empowering employees, Alfa Laval can benefit from different perspectives and help generate fresh ideas that contribute to continued business innovation.

Committed

Alfa Laval is committed to honest, respectful and ethical conduct within its organization, as well as in all external business relationships. The Alfa Laval Business Principles set out fundamental rules of behaviour that all employees should adhere to, including zero tolerance for any form of corruption or bribery. Alfa Laval continuously trains employees on the Business Principles and has an established governance model in place to secure compliance throughout the organization.

4C targets 2030			Target	
Climate	GHG emissions	Reduction scope 1 & 2 (base year 2020)*	95%	
		Reduction scope 3 (base year 2020)	50%	
Circularity	Energy	Annual increase in energy efficiency **	4%	
	Waste	Waste diverted from disposal	95%	
	Water	Annual increase in water efficiency **	5%	
Caring	Health & safety	LTIFR (Lost Time Injury Frequency Rate)	<1.0	
		Diversity	Female employees	26%
			Female managers	27%
			Diverse nationalities senior managers	>50%
Committed	Business conduct	Employees trained in Business Principles	90%	

* The ambition is to achieve net zero scope 1 and 2 GHG emissions by 2027

** Energy (MWh) and water (m³) use in relation to net sales

Double materiality assessment

IRO-1, SBM-3

Alfa Laval conducted a double materiality assessment (DMA) to identify and assess material impacts, risks and opportunities (IROs) in accordance with the requirements of the European Sustainability Reporting Standards (ESRS) for the first time in 2024. The DMA was reviewed and updated during 2025 using the same approach. Alfa Laval will continue to refine the DMA process going forward and revisit the assessment of material impacts, risks and opportunities each year.

The DMA process builds on input from existing processes for risk management, such as the annual Enterprise Risk Management (ERM) process, and other relevant business planning and strategy processes in different parts of the organization. The ERM process is described in more detail in the Risk Management part of the report, and involves a systematic assessment of various risk dimensions, including sustainability risks. The DMA also provides input on specific topics, such as human rights, climate, water and biodiversity risks, to be considered in the ERM. This approach ensures that sustainability considerations are integrated into overall risk prioritisation, allowing sustainability risks to be compared and weighted against other business risks.

While the DMA is primarily a tool for identifying and assessing material impacts, risks and opportunities on which to disclose information in the Sustainability Statement, the process also results in actionable insights and highlights gaps in management and reporting procedures. These gaps are consolidated into action plans for each material topic with prioritized activities to address for instance lack of data to produce relevant metrics or unclear governance and the need for additional guidance to progress towards targets. The DMA is presented to Group functions, business units and Group management and used as an input in risk assessments and strategic management processes.

Process and methodology

Overview of double materiality process

The DMA process and methodology were largely based on the “IG1: Materiality Assessment Implementation Guidance” published by EFRAG. The process involved three main steps, starting with a series of internal workshops and interviews with key corporate functions and individuals with subject matter expertise on the sustainability topics being assessed. During the workshops, the participants assessed potential impacts, risks and opportunities based on the list of sustainability topics and sub-topics in ESRS 1, Appendix A. Onboarding sessions helped to get a common understanding of CSRD and the scope and purpose of the DMA.

The second step in the DMA process involved the validation and refinement of the initial assessment of IROs from the workshops through desktop research, benchmarking with peers, and contact with selected internal and external stakeholders and experts. The intention was to follow up on the discussions

from the workshops to gather further evidence from various sources to support and confirm the assessment of IROs.

In the third step a revised DMA was prepared and checked by subject matter experts involved in the initial workshops before presenting the findings to Alfa Laval Group Management. Taking account of the comments from Group Management, a final version of the DMA was reviewed and confirmed by the Audit Committee and Board of Directors in October 2025.

Double materiality methodology and assumptions

General approach and methodology

The double materiality assessment considered all Alfa Laval geographies and business activities and included the impact of its own operations as well as through direct and indirect business relationships in the upstream and downstream value chain. No specific activities, business relationships, geographies or other factors were considered to give rise to heightened risks of adverse impacts that required extra attention in the assessment.

Negative impacts on people or the environment were prioritized based on an assessment of their relative severity (scale, scope, irremediability) and likelihood using a five-point scale from very low to very high. These scores were multiplied resulting in a combined impact score with a materiality threshold set at 50 percent of the maximum score. The same approach was used for positive impacts, except that irremediability was not assessed. For actual impacts, likelihood was considered certain and scored as very high.

Financial materiality was assessed in a similar way by considering the financial effects of any risks or opportunities arising from identified impacts and dependencies on environmental and human resources in operations or the value chain. The same five-point scale was used for the likelihood and magnitude of the financial effects, and to the extent possible, the assessment of magnitude corresponded with the quantified impacts on gross profit that are also applied in the assessment of other risks in the annual ERM process. The threshold for material risks or opportunities was a combined score (likelihood and magnitude) of 50 percent or higher of the maximum achievable score, which is aligned with the threshold for high risks in the ERM process.

Sources of information used in the IRO assessments included internal Alfa Laval environmental and safety performance data, employee surveys, human rights risk assessments, and Business Principles audit findings. External databases and tools such as ENCORE, WWF Biodiversity Risk Filter, WRI Aqueduct Water Risk Atlas, and UN Global Compact Business & Human Rights Navigator were also used to assess topical risks and impacts in own operations and the value chain. Examining benchmark surveys of published sustainability statements, the SASB Materiality Map and exchanging information on material IROs with peer companies helped refine the DMA further.

Stakeholder input was mostly collected through Group functions acting as proxies based on their insights into the stakeholders they interact with but also considering requests for information in customer and investor surveys. Selected stakeholders were asked to review and comment on the preliminary DMA results, including internal Alfa Laval business owners, as well as external experts and consultants, and financial stakeholders such as banks and investors. No other direct consultations with external stakeholders or affected communities specifically in connection with the DMA took place unless otherwise noted below.

Processes for assessing specific topics

Climate-related impacts were identified based on current scope 1, 2 and 3 GHG emissions, indicating significant actual value chain impacts. The assessment of climate-related physical risks was carried out using a third-party tool including all operational sites and office locations. The exposure to all relevant climate-related hazards was considered in three different climate scenarios (RCP2.6, RCP 4.5, RCP8.5) for the time periods 2030, 2050 and 2100. The assessment of climate-related transition risks was based on the IEA Announced Pledges scenario as this was considered the most likely and therefore business-relevant but also considered the IEA Net Zero 2050 scenario, which is aligned with Alfa Laval's own net zero target.

Water-related impacts were assessed by considering actual data for water withdrawals, particularly in water-stressed locations as identified using the WRI Aqueduct Water Risk Atlas. The WRI tool was also used to assess the exposure of Alfa Laval manufacturing sites and service centres to water-related risks. In the assessment, baseline exposure was considered as well as future scenarios based on SSP1 RCP2.6, SSP3 RCP7.0 and SSP5 RCP8.5 for the period up to 2080.

The assessment of impacts related to resource use was based on volumes of purchased materials, in particular metal raw materials and components, as well as volumes of waste produced and disposed. Dependencies on key resources and suppliers of these input materials were considered in the assessment of resource-related risks, while opportunities were identified in connection with Alfa Laval's business activities related to services.

Impacts, risks and opportunities related to business conduct matters were assessed using a variety of sources, including the consideration of the number and types of whistleblowing cases registered and the geographic location of Alfa Laval business activities using Transparency International's Corruption Perceptions Index. The extent of political lobbying activities was assessed by accessing the European Transparency Register and the risk of late payments to suppliers was considered by reviewing actual data on the proportion of supplier invoices paid after the due date, as reported by Alfa Laval to the Swedish Companies Registration Office.

In the assessment of pollution-related IROs, a screening of business activities and operations at selected sites was undertaken to identify if levels of air, water or soil pollution, and use of substances of concern and very high concern could be considered significant in relation to thresholds in, for example, the EU Industrial Emissions Directive (IED) and Industrial Emissions

Portal Regulation (IEPR). Compliance with legal permits and input from local authorities was also considered. The assessment concluded that pollution-related topics were not considered material impacts, risks or opportunities.

Biodiversity-related impacts and dependencies were identified and assessed by screening sites and value chain activities using recognized third-party tools, such as the ENCORE database, WWF Biodiversity Risk Filter, and Integrated Biodiversity Assessment Tool (IBAT). This ensured the proper application of relevant assessment criteria, including the consideration of ecosystem services, relevant transition and physical risks, and systemic risks. The assessment concluded that biodiversity-related topics were not considered material impacts, risks or opportunities, as all biodiversity impacts and dependencies are already addressed as part of other material topics, such as climate change, waste, water and resource use.

In addition, the biodiversity screening identified three sites located in key biodiversity areas in China, Indonesia and Spain. The activities related to these sites were not considered to have a significant negative impact on the biodiversity areas and the sites are undertaking necessary mitigation measures as required by local authorities.

Double materiality results

Overview of material impacts, risks and opportunities

The material IROs identified confirmed Alfa Laval's strategic direction and sustainability priorities, and there are no significant changes compared to previous reporting periods. An overview of the material IROs is presented in the following table, including an indication of where in the business model and value chain these impacts, risks and opportunities occur. All material IROs are covered by ESRS standards as indicated in the table and are reported in the Sustainability Statement according to the corresponding disclosure requirements. No entity-specific sustainability matters have been identified.

Addressing climate change, resource use, the wellbeing of our workforce, and conducting business in an ethical manner, including managing relationships with suppliers, are all material from both an impact and financial perspective. Alfa Laval sells products that use energy and have a carbon footprint throughout their lifetime, but also products that help customers save energy and reduce their climate impact. Similarly, processes use raw materials and water, but a range of products also contribute to saving and cleaning water, while servicing and upgrading products extends life expectancy and improves resource efficiency. Ensuring a safe and inclusive working environment for employees free from bribery and corruption, and expecting the same of suppliers and business partners, is fundamental to both individual well-being and continued business growth.

Certain sustainability topics were assessed as material mainly from an impact perspective. These include waste from operations, working conditions in the supply chain, and protection for whistleblowers. Other topics, such as risks related to climate change adaptation and corruption and bribery or business opportunities in addressing water discharges, were mainly financially material.

Further details on material IROs, and policies, actions, targets and metrics are reported in the topical sections of the Sustainability Statement.

Effects of material impacts, risks and opportunities

The resilience of Alfa Laval's strategy and business model and capacity to address material impacts, risks and opportunities is regularly assessed by Group Management and the Board of Directors in the annual strategy review. The review is based on input from the Alfa Laval business units and corporate functions focusing on topics that are most likely to affect Alfa Laval in the short, medium and long-term strategy (time horizons as per ESRS 1). This includes business development, market trends, and key risks identified through the group-wide ERM process. The outcome of the resilience assessment in terms of the effects of the identified material IROs on the business and financial position is considered below. Additional details on the assessment of climate change resilience are presented in the E1 subchapter.

The Alfa Laval strategic direction for 2030 is well-aligned with the 4C sustainability strategy and supports most of the identified material impacts, risks and opportunities. Aspiring to be the transition leader means investing in opportunities that deliver positive impacts to customers and other stakeholders by providing solutions that improve energy and resource efficiency and reduce GHG emissions. This also means living up to commitments and taking action to increase the efficient use of energy, water and other resources in the company's own operations, while mitigating climate change impacts. The identification of climate-related IROs underlined the importance of accelerating efforts to reduce GHG emissions in the value chain to achieve Alfa Laval's climate targets, and increased awareness of the need to address the effects of climate change on Alfa Laval sites.

The material social IROs are equally well represented in the Alfa Laval strategic direction and 4C strategy. With a focus on "People" as a central theme, the strategy highlights the need for upskilling employees and ensuring Alfa Laval has an engaged and innovative workforce that can contribute to sustained growth. Continuing efforts to provide a safe and inclusive workplace are fundamental to maintaining a high level of employee engagement. The assessment of diversity as a material IRO emphasized that additional actions need to be taken to increase the proportion of women in the workforce in line with employee expectations and Alfa Laval's 2030 targets.

Responsible business conduct has been a cornerstone of the Alfa Laval Business Principles and way of doing business for a long time. The identification of anti-bribery and anti-corruption and sustainable sourcing as material IROs are therefore in line with the business model while highlighting that continuous efforts are needed to maintain the high level of business ethics that stakeholders expect of Alfa Laval. There is also an increasing awareness that more in-depth collaboration with responsible suppliers and other business partners is necessary to tackle sustainability impacts and risks throughout the value chain. The financial effects of material risks and opportunities are addressed continuously as part of business performance reviews and financial planning. Any necessary adjustments to carrying amounts of assets or liabilities are reported in the quarterly or annual Financial Statements in accordance with

financial accounting principles. Alfa Laval has not assessed that there is a significant risk that any IROs would lead to a material adjustment of the reported values of assets or liabilities in the coming annual reporting period.

Alfa Laval will continue to pursue business opportunities and make relevant acquisitions based on the company's world-leading technologies in pioneering positive impacts such as clean energy and water, sustainable food production and decarbonized marine transportation. In this context, the material IROs related particularly to climate change, water use and resource efficiency have had a positive effect on financial performance and cash flows during the reporting period as seen in increasing sales of products and solutions that address these sustainability matters.

Other current financial effects of material IROs are mainly connected to operational expenditures to sustain all the ongoing activities that are part of everyday business and contribute to the effective management of the IROs. This includes all the actions described in the topical sections, such as maintaining and developing a safety culture, learning platform, diversity initiatives, sustainable sourcing audits, and compliance programme. It also includes the continued procurement of renewable energy, installation of solar panels, and a range of initiatives to improve the efficient use of energy, water and resources in Alfa Laval's operations. The most significant operational expenditures are likely related to the research and development of products and solutions that can have a positive sustainability impact in the downstream value chain. All these expenditures are included in the financial statements and have influenced the financial performance during the reporting period.

Sustainability Statement – General Information

Sustainability topic	Impact, risk and opportunity description	Category	Value chain	Time horizon
E1 Climate change				
Physical climate-related risks	Exposure to increasing precipitation and heat stress at Alfa Laval sites. Climate change may also disrupt the supply chain and affect the sourcing of certain materials.	Risk	Upstream Operations	Medium Long
GHG emissions Scope 1 & 2	Fossil fuel consumption and energy use contribute to negative climate-related impacts. Significant investment in GHG emissions reductions is planned.	Impact (A -) Risk	Operations	Short Medium Long
GHG emissions Scope 3	The use of certain products results in considerable emissions during lifetime. Other products have a positive impact and help customers reduce emissions. Increasing costs to reduce Scope 3 emissions.	Impact (A -) Impact (A +) Risk Opportunity	Upstream Downstream	Short Medium Long
Energy consumption	Energy use in manufacturing, upstream production of raw materials and the use of products downstream have negative impacts if based on fossil sources. Certain products contribute to energy savings downstream.	Impact (A -) Impact (A +) Risk Opportunity	Upstream Operations Downstream	Short Medium Long
E3 Water and marine resources				
Water withdrawals	Water withdrawal in locations experiencing water stress has a negative impact and increases the risk of water shortages. Certain products contribute to water savings, reducing the need for water withdrawal.	Impact (A -) Impact (A +) Risk Opportunity	Operations Downstream	Short Medium Long
Water discharges	Limited water discharges in Alfa Laval's own operations, but products for wastewater treatment help minimize the impact of water discharges downstream.	Impact (A -) Opportunity	Downstream	Short Medium Long
E5 Resource use and circular economy				
Resource inflows	Procurement of metal raw materials with significant environmental impact. Dependency on the availability of low emission metals to achieve climate targets.	Impact (A -) Risk	Upstream Operations	Short Medium Long
Resource outflows	Ensuring durable, repairable products with high recycled content through Alfa Laval's design and service business to reduce environmental impact.	Impact (A -) Impact (A +) Opportunity	Operations Downstream	Short Medium Long
Waste	Reducing waste volumes and diverting an increased proportion of waste from disposal contributes to improved resource efficiency.	Impact (A -)	Operations	Short Medium Long
S1 Own workforce				
Health & safety	Safety incidents have a negative impact on the workforce and disrupt operations.	Impact (P -) Risk	Operations	Short Medium Long
Diversity & gender equality	A minority of women in the workforce and a gender pay gap is a negative impact on female employees. Lack of gender equality may impact company performance and the ability to attract top talent.	Impact (P -) Risk	Operations	Short Medium Long
Training & skills development	Training and skills development help employees grow and perform better in their current and future roles. Delivery on the business strategy requires a well-trained, innovative and flexible workforce.	Impact (P +) Risk	Operations	Short Medium Long
S2 Workers in the value chain				
Working conditions	Poor working conditions and human rights breaches have a negative impact on workers in the value chain.	Impact (P -)	Upstream	Short Medium Long
G1 Business conduct				
Bribery and corruption	Bribery and corruption undermine trust in institutions and creates inequalities. Corrupt business practices can result in fines and reputational damage.	Impact (P -) Risk	Operations	Short Medium Long
Protection of whistleblowers	Whistleblowers that are not properly protected may be at risk of retaliation from those implicated in the incident.	Impact (P -)	Upstream Operations Downstream	Short Medium Long
Management of supplier relationships	Many impacts on people and the environment are significant in the supply chain. Managing relationships with suppliers includes assessing and monitoring sustainability risks.	Impact (P -) Risk	Upstream Operations	Short Medium Long

Explanation of categories (impact)

Impact (A - or A+) = Actual negative or positive impact

Impact (P - or P +) = Potential negative or positive impact

Interests and views of stakeholders

SBM-2

Alfa Laval engages with key stakeholders through a variety of channels to understand and reflect their interests and views in further developing the business strategy and addressing sustainability priorities. Engagement with stakeholders takes place continuously as part of day-to-day operations, as well as through structured surveys and interviews for special purposes. Group Management and the Board of Directors are regularly informed about key insights from stakeholder dialogues concerning sustainability-related impacts, risks and opportunities in periodic meetings as per the sustainability governance model.

Key stakeholder groups engaged include employees, customers, suppliers, investors, civil society and governmental organizations, and industry associations. The purpose of these engagements is typically to better understand stakeholder expectations and address concerns, build trust and strengthen collaboration, and provide or collect information to enhance transparency or promote action on material sustainability topics. The insights gained from stakeholder dialogues contribute to the further development of the business, inform due diligence processes and provide input to the double materiality assessment.

An example of direct stakeholder engagement is the annual employee survey VOICE, distributed to all Alfa Laval employees and with an annual response rate well above 80 percent. The survey is an opportunity for employees to confidentially provide feedback on their work situation, including development opportunities and day-to-day work, sense of belonging and well-being, as well as their relationship with their direct manager, but also their perception of Alfa Laval as a company, including its corporate mission, values and leadership team.

The results of the survey show the employees' level of engagement with and support for the Alfa Laval strategy, and highlights sustainability topics important to them, such as inclusion and diversity, health and safety. Each year, the VOICE results are carefully analysed, and action plans are created to address employee concerns for instance regarding facilitating collaboration between teams and accelerating diversity initiatives.

Other examples of stakeholder engagement include interaction with investors and analysts at capital market days, quarterly earnings calls, and the annual general meeting, as well as one-to-one meetings during the year and through responding to ESG and other questionnaires and assessments. The focus of these dialogues is commonly to present and discuss Alfa Laval performance and strategic direction, which can provide valuable insights regarding investor concerns and priorities. Requests for information on specific ESG topics directly influence the DMA and future external reporting including the contents of the Sustainability Statement.

Engagement with customers takes place daily throughout the organization in response to customer enquiries and meetings with account managers aiming to better understand customer needs and solve their challenges, which in turn helps Alfa Laval adapt and further develop its product and service offerings. Results from recent customer satisfaction surveys highlight that Alfa Laval is seen as providing quality products and innovative solutions that support customers in reaching their sustainability goals, which is well aligned with the Alfa Laval strategic direction for 2030.

Close collaboration with suppliers is essential to successfully deliver on customer expectations. These are often long-term relationships supported by frequent dialogues on product design, deliveries of high-quality and sustainable materials, and promoting positions on business ethics and human rights. A focus area for Alfa Laval is to gather additional information from suppliers to evaluate their sustainability performance and identify partners that can contribute to reducing upstream GHG emissions, for instance by providing low emission metals.

Engagement with supply chain workers occurs regularly during sustainable sourcing audits to gain insight into their working conditions and understand how Alfa Laval can contribute to remedying any negative impact caused through the business relationship with the supplier. By listening to value chain worker concerns, Alfa Laval can further refine the company's approach to sustainable sourcing and identify viable options to support suppliers in improving working conditions for their employees.

Sustainability governance

GOV-1, GOV-2, GOV-3, GOV-4, GOV-5

Alfa Laval has a well-established governance structure with distinct roles and responsibilities as presented in the Corporate Governance Report. The Corporate Governance Report also includes information on the composition, diversity and relevant experience of the Board of Directors and Group Management, as well as the Board’s report on internal control. Material sustainability impacts, risks and opportunities are addressed regularly by the Board and Group Management to ensure integration into Alfa Laval’s strategy and core business. Key aspects of the sustainability governance model are described below.

Role and responsibilities of governance bodies

Board of Directors

The Board of Directors is the main administrative and supervisory body of Alfa Laval and is ultimately and collectively responsible for the management and administration of the company on behalf of the shareholders, including oversight of material sustainability impacts, risks and opportunities. The work and responsibilities of the Board are governed by Swedish legislation, regulations for companies with shares listed on the Nasdaq Stockholm stock exchange, and Alfa Laval’s articles of association.

There are written instructions established by the Board with details of roles and responsibilities, including Board committees. In accordance with these instructions, the Board of Directors as a whole is responsible for addressing the implications of material sustainability matters on business strategy. The Board shall approve the double materiality assessment, and the annual Sustainability Statement once reviewed by the Audit Committee. The Alfa Laval code of conduct (Business Principles), which sets the framework for sustainability governance, is also reviewed and adopted by the Board of Directors on a regular basis.

The overall direction for Alfa Laval is set by the Board, including deciding on the strategy and targets proposed by Group Management that address material IROs. The Board regularly reviews the company’s financial and sustainability performance and evaluates the effectiveness of processes to manage material IROs. This is supported by the Alfa Laval internal controls framework put in place to monitor key business processes, which is reviewed by the internal audit function and followed up by the Audit Committee of the Board. Further information is available in the Board of Directors’ Report on internal control in the Corporate Governance Report.

Group Management

The President and CEO is appointed by the Board and is responsible for the everyday operation of the company. The CEO leads the Group Management team consisting of the Head of Global Sales & Service, three Divisional Presidents and the heads of HR, Finance and Group Affairs.

Group Management coordinates work with material impacts, risks and opportunities through corporate functions under the leadership of one of the executives on the management team. Most environmental and governance impacts and risks are coordinated through Group Sustainability and Group Legal, which are part of Group Affairs. Most social impacts and risks are coordinated through corporate functions such as Human Resources, represented in Group Management by the Senior Vice President, Human Resources. Responsibility for the day-to-day management of material impacts, risks and opportunities is delegated to the leadership teams of the divisions and business units, and relevant sustainability aspects are integrated into internal processes, such as product development, supplier assessments, and risk management.

Operational decisions and following up on performance relating to material sustainability impacts and risks are coordinated at senior management level in Sustainability Alignment Meetings. These meetings are organized by the Vice President of Group Sustainability with representatives from key corporate functions and sustainability managers from the Alfa Laval divisions. A summary of decisions, sustainability performance reviews, and any issues that need escalating are presented quarterly at Sustainability Sponsor Meetings with representatives of Group Management.



Competence and diversity of the governance bodies

The Board of Directors consists of ten non-executive directors, all of whom are independent of the company and eight (80 per cent) are also independent of major shareholders. Four (40 per cent) members of the Board are female, and all are older than 50 years of age. Besides the directors elected at the general meeting of shareholders, the trade union organizations appoint three employee representatives to the Board as well as deputies for these representatives.

The Board members have extensive experience relevant to Alfa Laval's business sectors, technologies, products and geographic locations. The diverse backgrounds of the Board members and collective experiences from successful careers in various industries enables the Board to effectively oversee the company's operations.

Individual Board members have specific competence and expertise in areas directly related to Alfa Laval's material impacts, risks and opportunities and can leverage these in the supervision of sustainability matters. The Board members have experience from Board or senior management positions at other companies with ambitious sustainability agendas that are affected by the same laws and regulations as Alfa Laval. This allows the Board to provide insights on the reporting of sustainability performance and challenge Alfa Laval's management.

A self-evaluation of the Board's work is made each year, including an assessment of the need to develop Board competence in specific areas, which can include material sustainability impacts, risks and opportunities. The Board has direct access to sustainability-related expertise in Alfa Laval and engages external experts and consultants to provide additional insights and guidance when deemed necessary. Thorough introductory programmes for new Board members and annual educational field trips also contribute to the competence development of the Board.

Information sharing and performance monitoring

The Board of Directors is regularly updated by the President and CEO or EVP Group Affairs/Secretary to the Board, who participate in all Board meetings on developments affecting the company's financial and sustainability management and performance in relation to material impacts, risks and opportunities. The material IROs addressed by the Board and Group Management during the year are primarily those identified in the double materiality assessment and listed in the table in the "Double materiality results" section.

At least two times per year, the Board invites the VP Sustainability and other relevant employees to meetings to update and evaluate the double materiality assessment and review Alfa Laval's performance on key sustainability metrics and targets for the previous year. In addition, the Audit Committee follows up sustainability performance metrics and adherence to sustainability reporting regulations on a quarterly basis as part of their review of the quarterly reports.

Material IROs are explicitly considered by the Board and Group Management when setting the strategic direction and have been included in various ways in the updated strategy for 2030.

For example, reducing GHG emissions and improving energy and resource efficiency is integral to the sustainable business strategy in reducing environmental impacts and also a key part of many customer solutions, which provides opportunities for future business growth.

The variable remuneration of the CEO and other members of Group Management is based on criteria that are intended to deliver Alfa Laval's strategy and support the company's long-term development, including sustainability. While the incentive scheme is not currently connected directly to the 4C sustainability targets, a significant part of the variable remuneration is based on increasing company net sales, which includes products and solutions that contribute to mitigating downstream climate impacts and improving resource efficiency. Further details on incentive schemes and the executive remuneration policy adopted by the annual general meeting are available in the Note 5 of the Financial Statements, and in the Remuneration Report referenced in this note.

Risk Management and internal controls

Key elements of Alfa Laval risk management and internal controls are described in the Board of Directors' report on internal control, included in the Corporate Governance Report, and apply also to sustainability reporting. Within this framework, assessment of significant sustainability reporting risks and the implementation of relevant mitigation strategies are conducted separately for each material sustainability topic by the corporate function responsible for data collection – primarily Group Sustainability for environmental data and Group Legal and Group Risk & Compliance for governance data.

The approach for assessing and managing sustainability reporting risks is aligned with the procedures for risk assessments pertaining to financial reporting. This includes identifying, evaluating and prioritizing risks that may affect compliance with sustainability policies and the quality of sustainability data used for decision-making or public reporting. Controls are implemented to ensure data accuracy, completeness and compliance with external reporting requirements and internal governing documents. Regular reviews and internal audits are carried out to assess the effectiveness of controls and identify areas for improvement. Findings from these reviews are reported periodically to the Audit Committee by the Internal Audit function and Group Sustainability.

The process for data collection and the main reporting risks identified vary depending on the sustainability topic. Most environmental and health and safety data is collected directly from operational sites through a group-wide reporting platform, and some of the risks identified include potentially inaccurate, late or missing data due to human error. These risks are mitigated through automated data verification in the reporting software as well as manual checks by controllers in the organization. A centralized sustainability reporting team maintains documented reporting instructions and offers training and hands-on guidance to support the reporting process.

In 2025, Alfa Laval extended the roles of financial controllers to also include periodic quality reviews of energy, water, waste, and health and safety data reported by all local sites and expanded the team of sustainability controllers at Group level. In addition, Alfa Laval initiated the implementation of a new sustainability reporting platform to better coordinate the collection and consolidation of the full range of sustainability data. These improvements in sustainability reporting will likely contribute to reduced reporting risks and more accurate and timely sustainability data going forward.

Sustainability policies and due diligence

Alfa Laval's operational sustainability governance model is based on the Three lines of defence concept. The first line of defence includes operational management, the second line is legal entity managers, Group and oversight functions, and the third line of defence involves internal audit. A key responsibility of the Group functions is to develop policies, procedures and other governing documents that guide the organization in achieving objectives and targets. Together these policies and procedures form a sustainability governance framework to address the most material sustainability impacts, risks and opportunities.

Sustainability policies

The Alfa Laval Business Principles is the foundational governing document that is acknowledged and signed by the Board of Directors. All other Alfa Laval policies refer to the Business Principles. In 2025, the Business Principles underwent a thorough review and update, emphasizing Alfa Laval's role in the workplace, in industry and in society, how each employee can contribute and what stakeholders can expect of the company.

The Business Principles address a broad range of sustainability topics, including workplace-related issues such as health and safety, fair working conditions, and inclusion and diversity. Another set of principles covers market and industry topics such as fair and free competition, bribery and corruption, and responsible sourcing. Reducing environmental impact, respecting human rights, and ensuring information is handled responsibly are all part of the principles concerning Alfa Laval's commitment to society.

Within each area covered in the Business Principles there are more detailed policies, directives and procedures that are part of the hierarchy of governing documents to guide and direct activities in the company. Important overarching policies that reflect several of the most material impacts, risks and opportunities are the Environmental Policy, People Policy and Human Rights Policy. All these policies apply to the entire Alfa Laval Group and all employees.

The Alfa Laval Environmental Policy was updated in 2025 to more fully address material environmental topics, including climate change mitigation and adaptation, resource use and circular economy, emphasizing key principles for achieving targets in these areas. In the policy, Alfa Laval commits to applying the precautionary principle and ensuring that environmental

management systems certified according to ISO 14001 or equivalent standards are in place in the organization. In 2025, 70 percent of manufacturing sites were ISO 14001 certified. The Vice President Group Sustainability has overall responsibility for the policy, while Business Unit Presidents are responsible for implementing it in their respective organizations. Implementation of and compliance with the policy is ensured through the monitoring of environmental performance and internal controls. The policy is reviewed regularly by the Vice President Group Sustainability, updated as necessary and adopted by Group Management.

The People Policy clarifies Alfa Laval's commitment to providing a safe and inclusive workplace with fair terms of employment that respects the human rights of all employees. The policy addresses the company's role as an employer as well as expectations on employees about how to conduct themselves in the workplace. The Alfa Laval position on inclusion and diversity, equal opportunities, safety and wellbeing, data privacy, and rewards and recognition are some of the main topics covered by the People Policy. Employees should report any misconduct to their manager, HR or through the whistleblowing function. The People Policy is owned and reviewed regularly by the Executive Vice President Human Resources and adopted by Group Management.

The Human Rights Policy highlights Alfa Laval's respect for human rights in accordance with the International Bill of Human Rights and the International Labour Organisation's (ILO) Declaration on the Fundamental Principles and Rights at Work. The policy clarifies the commitment to carry out regular human rights risk assessments and implementing due diligence procedures guided by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Health and safety, inclusion and diversity, bribery and corruption, and freedom of association in some parts of the organization, as well as child labour and forced labour in the supply chain, are among the salient human rights risks identified and addressed in the Human Rights Policy. The Vice President Group Sustainability is owner of the Human Rights Policy, reviewing and updating the policy regularly as necessary, and Group Management adopts the policy.

Sustainability due diligence

Central components in many of the sustainability policies and guidelines are the performance of regular risk assessments and integration of due diligence procedures into business processes to consider material impacts on people and the environment. Alfa Laval performs regular human rights risk assessments at Group level to identify and focus efforts on the most salient risks in its own operations and the value chain. Recurring assessments of environmental and safety risks are carried out throughout the organization as part of local environmental and health and safety management systems. Risk assessments and evaluations of suppliers are also performed regularly to ensure they meet expectations and ambitions on sustainability as set out in the Business Principles for Suppliers.

Sustainability due diligence is part of many processes, and this is described in several parts of the Sustainability Statement as indicated in Table 2 in the Notes and tables chapter.

Basis for preparation

BP-1, BP-2, IRO-2

General basis for preparation

Consolidation

The Sustainability Statement has been prepared on a consolidated basis and follows the same consolidation principles as the financial statements. It includes the parent company Alfa Laval AB (publ) and the subsidiaries in which it has a decisive influence.

Value chain coverage

The Sustainability Statement covers value chain information relating to material direct and indirect business relationships in the upstream and downstream value chain. The entire value chain was considered in the assessment of IROs.

Omission of information

No significant information concerning intellectual property, know-how or the results of innovation has been omitted from the Sustainability Statement. No exemption from disclosure of impending developments or matters currently under negotiation has been exercised.

Specific circumstances

Time horizons

Alfa Laval applies the time horizons defined in ESRS 1 in the Sustainability Statement – short-term corresponds to the reporting period in the financial statements, medium-term is up to five years, and long-term is more than five years. For certain topics, such as climate change, the long-term time horizon extends considerably beyond five years, with “near-term” GHG emissions reduction targets set for 2030 and “long-term” GHG emissions targets to be achieved by 2050.

Value chain estimation

Alfa Laval uses estimates of value chain data for certain metrics where direct measurement is not currently feasible, primarily for upstream and downstream scope 3 GHG emissions. All scope 3 GHG emission categories are calculated using a combination of primary data sources, for example activity data on energy use or material weights, and recognized secondary sources, such as generic emission factors and industry-average data.

The use of secondary data results in less accurate information than if only primary sources were used. Alfa Laval is working on improving data collection processes to enhance the accuracy of scope 3 GHG emissions calculations, for instance by requesting actual data and specific emission factors from customers and suppliers.

Value chain estimates are also to a limited extent used to compile data on operational sites, for example if precise energy, water or waste data is not available due to leasing arrangements and the lack of individual metering for the office space rented by Alfa

Laval. Through dialogues with landlords and requesting more accurate and timely data, Alfa Laval is seeking to reduce the need for estimates in the future.

Further details on the estimates used are provided in connection with the relevant topical disclosures and in the methodology notes in the Notes and tables section.

Sources of estimation and outcome uncertainty

The quantitative metrics disclosed in the Sustainability Statement are mostly based on reasonably accurate measurements of actual outcomes during the reporting period. Certain metrics, rely on estimates, assumptions or the availability of accurate value chain data and are therefore uncertain.

In the Sustainability Statement, the metrics with the highest level of measurement uncertainty are scope 3 GHG emissions. Scope 3 categories such as purchased goods and services (3.1) and capital goods (3.2) are partly or wholly calculated using spend-based data and emission factors from Environmentally Extended Input-Output (EEIO) model databases, which provide generalized estimates of emissions. Calculations of scope 3 GHG emissions from the use of sold products (3.11) are inherently uncertain as they are based on assumptions regarding how products are used and the type of energy sourced by customers.

Further details on the assumptions, approximations and judgments made for the metrics disclosed in the Sustainability Statement are provided in connection with the relevant topical disclosures and in the methodology notes in the Notes and tables chapter.

None of the metrics in the Sustainability Statement have been validated by an external body other than company auditors, unless specifically mentioned in the topical sections or Notes and tables chapter.

Changes in preparation or presentation of sustainability information

This is the first year of sustainability reporting aligned with CSRD and based on ESRS. Alfa Laval has previously reported in accordance with the voluntary GRI Standards and most of the GRI indicators disclosed in prior Sustainability reports are similar to the ESRS disclosures in this year’s Sustainability Statement. No material sustainability information previously reported under the GRI Standards has been excluded from the ESRS-based Sustainability Statement.

The definition and calculation of metrics, including metrics Alfa Laval uses to set targets and monitor progress towards them, are to be consistent over time. Whenever available, comparative data for the previous year is disclosed alongside data for the current year for each metric in the Sustainability Statement, and comments on performance or other changes are provided.

Improvements in data accuracy or availability may trigger restatements of metrics reported for prior years. In 2025, there were significant changes to the methodology for calculating scope 3 GHG emissions, which led to increased baseline (2020) emissions and restatement of 2024 emissions. Improved coverage of employee reporting means headcount and other data is now available for the full workforce. Detailed information on the impact of these and other material changes is presented in connection with the relevant topical disclosures or in the Notes and tables chapter.

Reporting errors in prior periods

Alfa Laval corrects material prior period errors by restating the comparative amounts for the prior period(s) disclosed. Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known. When errors are identified in a Sustainability Statement from prior periods, Alfa Laval will make an assessment whether the data should be restated from a materiality perspective based on the significance of the finding. Any adjustments made will be clearly stated in the Sustainability Statement in connection with the relevant disclosures or the Notes and tables section. No material errors in prior reporting periods have been identified in 2025.

Disclosures stemming from other legislation or sustainability reporting pronouncements

The Alfa Laval Sustainability Statement follows the structure prescribed by ESRS 1 and contains all disclosure requirements from ESRS 2 and topical ESRS standards assessed as material in the double materiality assessment. Disclosures pursuant to the EU Taxonomy for sustainable activities regulation are included in the Notes and tables chapter at the end of the Sustainability Statement, with detailed information on alignment with the EU Taxonomy criteria, including the proportion of activities that qualify as environmentally sustainable. No additional information stemming from other legislation or sustainability reporting standards and frameworks is currently included in the Sustainability Statement. Alfa Laval continuously monitors developments in sustainability reporting and may consider integrating additional standards or frameworks in future reports to enhance transparency and accountability.

Use of phase-in provisions

Alfa Laval has opted to exercise the phase-in allowances to omit reporting of quantified anticipated financial effects arising from environmental risks and opportunities according to disclosure requirements E1-9, E3-5, E5-6. In addition, Alfa Laval will not apply the ESRS S2 standard on "Workers in the value chain" but will provide a summarized description of how these impacts, risks and opportunities are managed in accordance with the minimum disclosure requirements in the S2 subchapter.

ESRS disclosure requirements

Context index and materiality of information

The list of ESRS disclosure requirements complied with in preparing the Sustainability Statement (content index) is provided in the Notes and tables chapter, including page numbers where the disclosures may be found in the statement.

The ESRS disclosure requirements were identified based on the outcome of the DMA. A qualitative assessment of the materiality of the required disclosures and datapoints in relation to the material IROs was carried out applying the criteria in ESRS 1 section 3.2. This involved evaluating whether the requested information was relevant based on its significance to the matter it represents or its ability to meet the decision-making needs of users.

As a result of the assessment of materiality of information, a limited number of datapoints have been excluded from the Sustainability Statement when they do not align with material IROs. As an example, there is no disclosure on policy to prevent late payments to suppliers in accordance with G1-2, as this was not considered a material IRO, but Alfa Laval's approach to supplier sustainability assessments is included in the Sustainability Statement, as this datapoint in G1-2 represents a material IRO.

Datapoints from other EU legislation

The required list of datapoints derived from other EU legislation, including those assessed as not material, is presented in the Notes and tables chapter.

Note on ESEF tagging

As the EU has not yet approved the digital taxonomies for ESRS and Article 8, the Sustainability Statement has not been tagged according to the European Single Electronic Format (ESEF) as required in 14§ chapter 6 of the Swedish Annual Accounts Act.

Environment

E1 Climate change

Mitigating and adapting to climate change is high on Alfa Laval’s sustainability agenda. Pioneering solutions that increase energy efficiency and contribute to decarbonizing value chains are central to its sustainable business strategy. At the same time, certain products have a significant carbon footprint downstream, and a changing climate exposes Alfa Laval sites to risks that need to be addressed.

Impacts, risks and opportunities

SBM-3, IRO-1

Climate-related impacts

GHG emissions from Alfa Laval operations (scope 1 and 2) are actual negative climate change impacts. The main source of scope 1 emissions is fossil fuels used in company cars and for heating purposes or process-related activities in manufacturing and service operations. Scope 2 emissions are lower than scope 1 emissions, as almost all electricity and a substantial portion of purchased heating comes from renewable sources. These emissions occur now and in the short to medium term, but Alfa Laval’s aim is to eliminate its scope 1 and 2 emissions by 2027. In 2025, total scope 1 and market-based scope 2 emissions were around 18,000 tCO_{2e}, which is 62 percent lower than the baseline year 2020.

Emissions in the value chain are considerably higher than Alfa Laval’s operational emissions, and around 99.9 percent of the company’s total GHG emissions are in scope 3. More than 95 percent of these emissions occur downstream from customers using Alfa Laval products that run on fossil fuels or electricity from fossil fuel sources. Most of the remaining scope 3 emissions occur upstream in the production of goods and services purchased by Alfa Laval. These emissions are actual negative impacts that will continue until Alfa Laval reaches net zero value chain GHG emissions by 2050.

While Alfa Laval products such as pumps, separators and boilers use energy to function, Alfa Laval’s range of heat exchangers instead transfer and recover thermal energy in the applications where they are installed. This represents a considerable actual positive climate change impact in the short, medium and long term, as these products contribute to saving energy and avoiding GHG emissions that would otherwise occur. Calculations

show that the estimated total annual emissions savings of Alfa Laval heat exchangers are equivalent to the Group’s total scope 1-3 emissions.

Climate-related risks and opportunities

Methodology for climate-related risk assessment

In 2024, Alfa Laval performed a high-level assessment of the possible implications of climate change on its long-term strategy and business model aligned with the methodology of TCFD. The assessment of physical climate-related risks was focused on its own operations and assets, whereas the assessment of transition risks and opportunities also implicitly addressed the upstream and downstream value chain. All relevant physical and transition risks were analysed, considering the nature of the businesses and geographic location of Alfa Laval sites.

The analysis of physical climate-related risks was done using a third-party tool and based on the well-established climate scenarios “Net Zero 2050” (where emissions follow the IPCC SSP1 – RCP2.6 scenario, which is associated with a ~ 1.5°C temperature rise from pre-industrial times by the end of the century), “Middle of the Road” (equivalent to the IPCC SSP2 – RCP4.5 scenario, associated with a 2–3°C temperature rise), and the high emission scenario “Hothouse World” (following the IPCC SSP5 – RCP8.5 scenario with a temperature increase of more than 4°C).

The physical climate-related risk analysis considered exposure to acute and chronic climate-related hazards for all Alfa Laval factories, offices, service centres and field service locations based on likelihood and severity of the hazards and the geo-spatial coordinates of the sites. In the analysis, time horizons from the present day to 2030, 2050 and 2100, were applied, which corresponds to the short- and long-term horizons that are used for the Sustainability Statement. These horizons also align with the capital allocation plans and expected useful lives of the machinery (7–14 years) and buildings (25–33 years) that may be exposed to the climate-related hazards.

The analysis of transition risks was a qualitative assessment considering the IEA's Announced Pledges (APS) scenario and Net Zero Emissions (NZE) by 2050 scenario. The APS scenario assumes moderate and delayed policy, technology and market changes compared to a net zero scenario but results in more significant transition risks than a business-as-usual scenario based on current policies. The NZE scenario represents a rapid decarbonization pathway and is consistent with limiting global temperature rise to 1.5 °C. Such a scenario means deploying a wide range of clean energy technologies and requires strong and coordinated public policies and incentives.

In preparing the Financial Statement, the company has applied the same climate-related assumptions as those on which the above-mentioned climate scenarios are based to climate as in the sustainability statement. As indicated in Note 1, there was no material climate-related impact on the financial position or financial performance in the current reporting period.

Resilience analysis and outcome of the risk assessment

The assessment of climate-related impacts, risks and opportunities provided input to the resilience analysis of the strategy and business model, covering own operations globally, and considering key suppliers and customers. The resilience analysis was performed in parallel with the climate-related risk assessment in 2024 and applied the same time horizons.

The analysis of physical risks showed that the most prevalent and material climate-related hazard is exposure to significant levels and duration of precipitation. This could potentially affect many Alfa Laval locations by mid-century in a high emissions RCP8.5 scenario.

Other notable but less material hazards in terms of number and value of affected properties include chronic heat stress and acute river flooding. In general, locations in China, India and southeast Asia have a higher exposure to climate-related hazards compared to sites in Europe. This applies equally to the company's suppliers, who are typically located in the same geographic regions as Alfa Laval's main manufacturing sites.

Although physical risk assessments are subject to the inherent uncertainties of climate scenario modelling, Alfa Laval has decided to address the identified risks by initiating a project to assess possible adaptation measures at selected sites exposed to climate-related hazards. The climate proofing project has so far identified a range of measures to mitigate the impacts of extreme weather that will be considered for inclusion in annual real estate investment and maintenance plans going forward.

The analysis of transition risks did not identify any transition events that would have a material financial impact on the company or require a significant adjustment of the strategy or business model in the short or medium term. Decarbonization levers to achieve Alfa Laval's GHG emissions reduction targets are addressed in the Climate Transition Action Plan. Ongoing and planned actions in accordance with the transition plan are disclosed in the Actions section below.

The use phase emissions that occur during the lifetime of the company's products remain a challenge as there is a dependency on partners in the value chain. Alfa Laval is addressing these emissions through product innovation, but fully eliminating emissions from product use assumes that customers are willing to procure renewable energy to the extent forecasted in the NZE scenario, which is a source of uncertainty.

Given Alfa Laval's strategic positioning as a transition leader, both the APS and NZE scenarios will support increased business growth, and the conclusion from the resilience analysis was that the opportunities will outweigh the transition risks in either of these scenarios. In fact, the most significant climate-related risk would likely be in a high emissions scenario where the green energy transition slows down substantially and therefore affects market demand for Alfa Laval's products and solutions.

Management of impacts, risks and opportunities

E1-1, E1-2, E1-3

Climate Transition Action Plan

During 2025, Alfa Laval prepared a transition plan for climate change mitigation, setting a framework with actions to be taken on the path towards the Group's GHG emission reduction target for 2030 and net-zero emissions target for 2050. Alfa Laval's targets have been reviewed and acknowledged by the Science Based Targets initiative (SBTi) as compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement. Alfa Laval is included in the EU Paris-Aligned Benchmark.

The transition plan has been developed mainly through a bottom-up approach with each business unit preparing a plan with relevant actions. The Alfa Laval Group Climate Transition Action Plan (CTAP) is effectively a consolidation of the individual business unit plans. This approach increases awareness and engagement in the organisation and ensures that the climate change mitigation actions are embedded in business unit strategies and financial planning. Business unit management signs off on the local transition plans and Group Management signs off on the consolidated plan, which is then approved by the Board of Directors.

The transition plan is publicly available and a summary according to ESRS disclosure requirements is provided below. The key decarbonisation levers to achieve the GHG emissions reduction targets are presented in terms of decarbonizing own operations and transitioning the value chain, with further details on the levers and actions taken or planned disclosed in the Actions section, disclosure E1-3.

Decarbonizing own operations

Alfa Laval's transition journey started by addressing the GHG emissions with the greatest potential to influence – those arising from its own operations. There is a commitment to reduce scope 1 and 2 emissions. Key decarbonization levers to achieve the scope 1 and 2 net zero emissions target already by 2027 are electrification, phasing out fossil fuels, purchasing renewable electricity, and increasing energy efficiency across operations.

The company's Green Transition Program is aimed at removing fossil fuel dependency for heating in owned facilities. Natural gas heating systems in buildings are being replaced with heat pump solutions powered by renewable electricity or with connection to renewable district heating networks where this is available.

Alfa Laval is actively transitioning away from fossil fuel-based process equipment by continuously electrifying or replacing gas-fired systems with renewable alternatives. The same applies to the company car fleet, and the company prioritizes electric vehicles whenever feasible in locations with a well-developed charging infrastructure and suitable driving patterns.

There is a clear commitment to achieve 100 percent renewable electricity use across all operations by 2030. This target will be met by sourcing renewable energy attribution certificates (EAC) and expanding on-site renewable electricity generation through photovoltaic installations.

Climate transition in the value chain

Most of Alfa Laval's scope 3 GHG emissions occur downstream in the use of the company's products. This is also the most significant source of locked-in emissions. Reducing downstream value chain emissions in line with scope 3 targets requires Alfa Laval to continue to innovate its product portfolio but also depends on customers' using renewable energy sources to power the products they purchase.

To support this transition, the product portfolio is being actively expanded to further accommodate renewable fuels. While maintaining a fuel-agnostic approach, the goal is to enable flexibility for future fuel solutions, for instance in the Marine division where investments are being made in technology development for boilers, heaters and cargo pumps.

Increasing energy efficiency in the product use phase is another key action that will contribute to lowering the carbon footprint of the Alfa Laval product portfolio. Efforts are underway to lower energy consumption in rotating equipment such as pumps and electrically powered actuation technologies to reduce reliance on compressed air. Advancements in automation and smart functionality ensure equipment operates at optimal efficiency.

The growing importance of energy efficiency in reducing emissions is driving increased demand for service strategies that ensure reliable and optimized equipment performance throughout the lifecycle. Alfa Laval's service offering is built around easily upgradeable products, intelligent monitoring and predictive maintenance systems, that can enhance energy efficiency and extend operational life span.

Upstream scope 3 emissions associated with the procurement of raw materials and components represent a substantial portion of the overall carbon footprint of Alfa Laval products. Metals, particularly stainless steel, carbon steel and titanium, account for most upstream emissions. A key decarbonization lever is to accelerate the transition toward low-emission metals in Alfa Laval products. This will be achieved through engaging and partnering with suppliers that can provide metals with a low-carbon footprint, containing a high proportion of recycled content produced in fossil-free production processes.

Implementing the transition plan

The Climate Transition Action Plan was adopted by the Board of Directors in late 2025 and is now being rolled out throughout the organization. Many of the actions presented in the transition plan are part of ongoing programmes in different parts of Alfa Laval and are in varying stages of completion, as is further described in the Actions section.

The activities intended to decarbonize own operations are mostly well underway and significant reductions of GHG emissions have already been achieved over the past couple of years. From the base year 2020, scope 1 GHG emissions have decreased by over 8,000 tCO_{2e} (37 percent) and scope 2 by almost 22,000 tCO_{2e} (83 percent) until 2025.

Over the next couple of years, approximately EUR 30 million is expected to be invested in heat pumps for heating and cooling, as well as other renewable technologies to decarbonize own operations. These investments in electrification and phasing out fossil fuels, along with energy efficiency improvements in buildings and processes, as well as increasing procurement and self-generation of renewable electricity will contribute to the reduction of the remaining 12,500 tCO_{2e} of scope 1 GHG emissions and 3,000 tCO_{2e} of scope 2 GHG emissions to reach the net zero targets by 2027.

Achieving the scope 1 and 2 GHG emission target will also depend on external factors such as the availability of renewable electricity, grid capacity and charging infrastructure for electric vehicles in the countries where the company operates. In addition, phasing out fossil fuels in locations where Alfa Laval is a tenant presumes the landlord is prepared to make such investments. When this is not the case, Alfa Laval will explore the option of purchasing biomethane certificates through established book and claim systems.

Actions to mitigate climate impacts in the value chain are also ongoing but have to date not managed to reduce total scope 3 GHG emissions. Additional efforts to evolve and adapt the product offering by developing both existing and emerging technologies and applications are needed. This includes incremental energy efficiency improvements as well as innovations that help customers to significantly reduce their climate impact.

Each year Alfa Laval has research and development costs amounting to around 2.5 percent of net sales, and product innovation to improve energy efficiency and reduce emissions is a substantial part of this research. This includes continued development of products and solutions to increase alignment with the EU taxonomy for sustainable activities, as disclosed in the Notes and tables chapter. With accelerated and focused research on innovating the product portfolio, scope 3 GHG emissions can potentially be reduced by an estimated 18 million tCO_{2e} by 2030.

While product development is the main decarbonization lever for reducing GHG emissions in the downstream value chain, procurement of materials with a low climate impact are the key to reducing upstream emissions. Alfa Laval is actively minimizing material use in products to reduce resource consumption and intensifying efforts to transition to low-emission metals.

With the current plan to increase purchases of low-emission metals from sustainable suppliers, the expectation is that scope 3 GHG emissions will be reduced by an estimated 900,000 tCO_{2e} by 2030.

In addition to the decarbonization levers mentioned above, it is clear that progress towards the company's scope 3 targets for 2030 and 2050 is dependant on external factors such as global climate policy developments, and the decarbonization plans of customers and suppliers. This will influence the demand for Alfa Laval products, as well as the availability of renewable energy and access to low-emission metals.

Alfa Laval actively advocates for the development of enabling global climate policies, for instance by participating in UN Climate Change Conferences, and engages with both suppliers and customers to promote adoption of renewable energy technologies and climate change mitigation activities. This engagement is manifested in partnerships with customers, suppliers and other stakeholders to drive action that is expected to deliver the value chain transition needed to reach Alfa Laval's GHG emissions reduction targets.

Policies

The Environmental Policy is the overarching document setting the direction for the company's management of all environmental topics, including climate change. The Environmental Policy clarifies Alfa Laval's commitment to minimize the environmental impacts of its operations as well as products and services throughout the value chain. The policy addresses the most material impacts and risks as defined by the double materiality assessment and sustainability strategy. This includes climate change mitigation and adaptation, energy efficiency in operations and products, increasing the proportion of sourced renewable energy and phasing out fossil fuels. Further information on the Environmental Policy is presented in the Sustainability Governance section in the General Information chapter.

Alfa Laval has developed additional procedures and guidelines to support the implementation of the Environmental Policy throughout the organization. This includes a Climate Framework outlining key processes and actions necessary to reach climate-related targets and adapting to actual and expected climate change. The Climate Framework is aligned with the CTAP and clarifies roles and responsibilities for key activities to deliver on the plan, including reducing operational emissions, transforming the product portfolio and considering climate-related impacts and risks in business development. Implementation of the Environmental Policy and Climate Framework is further supported by more specific group-wide guidelines and instructions issued by relevant corporate functions, for instance on climate adaptation of buildings, performance of energy audits, and GHG emission limits for company cars.

Actions

In recognition of the business and societal challenges of climate change, Alfa Laval is taking concrete steps to reduce GHG emissions in its own operations and the value chain, while also addressing the need for adapting to the increasingly severe impacts of a changing climate.

A summary of key climate change mitigation actions in line with the Alfa Laval Environmental Policy and the company's science-based emission reduction targets is presented below, organized by significant decarbonization lever as identified in the CTAP.

The already achieved emission reductions resulting from completed mitigation actions are included in the GHG emissions data presented in the metrics section, disclosure E1-6. The total expected emission reductions from planned actions are disclosed in connection with the CTAP, disclosure E1-1.

Besides the resources allocated to scope 1 and 2 emission reduction activities as mentioned in connection with the CTAP, the climate mitigation actions do not require significant investments and will be financed as part of day-to-day business operations.

In addition to the climate change mitigation actions mentioned below, Alfa Laval is also undertaking action to address physical climate-related risks. These actions primarily involve the adaptation of sites exposed to climate-related hazards according to the climate risk assessment described in the Climate-related risks and opportunities section.

The adaptation measures identified to date are mostly building improvements and engineered solutions, such as upgrading drainage systems, constructing bioswales and permeable surfaces, installing portable flood barriers, and strengthening and insulating building envelopes. These measures do not require significant monetary amounts to implement and will mostly be part of regular facility maintenance plans over the coming years.

Electrification and phasing out fossil fuels

Phasing out fossil fuels is critical to achieve net zero emissions and is a key part of the CTAP for scope 1 and 2 GHG emissions. In its own operations, replacing diesel forklift trucks with electric forklifts is an activity that has been ongoing and will continue at most Alfa Laval sites. Similarly, fossil-fuelled company cars are being replaced by electric vehicles wherever feasible. In Sweden, employees are required to select an electric vehicle if they have the benefit of driving a company car. Local policies on company cars may currently differ, but the overall intention is to phase out fossil fuels from the company car fleet.

Electrification of process equipment is another important activity ongoing at several manufacturing sites. Typically, natural gas furnaces used for metalworking are being replaced by electric ovens that significantly reduce emissions when powered by renewable electricity. Natural gas is also being phased out as a heating fuel wherever there are feasible alternatives. At some sites, investments have been made to connect to local district heating networks that use a significant amount of biomass instead of fossil fuels to produce heat. Installation of heat pumps powered by renewable electricity is another way of reducing dependency on fossil fuels. In rented facilities, such investments will usually need to be done by the landlord, in which case Alfa Laval is investigating the possibility of purchasing biomethane certificates to compensate for the GHG emissions generated from natural gas.

Renewable electricity

Alfa Laval has consistently purchased renewable electricity for many years, and around 97 percent of its total electricity use already comes from renewable sources. To reach the net zero emissions target, the sourcing of renewable electricity will be maintained at a high level, and work is ongoing to include sites that are not currently sourcing renewable electricity. Efforts are ongoing to source electricity directly from renewable energy providers through Power Purchase Agreements (PPAs) that contribute to the expansion of the renewable production, as has been done in Italy during the year.

In addition to purchasing from external providers, Alfa Laval is increasing its capacity for generating on-site renewable electricity. Photovoltaic (PV) solar panels are the main source of on-site electricity generation, contributing 3 percent of the company's total electricity consumption in 2025. All self-generated electricity is consumed on the site where it is produced which eliminates the need to source the equivalent amount of electricity from the grid.

Energy efficiency in operations

Reducing energy consumption by improving operational efficiency also contributes to lowering scope 1 and 2 GHG emissions. Alfa Laval continuously undertakes activities to make its manufacturing processes and sites more energy efficient. Process improvements vary from site to site depending on the type of manufacturing but frequently involve removing or consolidating steps in the production process or replacing process equipment with newer more efficient machinery – to reduce the overall energy consumption at any given production volume. Actions to make buildings more energy efficient include initiatives to improve the insulation of building envelopes, replace older lighting with energy-efficient LED lights and upgrade HVAC systems.

Low emission resource inputs

Upstream purchased goods and services is a significant category of scope 3 emissions, and metal raw materials and components contribute most of these emissions. In 2025, a group-wide assessment of the potential to decrease emissions from purchased metals was initiated. In 2026, all business units will be required to submit plans for delivering on the scope 3 GHG emissions reduction target for low-emission metal resource inputs each year until 2030. Steps have already been taken in 2024 and 2025 to introduce low-emission stainless steel in the production of certain products, including the T-21 gasketed plate heat exchanger and the Compabloc welded heat exchanger models.

Innovation of the product portfolio

Alfa Laval products in use downstream represent the largest source of the company's GHG scope 3 emissions, but also an opportunity to help customers reduce their emissions by optimizing and upgrading process equipment and applying heat transfer technology. Actions to innovate the product portfolio include development of new energy-efficient products, as well as, incremental and radical energy efficiency improvements of existing designs, and ensuring optimal functioning of products already installed at customer locations.

Each business unit is continuously working on innovations that lower the environmental impact of their products, as stipulated by the Alfa Laval Environmental Policy. In terms of climate-related impacts, this primarily means reducing product lifetime energy consumption and developing products that run on electricity or renewable fuels rather than fossil fuels. One example of a product innovation available on the market since several years is the eMotion upgrade for separators that creates a near-vacuum around the rotating separator bowl to reduce friction and energy use. Another example is the Mechanical Vapour Recompression replacement for evaporation systems that is powered by electricity rather than steam generated by fossil fuels and makes the system significantly more energy efficient with a lower carbon footprint.

Targets and metrics

E1-4, E1-5, E1-6, E1-7

Targets

In 2023, Alfa Laval set near-term (until 2030) and long-term (until 2050) GHG emission reduction targets that were approved by SBTi as compatible with limiting global warming to 1.5°C. The near-term commitment is to reduce absolute scope 1 and 2 GHG emissions by 95 percent and absolute scope 3 emissions by 50 percent from a 2020 base year. Alfa Laval has declared its intention to achieve net zero scope 1 and 2 emissions by 2027, well ahead of the target year 2030.

The long-term (2050) commitment is to achieve net zero GHG emissions across the value chain, reducing absolute scope 1, 2 and 3 emissions by 95 percent from a 2020 base year. The intention is to invest in technologies and projects that will neutralize the remaining 5 percent of emissions through GHG removals in own operations and the upstream and downstream value chain. Alfa Laval is currently investigating different GHG removal options and the timeline for implementation.

GHG absolute emission reduction targets	Target year	Reduction	Base year	Base year value (1,000 tCO ₂ e)	Achieved per 2024	Achieved per 2025
Scope 1 and 2 (market-based)	2030*	-95%	2020	48	-60%	-62%
Scope 3	2030	-50%	2020	66,062	+20%	+12%
All scopes (net zero)	2050	-95%	2020	66,110	+20%	+12%

*The ambition is to achieve net zero scope 1 and 2 GHG emissions by 2027

The targets have been developed based on the Greenhouse Gas Protocol target-setting methodology and considering the SBTi cross-sector absolute reduction requirement to reduce emissions by at least 4.2 percent per year regardless of business growth. The scope 1 and scope 2 targets are combined and a distinction between the share of scope 1 and 2 emissions to be reduced to reach the targets is not set separately. Progress towards the targets is measured on the total combined scope 1 and market-based scope 2 emissions compared to the baseline year. The target boundaries cover all Alfa Laval geographies and operations globally. The scope 3 target is set separately and includes all relevant and measurable scope 3 emissions categories in the upstream and downstream value chain.

The climate mitigation targets are set to support the Alfa Laval Environmental Policy commitment to reduce climate impacts throughout the value chain. As explained in the Climate Transition Action Plan, key decarbonization levers to reach scope 1 and 2 targets include phasing out fossil fuels, increasing electrification and the procurement of renewable energy. For scope 3, the main decarbonization levers will involve improving energy efficiency and flexibility to use renewable fuels in Alfa Laval products and increasing the sourcing of low emission materials.

In addition to the near-term and long-term climate change mitigation targets, Alfa Laval has set targets intended to encourage actions in line with the main decarbonization levers, particularly for scope 1 and 2 emissions. This includes a commitment to increase the annual sourcing of renewable electricity from 80 percent in 2020 to 100 percent by 2030 and improve energy efficiency (expressed as MWh/net sales) in operations by 4 percent year on year until 2030.

Metrics

Alfa Laval tracks progress in relation to climate change mitigation targets aligned with ESRS disclosure requirements based on energy-related metrics such as total energy use, energy

intensity, and share of renewable electricity, as well as emissions-related metrics, including GHG emissions per scope, category and business unit.

Besides the negative impacts on climate change that arise in operations, and the value chain, Alfa Laval products and solutions can provide a positive impact in helping customers save energy and reduce GHG emissions. This is frequently highlighted in discussions with customers and Alfa Laval is also developing an approach to consolidating and disclosing these positive impacts at group level. Examples of the positive climate impact of selected product groups are provided in the section Positive climate impact below.

Energy consumption and mix

Data on total energy consumption and energy mix are presented in the table. As Alfa Laval is primarily an industrial manufacturing company (NACE code C), the table also includes a disaggregation of total energy consumption from fossil sources and a measure of energy efficiency (total energy consumption per net revenue), as required for “high climate impact sectors” according to ESRS E1-5. The total energy consumption includes all Alfa Laval sites and operations, and the net revenue is the total net sales for the Alfa Laval Group as reported in the Consolidated comprehensive income statement.

In 2025, total energy consumption increased by 8 percent, due mainly to an expanding business. The energy efficiency target aiming for a 4 percent annual improvement was not met, as energy intensity (energy consumption per net sales) also increased rather than decreased. The shift away from fossil fuels continued in line with the company’s climate targets, and the increased consumption was almost entirely supplied through renewable energy sources.

Energy consumption (MWh) and mix	2025	2024	% change
1. Fuel consumption from coal and coal products	0	0	-
2. Fuel consumption from crude oil and petroleum products	6,107	7,826	-22%
3. Fuel consumption from natural gas	51,785	51,323	1%
4. Fuel consumption from other fossil sources	0	0	-
5. Consumption of electricity, heat, cooling from fossil sources	8,190	7,671	7%
6. Total fossil energy consumption (sum of 1- 5)	66,082	66,820	-1%
- Share of fossil sources in total energy consumption (%)	20%	22%	
7. Total consumption from nuclear sources	2,266	2,063	10%
- Share of nuclear sources in total energy consumption (%)	<1%	<1%	
8. Fuel consumption from renewable sources, including biomass	3,324	2,952	13%
9. Consumption of electricity, heat, cooling from renewable sources	254,965	233,925	9%
10. Consumption of self-generated non-fuel renewable energy	7,384	3,089	139%
11. Total renewable energy consumption (sum of 8-10)	265,673	239,965	11%
- Share of renewable sources in total energy consumption (%)	80%	78%	
12. Total energy consumption (sum of 6, 7, 11)	334,021	308,848	8%
Energy intensity (MWh/SEK millions net sales)	4.79	4.61	4%

Gross scopes 1, 2, 3 and total GHG emissions

Phasing out fossil fuels continued in 2025, resulting in lower scope 1 and market-based scope 2 GHG emissions, while the increase in overall energy consumption led to higher location-based scope 2 emissions. With the investments planned to decarbonize own operations, further reductions are expected over the next couple of years to achieve the company's net zero target by 2027.

Most scope 3 upstream emissions categories showed an increase in 2025, because of business growth during the year. Business travel emissions decreased slightly, partly due to internal restrictions on travel.

The most noticeable change in scope 3 emissions was the 7 percent decrease in product use phase emissions (category 11), which reduced the total Alfa Laval GHG footprint by over 5 million tCO₂e despite an increase in business activities. This is confirmed by the decreasing emissions intensity (GHG emissions per net sales), which shows an even larger reduction of 10 percent from 2024 and 33 percent since the base year 2020.

The breakdown of GHG emissions per division shows that Marine has the highest scope 3 emissions, followed by Food & Water. Both of these divisions provide products with considerable use phase emissions, whereas the Energy division's scope 3 emissions mainly consist of purchased goods and services. There are no significant differences in scope 1 and 2 GHG emissions between the divisions.

**GHG per division
(1,000 tCO₂e)**

	Scope 1	Scope 2	Scope 3	Total
Energy	4.8	1.5	2,642	2,648
Food & Water	3.8	1.7	28,073	28,078
Marine	4.9	1.3	43,433	43,440
Total Alfa Laval	13.6	4.5	74,148	74,166

Biogenic emissions

Alfa Laval's sourcing of renewable energy also leads to increased biogenic CO₂ emissions that are to be reported outside of the GHG inventory. In 2025, several sites switched from fossil fuel oil for onsite transportation and heating to biodiesel and biogas (scope 1), and more sites purchased electricity and district heating generated using biofuels (scope 2). Scope 3 biogenic emissions cannot be accurately calculated.

Biogenic emissions (tCO₂e)	2025	2024	% change
Scope 1	240	45	430%
Scope 2	8,180	7,296	12%
Scope 3	n/a	n/a	n/a

		Retrospective			Target years		
		2020	2024	2025	% 2025 vs 2024	2030	2050
Own operations	Scope 1 GHG emissions (1,000 tCO₂e)						
	Gross scope 1	21.8	14.2	13.6	-4%	1.1	1.1
	Scope 2 GHG emissions (1,000 tCO₂e)						
	Gross location-based scope 2	68.0	65.8	68.6	4%	-	-
	Gross market-based scope 2	26.0	5.0	4.5	-10%	1.3	1.3
Significant scope 3 GHG emissions (1,000 tCO₂e)							
Upstream	1 Purchased goods and services	1,695	1,750	1,872	7%		
	2 Capital goods	31.5	59.1	63.9	8%		
	3 Fuel and energy-related activities	18.0	17.7	19.7	11%		
	4 Upstream transportation & distribution	51.7	62.2	73.1	18%		
	5 Waste generated in operations	0.7	1.0	1.8	67%		
	6 Business traveling	14.8	28.6	27.5	-4%		
	7 Employee commuting	21.9	29.0	29.9	3%		
Downstream	9 Downstream transportation & distribution	10.4	12.4	14.6	18%		
	11 Use of sold products	64,216	77,516	72,046	-7%		
	12 End-of-life treatment of sold products	1.8	0.7	0.5	-18%		
	15 Investments	<0.1	<0.1	<0.1	-17%		
	Total gross scope 3 GHG emissions	66,062	79,476	74,148	-7%	33,031	3,303
Total GHG emissions (1,000 tCO₂e)							
	Total GHG emissions (location-based)	66,152	79,556	74,231	-7%		
	- Emissions intensity (tCO ₂ e/SEK millions)	1,595	1,188	1,065	-10%		
	Total GHG emissions (market-based)	66,110	79,495	74,166	-7%		
	- Emissions intensity (tCO ₂ e/SEK millions)	1,594	1,187	1,064	-10%		

Positive climate impact

Alfa Laval products that require energy to function will cause scope 3 emissions in the use phase over their operational lifetime. The cumulative size of these emissions depends on the amount and source of energy used during the product lifetime. Designing more energy-efficient products or products that can also use renewable fuels, and customers' procuring renewable energy to operate Alfa Laval products, will contribute to lower emissions as explained in the CTAP.

The company has a range of products and solutions that have a direct positive climate impact downstream. These products typically do not use any energy themselves but rather help customers save energy and therefore reduce GHG emissions. Alfa Laval heat exchangers are used in many different industries and customer applications where heat needs to be transferred between fluids. In doing so, heat exchangers recover or reuse heat that would otherwise be wasted and replace the need for separate heaters or coolers in a process.

Alfa Laval produces a wide range of heat exchangers for different purposes and processes. A plate heat exchanger designed and optimized for the surrounding process can increase energy efficiency in the entire system, and if maintained and serviced when needed the performance is kept throughout its lifecycle.

Across all plate heat exchanger technologies and applications, Alfa Laval delivered solutions with a heat transfer potential of almost 200 GW of energy in 2025, contributing to increasing energy efficiency and recovering waste heat. This corresponds to around 84 GW of energy production capacity that did not have to be established in the first place. Based on an average global energy mix, these energy savings provided an estimated positive climate impact of 76 million tCO₂e.

Proper maintenance of already installed heat exchangers also has a positive climate impact. Globally, poorly cleaned heat exchangers are responsible for unnecessary GHG emissions every year. Through the service business, Alfa Laval contributes to restoring the operational efficiency of plate heat exchangers of all brands, providing an estimated annual positive climate impact of around 44 million tCO₂e, which translates to around 49 GW of energy savings.

An example of another type of Alfa Laval product that helps customers reduce GHG emissions is the gas combustion unit (GCU) installed on vessels transporting liquefied natural gas (LNG) to burn excess gas vapours that cannot be utilized in the ship's engines or boilers. While this product runs on electricity and therefore causes scope 3 GHG emissions, the process of combusting the methane gas rather than releasing it directly to the atmosphere results in a considerably lower climate impact. Based on actual sales in 2025, Alfa Laval GCUs are estimated to have had a positive climate impact of almost 17 million tCO₂e compared to the alternative of venting the natural gas vapours.

Besides these examples, there are numerous other Alfa Laval products that can provide a potential positive climate impact by reducing, reusing or recovering energy, but also by enabling the use of alternate fuels with lower emissions or capturing and removing carbon emissions from the atmosphere. Alfa Laval is currently assessing how the aggregate positive climate impact of the product portfolio could be calculated and consolidated in a relevant and reliable way so that this may be disclosed in future reports.

E3 Water and marine resources

Alfa Laval recognizes water as a finite and increasingly vulnerable resource. This is particularly true in areas suffering from water stress. As a business, Alfa Laval is dependent on the availability of clean water for testing and servicing products and strives to use water efficiently.

Impacts, risks and opportunities

SBM-3

Water-related impacts

In Alfa Laval operations, water is predominantly used for cleaning products between steps in the manufacturing process, pressure tests and cooling. In service centres water is used for cleaning products for an efficient and prolonged lifespan. While Alfa Laval does not use significant amounts of water, the company has activities in water-stressed areas where even limited water withdrawals can be problematic and have a local negative impact on people and the environment.

Alfa Laval has assessed the volume of water withdrawals at all its operational sites and identified locations in water-stressed areas through geospatial mapping using third-party databases. The screening shows that water use is concentrated to a few large sites with almost half of the total water withdrawal occurring at five sites, of which two are in China in areas classified as having a high level of water stress. In total, Alfa Laval has 51 sites in such locations, and about one third of Alfa Laval's total water withdrawal takes place at ten sites in water-stressed areas.

Alfa Laval recognizes that significant volumes of water are also withdrawn, consumed and discharged in the value chain, for instance in steel production upstream or food and beverage industries downstream. Water-related impacts in the supply chain are addressed through dialogues with suppliers and Business Principles audits as part of the Alfa Laval responsible sourcing programme. Alfa Laval products and solutions can contribute to reducing downstream water-related impacts by increasing the efficient use of water and treating waste water to limit impacts on the environment from discharges.

Water-related risks and opportunities

The outcome of Alfa Laval's climate-related risk assessment showed that in certain future scenarios, it is possible that climate change will further reduce the availability of water in many areas due to higher temperatures and altered precipitation patterns. To mitigate these impacts, local authorities and utility companies could potentially limit volumes of water that may be withdrawn, which would have a direct impact on sites located in these areas. While Alfa Laval presumably can adapt to such circumstances and relocate critical manufacturing and service operations, this is a potential risk to the business and underlines the importance of continuing to implement local water efficiency measures.

Alfa Laval offers a wide range of solutions for various water-related applications, including freshwater production, industrial and municipal wastewater treatment, and water systems for the pharmaceutical and food industries. These solutions help reduce negative water-related impacts and improve yields and efficiencies in customer processes, for example by optimizing cleaning cycles, reusing and recycling water, and desalinating sea water so it may be used as a water source. These all represent material business opportunities for Alfa Laval.

Management of impacts, risks and opportunities

E3-1, E3-2

Policies

The main governing document setting out principles for management of environmental impacts is the Alfa Laval Environmental Policy. The policy emphasizes that water shall be used as efficiently as possible in all products and processes, water withdrawals shall continuously be reduced, particularly in areas with high water risk, and the pollution of water in the company's own operations shall be prevented and abated. A life cycle perspective shall be applied in product design, ensuring that new products have a lower environmental impact than the ones they replace, including more efficient use of water. The policy does not explicitly address sustainable oceans and seas. Further details on the Environmental Policy are presented in the Sustainability Governance section in the General Information chapter.

Building on and supporting the implementation of the Environmental Policy, Alfa Laval has developed more detailed guidance on how water shall be addressed in operations and the upstream and downstream value chain. The Water Framework clarifies actions and responsibilities around water management including risk assessment, target setting and water reporting. The framework is applicable to all Alfa Laval companies and is owned and updated as necessary by the Vice President Group Sustainability.

According to the Water Framework, operational sites are responsible for securing proper water management, including mapping the use and sourcing of water, implementing water efficiency measures to reduce water withdrawals, and treating wastewater in compliance with local regulations. Assessments of water-related risks and impacts are to be conducted regularly, and going forward this should be extended to also include key suppliers. More detailed guidelines on water mapping and risk assessments will be developed to support the implementation of the Water Framework.

Actions

Water-related actions to achieve the objectives of the Environmental Policy and Water Framework are mainly focused on optimizing the use of water in operations to reduce impacts and risks associated with excessive water consumption. Most major Alfa Laval manufacturing sites and service centres continuously work on improving water efficiency and increasing the recirculation of water in processes to effectively decrease the volume of water withdrawal. This is especially true in locations facing high levels of water stress where water scarcity is a particular concern, for example in Pune, India, where wastewater is treated and reused for gardening purposes, and Satara, India, where a closed loop tank has been installed for hydrotesting products.

Besides local initiatives to reduce water consumption and reuse process water, actions taken at group level have involved creating awareness and increasing knowledge of and insights into water-related impacts and risks, and implementing governance improvements. In 2024 and 2025, more in-depth assessments of water-related impacts and risks were undertaken partly in the process of setting new water targets. This has included reviews of water data, surveys of operational sites, and sharing information with business units and sites on water risks to be considered as part of their business planning. This process has also involved preparatory work for collecting additional water-related metrics from the sites in 2026 and 2027. During the year, a new Water Framework was launched to provide the organization with further direction on water management, and supporting guidelines on specific water-related topics will be introduced in the coming years.

Recognizing that upstream water use is a material impact, Alfa Laval has been collecting water-related information from suppliers since 2024. Through a digital tool provided by an external provider, information on water risks, water targets, water consumption and recycling is requested from the largest suppliers, which represents about 80 percent of Alfa Laval’s spend. While the number and quality of responses can be improved, the information provided by suppliers will be used as a starting point for a more systematic assessment of upstream water risks in 2026.

Alfa Laval is continuously researching and developing applications that help customers reduce water-related impacts. Many of these solutions are based on the innovative application of separation technology in the Food & Water division. One example of a new product with a water savings potential is the Optiwiw water recirculation system that can provide up to a 70 percent reduction of water consumption in centrifuges typically used by breweries and beverage producers. Another example is the Aldec decanter centrifuge, designed for the sludge thickening and dewatering process in municipal and industrial wastewater treatment plants, which can save several thousand cubic meters of water each year.

Targets and metrics

E3-3, E3-4

Targets

Alfa Laval does not consume large quantities of water and almost all water withdrawn is returned to the environment after appropriate treatment. Alfa Laval’s approach to water man-

agement is to reduce the withdrawal of freshwater, and until recently the focus has been on activities in areas with high water stress where water-related impacts and dependencies are more significant.

Alfa Laval set a new water efficiency target in 2025. The previous water target only addressed locations in water stressed areas, where significant progress has been achieved in reducing water withdrawals in recent years. While it is common to focus efforts on regions facing immediate water stress, a comprehensive approach to managing global water challenges requires setting operational water efficiency targets for all locations, not just those currently experiencing scarcity. Since water scarcity is not a static condition, climate change, population growth, urbanization, and industrial development are rapidly shifting local water availability. Areas considered as water-secure today may face shortages in the future. Proactively implementing water efficiency measures everywhere helps build resilience against such unpredictability.

The revised water target for the period up to 2030 is to annually improve water efficiency by 5 percent, expressed as total water withdrawals in relation to net sales. Water withdrawals include freshwater taken from surface water, groundwater and municipal water for use in Alfa Laval processes. The Alfa Laval Group target is voluntary and has been set in recognition of the need to embed water stewardship in all operations, including but not limited to the management of impacts and risks associated with water consumption in areas of water scarcity.

Metrics

Alfa Laval measures and reports data on total water withdrawal to monitor performance in relation to the group water target and the material water-related impacts and risks. At present, there is no reliable consolidated data on water discharge, water consumption, recycled water, or stored water at group level, and these metrics can therefore not be reasonably estimated or disclosed.

More than 90 percent of the volume of water withdrawn across the group is third-party water, typically supplied by local municipalities and utility companies. The remaining water withdrawals come from groundwater or surface water in the vicinity of Alfa Laval sites.

In 2025, the total water withdrawn increased by 11 percent compared to the previous year, and slightly more in areas at water risk and in water-stressed locations. Water intensity also increased, although at a slower pace, which means the company target was not achieved.

Water withdrawal, m ³	2025	2024	% change
Total water withdrawal	770,576	695,405	11%
Total water withdrawal in areas at water risk	353,198	312,993	13%
Total water withdrawal in areas with high water stress	262,545	234,221	12%
Water intensity (total withdrawal m ³ /SEK million net sales)	11.1	10.4	6%

E5 Resource use and circular economy

Alfa Laval acknowledges the importance of circularity as a foundation for addressing the environmental impacts of business. Efficient resource use in Alfa Laval operations means maintaining high productivity while avoiding the unnecessary use of materials and contributing to less waste. In the upstream value chain, sourcing recycled materials reduces the product footprint, and downstream circular business models and service offerings contribute to the more sustainable use of products.

Impacts, risks and opportunities

SBM-3

Resource-related impacts

Alfa Laval uses significant quantities of materials to manufacture its products each year. Metals are the dominant materials in Alfa Laval products, and the production of stainless steel and other metals has substantial negative environmental impacts upstream in the value chain. At the same time, stainless steel is almost fully recyclable which means collecting scrap metal from the Alfa Laval production process and recovering Alfa Laval products at their end of life can contribute to lower lifecycle impacts.

Using resources as efficiently as possible, and avoiding, reducing, and responsibly managing waste, are key actions for minimizing the resource-related environmental impacts of Alfa Laval's operations. Waste disposal, and in particular landfilling of waste, has environmental impacts that are largely beyond the control of Alfa Laval as this is dependent on the waste management infrastructure in the countries of operation. Alfa Laval has assessed the volumes and methods for managing waste produced at its operational sites, and in the past few years the total waste volumes and proportion of disposed rather than recovered, reused or recycled waste has increased. Alfa Laval's ambition is to divert as much waste as possible from disposal by finding alternative uses for by-products from the production process as well as using contractors that can ensure appropriate waste disposal.

Properly serviced Alfa Laval products typically have a life span of two or more decades and can in many cases feasibly be repaired and upgraded to optimize product performance and further extend their useful life span. Servicing products can have a positive impact by contributing to reducing resource outflow compared to delivering a new product.

Resource-related risks and opportunities

Alfa Laval is dependent on access to critical raw materials and low emission metals to maintain production and deliver on ambitious climate targets. Increasing prices and the limited availability of such materials poses a risk that must be addressed by Alfa Laval when managing supplier relationships.

The Alfa Laval service business has expanded significantly over the past few years and is an important pillar supporting the company's strategic direction going forward. Repairing, upgrading, and refurbishing the installed base of products on the market provides a positive resource-related impact and presents a business opportunity for Alfa Laval.

Management of impacts, risks and opportunities

E5-1, E5-2

Policies

The Environmental Policy clarifies Alfa Laval's commitment to minimizing environmental impacts of its own operations and throughout the value chain, acknowledging that a key enabler is adopting circular business models. The policy emphasizes the need to design products in line with circular design principles, which includes transitioning away from primary raw materials, extending product life span and designing for disassembly and reuse. A key principle is to always apply a life cycle perspective to ensure that new products have a lower environmental impact than the ones they replace. The Environmental Policy also stipulates that resources should be used as efficiently as possible, the procurement of renewable or low-carbon materials should increase, and waste management should improve with the aim of reducing the landfilling of waste to a minimum. Further information on the Environmental Policy is provided in the Sustainability Governance section in the General Information chapter.

Besides the Environmental Policy, the Circularity Framework provides further details and guidance on how resource use shall be addressed in Alfa Laval operations and the upstream and downstream value chain. The Circularity Framework and the Circular Design Guideline set out the principles to be applied when designing and manufacturing Alfa Laval products, including the use of Life Cycle Assessments (LCAs) to measure and ensure that new products have a lower environmental impact than the ones they replace. The Circularity Framework also clarifies requirements on sourcing materials, emphasizing transitioning away from virgin resources and increasing the use of renewable resources. Other governing documents such as the Sustainable Packaging Procedure set priorities for packaging materials sourced and used by Alfa Laval and the Waste Management Procedure provides guidance on how waste should be

managed at Alfa Laval sites, with respect to the waste hierarchy and prioritizing prevention, reuse, recycling and recovery of waste over disposal.

Actions

Efforts to operate in a way that is more aligned with circular economy principles include local and group level activities impacting own operations as well as the upstream and downstream value chain. The focus of the Circularity Programme to date has been on internal operations, taking action to use resources more efficiently and minimizing waste. Recognizing that inflows of materials and outflows of products are a significant part of the Alfa Laval climate and circularity footprint, efforts are now increasingly to also address value chain impacts in collaboration with suppliers and customers.

One important area for continued action is improving process efficiency in the company's operations. This involves using all resources as efficiently as possible to minimize environmental impacts and business costs. While activities relating to energy and water efficiency are disclosed in subchapters E1 and E3 respectively, Alfa Laval operational sites are also continuously working on reducing and reusing materials to avoid waste. Examples include ongoing metal scrap reduction projects based on Lean Six Sigma methodologies for instance in the brazed and fusion-bonded plate heat exchangers business unit. Other actions focus on addressing waste disposal, ensuring that waste is properly classified, managed and reported. In the US, a review was started in 2025 to increase knowledge and compliance regarding waste reporting and seeking new contracts for waste handling that offer more sustainable waste disposal options.

In relation to the upstream value chain, Alfa Laval has initiated a feasibility study to investigate how sourcing of metal raw materials and components with a lower environmental footprint can be increased. This study was initiated in 2025 by the Group with the intention of driving further action in 2026 by the business units to review and address the upstream GHG emissions caused by the materials they purchased. There is a clear connection between climate impact and resource intensity, as one significant contributor to GHG emissions, such as in steel making, is the proportion of recycled scrap metal used in the process.

Enhancing the positive impacts of Alfa Laval products by extending their lifespan through proper servicing and upgrading is an ongoing activity in the global service organisation. Alfa Laval has expanded the service organisation significantly over the past few years and introduced innovations to improve the efficiency of the service offering. One example is the increasing use of digital tools and improved connectivity of Alfa Laval products installed on customer sites, which optimizes service intervals for lifetime extension.

Once products reach their end of life, Alfa Laval has procedures for taking back and recycling them in an appropriate way. Such take-back services are offered together with external partners

that are specialized in recovering and recycling materials, for example Stena Recycling in the Nordic countries since 2023 and ELG-Aperam in mainland Europe since 2024. The plan is to expand this product take-back offering to other markets in the coming years.

Targets and metrics

E5-3, E5-4, E5-5

Targets

Alfa Laval has a clear ambition to adopt more circular business models, including using resources as efficiently as possible, minimizing waste and extending the lifespan of products. To support this ambition, Alfa Laval has several governing documents and guidelines in place and has recently updated the Group circularity target focusing on waste minimization.

The new waste management target states that 95 percent of all non-hazardous waste shall be diverted from disposal. The target is an internally defined requirement, not a legal obligation. It covers all Alfa Laval sites except field service operations and is valid until 2030.

The intention with the new target is to prioritize reuse, recycling and recovery of waste so that only a very limited amount of waste is sent to disposal. Compared with the former target to recycle at least 85 percent of waste, the new target is more aligned with the EU waste hierarchy and recognizes waste incineration with energy recovery as diverted from disposal. The achievement of this target is dependent on the waste management infrastructure where Alfa Laval operates around the world. In some locations, landfill is the only waste-handling method available.

There are presently no Alfa Laval Group targets addressing other aspects of circular economy, such as circular product design or circular material use. The approach to these and other matters related to resource use and circular economy is still under development and work is ongoing to coordinate activities and strengthen governance before setting relevant targets. In the absence of specific Group targets on resource inflows and product outflows, the effectiveness of Alfa Laval policy positions on circularity is monitored in other ways, for example in reviewing activities in the recurring divisional quarterly review meetings and establishing guidelines on LCAs and circular product design to support the organization. Alfa Laval is also initiating projects to reduce the GHG emissions related to resource inflows in line with the Group's climate targets, which will mainly be achieved by increasing the proportion of recycled content and renewable resources in sourced materials and components.

Metrics

Both resource inflows and resource outflows, including waste, have been identified as material sustainability matters for Alfa Laval, yet the availability of good quality data for monitoring performance and disclosing circularity metrics is presently limited.

For resource inflows (E5-4), the approximate weight of metal raw materials can be disclosed, but not for instance the percentage of biological materials that are sustainably sourced or the weight of secondary reused or recycled components used to manufacture Alfa Laval products.

For resource outflows (E5-5), the durability of key product groups and the total amount of waste generated in own operations can be disclosed, but not data on the reparability of products using an established rating system or the rates of recyclable content in products and packaging.

Resource inflows

Description of resource inflows

Alfa Laval uses a variety of resources to produce products and deliver services to customers. In terms of volumes and costs, by far the most significant input materials are metals, which are sourced as coils or bars or as cast, forged and machined components. The dominating raw materials are carbon steel and stainless steel of various grades depending on the applications and industry standards. Copper is an important component in the brazed heat exchangers and titanium is sourced as raw material for heat exchanger plates in, for example, the marine environment.

Other important non-metal resources include rubber materials for gasketed heat exchangers, certain plastic parts, and motors and electrical equipment for rotating equipment such as decanters and separators. Packaging materials for finished products and spare parts are dominated by wood, plywood, cardboard and plastic. In accordance with the Sustainable Packaging Procedure, work is ongoing to replace wood with plywood or cardboard and to substitute plastic with fibre-based materials. Alfa Laval aims to always source plastics used for packaging with a recycled content of at least 30 percent.

Several of the materials Alfa Laval relies on are specified on the EU list of Critical and Strategic Raw Materials, as defined in the Critical Raw Materials Act (CRMA). Among these, copper is a key resource for brazed heat exchangers and titanium is essential for plate heat exchangers and welded applications. Tungsten is used in decanter systems, particularly in wear components such as screw tiles. Aluminium, silicon and cobalt are also used for various technical fractions and specialized components.

Alfa Laval operations mainly consist of light industrial manufacturing and assembly activities, and these require certain specialized machinery and process equipment, and property, water and energy. In the upstream value chain, there are suppliers such as steel producers with more resource-intensive manufacturing activities, using iron ore or recycled steel scrap and various alloying materials, including chromium and nickel, as key resource inflows. These manufacturers typically use substantial amounts of materials and energy, and need heavy machinery and industrial equipment in their production processes.

Weights of resource inflows

Alfa Laval is not currently able to disclose a full consolidation of the weights of all materials used to manufacture the company's products, as this information is managed by the business units

in local sourcing and enterprise resource planning systems and there are no efficient or reliable reporting processes in place to collect this data. There is also no Group level information on packaging materials or secondary reused or recycled components. Alfa Laval is working on implementing improved reporting processes to consolidate a more complete overview of the types and weights of resource inflows in the future.

As a starting point for the reporting of material weights, Alfa Laval has made a first attempt to collect data specifically on the sourcing of metal raw materials from the organization, as metals are the most significant resource used to produce the company's products. This data is also used as a basis for calculating scope 3 emissions from purchased goods and services in the GHG inventory. The dominating type of metal is steel, making up over 90 percent of the weight of metal raw materials sourced and is used in the manufacture of almost all Alfa Laval products. The remaining 10 percent or so consists of copper, titanium, aluminium and other metals. These are the approximate weights of metals sourced as raw materials in the form of coils, plates and bars, and do not include forged or machined parts and components.

Resource inflow (metals), tonnes	2025	2024	% change
Steel (stainless, carbon)	106,650	95,250	12%
Titanium and copper	6,200	5,350	16%
Other metals (aluminium, nickel, brass)	1,350	1,150	17%
Total resource inflow (metals)	114,200	101,750	12%

Resource outflows

Circular design of products and services

Alfa Laval provides products and solutions based on three key technologies – heat transfer (including brazed, welded and gasketed plate heat exchangers), separation (including separators, decanters, centrifuges, filters, strainers and membranes), and fluid handling (including pumps, valves and tank cleaning equipment). These products are used in a wide variety of customer applications in several different industries, and circularity principles such as durability and reparability are a fundamental part of the Alfa Laval offering.

Customers expect Alfa Laval products to be durable, meaning they are designed to have a long lifespan, built with high-quality materials, and are easy to service and upgrade to maintain excellent operating efficiency. When a complete system is delivered, some components may have a shorter durability but can be repaired or replaced and this will not affect the overall durability of the whole system. Alfa Laval guarantees that service kits, wear parts and critical spare parts of products are available during the full product life cycle and are often available for decades after the product is no longer available for sale.

Most Alfa Laval products are designed to be easily serviced and repaired, for example by securing access to wear parts in rotating equipment and the simple exchange of plate packs in heat exchangers with standardized frames. The modular design of products such as gasketed heat exchangers and decanters facilitates the replacement of large and small components and parts. The modular design also allows for the disassembly of products at their end of life.

Circular design and circular business models go hand in hand. The global service organization is fundamental for extending the lifespan of Alfa Laval products. A network of service centres is located around the globe and over 700 field engineers work closely with customers in almost 100 countries every day to ensure the optimal functioning of Alfa Laval products. The service organization is becoming increasingly digital. For example, condition monitoring can be connected to several Alfa Laval products, optimizing service intervals and securing a long lifetime. The service business is an important and growing part of Alfa Laval, having doubled in size over the past five years and invoicing SEK 21 billion in 2025.

Alfa Laval continues to seek new ways of expanding the circular business by offering take-back services and material recycling of several product types, including separators, heat exchangers and decanters, where metals are the dominant material. Alfa Laval is also piloting the take-back of products for fluid handling to secure the proper recycling of plastic through partnerships with recycling companies. For some products, such as marine separators, Alfa Laval offers the refurbishment and reuse of products that are taken back from customers, and for other products, reuse is offered via partnering with the vendors of used equipment.

Circularity metrics for Alfa Laval products

Alfa Laval products are designed to last for decades, depending on the operating environment and conditions, as well as on how well they are maintained and serviced. As a measure of durability, the table below indicates the expected lifespan of key Alfa Laval product groups, although many products are in use much longer. The company does not currently have any relevant or reliable data on industry averages or standards for benchmarking the durability of products, but information from product experts indicate that Alfa Laval products have a life expectancy in line with or above the average for similar products on the market.

Steel is the dominating material in most Alfa Laval products, and since steel producers increasingly use recycled steel scrap as a resource input when making new steel, products will typically contain recycled materials. Globally, the average proportion of recycled steel in new steel production is around 30 percent, but there are significant regional differences with the EU and US using about 65-70 percent recycled steel and China around 25 percent. Presently, Alfa Laval cannot disclose accurate rates of recyclable content in products, but it is reasonable to assume that these rates will be close to the average proportion of recycled steel used to produce new steel. Potentially, the recyclable content will be higher than the average, as the company is actively seeking to source larger volumes of low-emission steel, which means steel with a high proportion of recycled materials.

Alfa Laval product groups	Average durability
Brazed and fusion bonded heat exchangers	15-20 years
Gasketed heat exchangers	>30 years
Welded heat exchangers	20-30 years
High speed separators	>25 years
Decanter centrifuges	20-30 years
Centrifugal pumps	>30 years
Marine boilers	>25 years
Marine pumps	25-30 years

Waste

Besides products, waste materials are the main resource outflows from the company’s operations. The composition of the waste reflects the resource inflows, with metal scrap by far the largest waste fraction in terms of weight. Other significant non-hazardous waste fractions include rubber from certain manufacturing processes, wood, cardboard and plastic packaging materials, and office waste, such as paper and IT-equipment. Hazardous waste, as defined by local regulations in each country, typically consists of various solvents, paints, oils, and slurry from cleaning processes.

Reducing waste volumes that are sent to disposal is a focus area in Alfa Laval’s sustainability strategy, as expressed in the target to divert 95 percent or more of non-hazardous waste from disposal by 2030. The aim is to encourage the more efficient use of resource inflows, reusing materials, repairing equipment and recycling waste whenever possible.

Waste volumes are measured and reported on a quarterly basis to monitor progress towards the Group waste target. The consolidated annual waste data per disposal or recovery route is presented in the table below.

In 2025, the total waste volume increased by 22 percent, as did both the amount of waste directed to disposal and diverted from disposal. The proportion of total non-recycled waste stayed flat at 16 percent, while the percentage for non-hazardous waste increased from 9 to 13 percent. This means only 87 percent of the non-hazardous waste was diverted from disposal, which is well below the Group target of 95 percent.

Waste (tonnes)	2025			2024		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Diverted from disposal	2,165	31,099	33,264	1,802	25,544	27,346
– Reuse	31	900	931	37	437	474
– Recycling	1,447	26,818	28,265	1,060	21,512	22,572
– Other recovery	688	3,380	4,068	705	3,595	4,300
Directed to disposal	1,720	4,572	6,292	2,692	2,480	5,172
– Incineration	313	297	610	305	464	770
– Landfill	204	2,831	3,035	120	1,524	1,644
– Other disposal	1,204	1,443	2,647	2,267	491	2,758
Total waste generated	3,886	35,670	39,556	4,494	28,024	32,518
Total amount non-recycled waste	1,720	4,572	6,292	2,692	2,480	5,172
Percentage non-recycled waste	44%	13%	16%	60%	9%	16%

Social

S1 Own workforce

Alfa Laval is committed to ensuring safety at work for all employees, whether at its own sites or at customer locations. The company continues to build a workforce that reflects the world around it and the customers it serves, promoting diversity and supporting continuous learning and development. These commitments – to safety, inclusion and growth – are fundamental to Alfa Laval’s long-term business success.

Impacts, risks and opportunities

SBM-3

Workforce-related impacts

Alfa Laval has identified two negative material workforce-related impacts concerning health and safety, and inclusion and diversity, and one positive impact connected to learning and development. These impacts are also potential business risks for the company. The entire workforce, consisting of some 23,000 employees and 1,600 non-employees, is potentially affected by these impacts, although certain parts of the workforce will be exposed to some impacts more than others due to their job roles, the context they are working in or other personal characteristics, as explained below. Although Alfa Laval operates in countries such as Brazil, China and India, where child labour and forced labour are present, as indicated by various external sources such as ILO and Save the Children, these have not been assessed as material impacts on the workforce given Alfa Laval’s skilled manufacturing operations and ways of working to minimize any such risks.

As a global industrial manufacturing company, there is an ever-present risk of physical injuries and safety incidents occurring at Alfa Laval sites, as well as at customer locations where Alfa Laval employees are installing or servicing equipment. Accidents may also occur while employees are travelling or off-site on business trips. Alfa Laval health and safety data shows that lost time injuries occur most frequently at manufacturing sites, while incidents occurring in other locations are less common. Nonetheless, Alfa Laval is responsible for maintaining safe working conditions in all work-related situations, and failure to do so may result in negative impacts on the workforce. This requires continuous management attention with efforts to raise safety awareness and adjusting ways of working to minimize safety risks.

Like many companies in the industrial sector, Alfa Laval currently has a higher proportion of male employees compared to female employees. At the Group level, there are more than three male employees for every female employee. This imbalance is more pronounced among blue collar workers, while the ratio is more balanced in white collar positions. Alfa Laval recognizes that being in the minority can present challenges for women in the workplace, such as potential bias, exclusion or pay disparities. Alfa Laval is committed to increasing the representation of women across all levels while maintaining focus on merit-based criteria.

Alfa Laval aims to provide all employees with learning opportunities and appropriate training so they may continuously develop throughout their careers. Training enables employees to develop expertise and learn new skills, which increases motivation to work efficiently and safely. A broad range of training courses are available to all employees, with some mandatory courses being assigned to employees depending on job role, and others that can be chosen to contribute to an employee’s individual interests and career development path. Training and skills development that help employees grow and perform better in their current and future roles have positive impacts that potentially affect the entire Alfa Laval workforce.

Workforce-related risks and opportunities

All material workforce-related impacts also have business risks and opportunities associated with them. Alfa Laval is dependent on a healthy, engaged and innovative workforce to maintain and grow a successful business. Losing valuable working time to injuries due to poor attention to workplace safety or not being able to innovate and develop key technologies due to an overly homogenous or insufficiently trained workforce are examples of risks arising from such dependencies.

Alfa Laval’s strategy to be a leader in the green transition requires a well-trained, innovative and flexible workforce that can easily adapt to changes in technology and business. This means resources need to be invested in attracting and developing employees with the necessary skills to contribute to this strategy. Alfa Laval depends on the availability and engagement of employees such as product and application experts, service engineering staff, as well as key manual workers like welders and CNC operators. As Alfa Laval grows into new industries and applications, industry specialists are critical to connect product opportunities to new business. Having the right people in the right position with the right competence is fundamental to sustain continued business growth.

Management of impacts, risks and opportunities

S1-1, S1-2, S1-3, S1-4

Policies related to own workforce

The Alfa Laval Business Principles and the People Policy are the foundation for the employee-employer relationship, setting out expectations on employees and expressing Alfa Laval’s commitment to respect fundamental human and labour rights, including health and safety, inclusion and diversity, and fair working conditions. The People Policy also states Alfa Laval’s ambition to offer meaningful growth and development for every employee through relevant learning and career progression.

The Alfa Laval Human Rights Policy further emphasizes human rights due diligence and compliance and addresses Alfa Laval's salient human rights risks and material impacts, including health and safety, and inclusion and diversity, as well as human trafficking, child labour and forced labour in the supply chain. The Business Principles, People Policy and Human Rights Policy are core policies that apply to the entire workforce and are aligned with internationally recognized instruments such as the UN Guiding Principles on Business and Human Rights. Further details are presented in the Sustainability Governance section in the General Information chapter.

In addition to these core policies, Alfa Laval has more detailed governing documents on specific topics, such as the Health & Safety Policy, Inclusion & Diversity Directive, and Whistleblower Protection and Anti-Retaliation Policy. The Health & Safety Policy expresses a commitment to avoid incidents and prevent work-related hazards and underlines that employee safety is vital and must always take priority in any decision. The Health & Safety Policy is supported and implemented via the Health & Safety Manual, which is essentially a management system containing more detailed guidance on managerial responsibilities and expectations on employees' behaviour to reduce safety risks. In addition, there are several detailed health and safety procedures that apply to specific work tasks or situations, such as chemicals management, safe lifting and handling, using personal protective equipment, and working at heights or in confined spaces.

The Inclusion & Diversity Directive supplements the People Policy, providing guidance and setting expectations on managers and employees regarding Alfa Laval's standpoint on inclusion, diversity, harassment and discrimination. Key principles highlighted in the directive include each employee's right to "be themselves", to promote an inclusive workplace and a commitment to fairness and equality in all business processes including but not limited to hiring, promotion, development, remuneration and termination. The Inclusion & Diversity Directive expressly prohibits any form of discrimination, harassment, and bullying or victimization at work. Discrimination is defined as treating a person less favourably based on legally "protected characteristics" such as gender, marital status, sexual orientation, race, colour, ethnic or national origin, nationality, age, disability, religion or belief, caring responsibilities, trade union or employee representation activity or political belief. Employees who feel that the company or a colleague has failed to act in accordance with the commitments expressed in the directive should bring this up with their manager, Human Resources, or report the breach anonymously through the whistleblower function.

Processes for engaging with workforce

Workforce engagement

Engagement with the workforce happens in a multitude of ways on a Group and local company or site level to ensure employee perspectives effectively inform decisions and activities. Employees are engaged with directly, for instance in annual career development reviews and employee surveys, as well as through employee representatives, which typically takes place in structured dialogues when any major organizational changes take place. Formal one-to-one and informal ad hoc meetings between managers and employees take place daily to discuss work tasks, roles, responsibilities and challenges, as well as workplace well-being-related topics.

The annual Performance Development Dialogue (PDD) is a direct employee-manager engagement opportunity that addresses many important topics related to the employee's performance, development and upskilling. The PDD process is offered to all white-collar employees individually and to blue-collar employees in factory environments through a similar but often slightly simplified process.

Employees also have opportunities to share input on working conditions, leadership and other workplace-related issues in the annual company-wide engagement survey (VOICE), as well as several surveys for

specific purposes. Individual teams and the company as a whole use the information gathered to identify and make decisions with workforce impacts. Further information on the employee engagement survey VOICE is presented in the General Information chapter, section on Interests and views of stakeholders.

While Alfa Laval does not have a Global Framework Agreement with workers' representatives in place, management including the CEO engages directly on material topics with employee representatives in the European Works Council. At most sites, there are similar local arrangements for management to inform on and discuss workforce impacts with the local unions and other worker representatives. Furthermore, the Board of Directors includes three trade union representatives who participate in all meetings, allowing them full insight into corporate developments at the highest level.

Concerning health and safety, union and safety representatives actively participate in Alfa Laval initiatives and attend various committees to ensure comprehensive safety oversight. Additionally, the Alfa Laval Production System (ALPS) allows all employees to raise safety concerns during daily meetings, fostering a proactive and inclusive safety culture.

By working continuously to ensure a safe and inclusive workplace where each employee is treated with respect, Alfa Laval seeks to avoid or mitigate any negative impacts on employees. In planning workforce engagement, as well as work tasks and activities, particular consideration is given to underrepresented groups within the workforce, as well as employees with family responsibilities. Alfa Laval is committed to developing flexible working models that support employees with diverse needs and circumstances, and to providing training that ensures these opportunities are offered equitably by reducing unconscious bias throughout the workforce.

Remediating impacts and raising concerns

Where Alfa Laval has caused or contributed to a material negative impact on members of its workforce, the company will always contribute to appropriate remediation in line with local regulatory requirements and corporate policies and procedures. There are processes in place to assess critical activities, and any material impacts on the workforce, for example regular health and safety risk assessments to identify unsafe ways of working and salary analysis to identify gender pay gaps for employees performing work that is equal or of equal value. The exact forms of remedy will depend on the type of impact and the situation where this occurs. Alfa Laval uses various feedback mechanisms, such as the annual employee survey VOICE and regular ALPS meetings, to evaluate the effectiveness of the remedies provided.

There are several channels for employees to raise concerns regarding poor working conditions or other negative impacts that occur in the workplace. First and foremost, employees may address any concerns to their immediate manager. If this is not effective or possible, employees should contact their HR department or approach their manager's manager. In most locations, employees can also reach out to their local unions or other workers' representatives who can then raise the issues with management.

If necessary, employees may use the Alfa Laval whistleblowing service Speak Up to anonymously report and in confidence any inappropriate or illegal conduct they have experienced or that has come to their attention. The whistleblowing channel can also be used as a grievance mechanism, as employee-related complaints such as dissatisfaction with working conditions or interpersonal issues may be reported using this service and Group HR takes part in the investigation of whistleblower cases. The Speak Up service is available to all employees via the intranet or QR-codes on posters at operational sites. The service can also be accessed on the external company website.

Employee awareness of the Speak Up! service is regularly monitored by benchmarking the relative number of cases registered per country and region. Locations with a low number of cases per employee are identified as potential targets for activities to improve awareness and trust of the whistleblowing service as a channel for raising concerns. Regular training on the Business Principles, including information about the Speak Up! service, ensures that all employees receive recurring information on how to report observations of misconduct. Further information on the whistleblowing function and company policy to protect all whistleblowers is presented in the G1 Business conduct subchapter.

Actions

A selection of key actions to address material workforce-related impacts, risks and opportunities are described below. The intentions and expected outcome of these actions is to fulfil policy objectives in promoting a culture of inclusion and diversity, enhancing the skills of employees, and ensuring a safe and healthy work environment. The actions are identified based on management reviews of performance in relation to targets and policy expectations, recurring risk and gap assessments, as well as inputs from stakeholders, including employee initiatives and responses to the annual VOICE engagement survey.

The effectiveness of actions is evaluated in various ways depending on the specific type of action. A common method for following up on actions is making data on relevant performance indicators available, allowing managers and HR personnel to monitor progress. Health and safety metrics are, for example, distributed in monthly safety reports to all managers, making it possible to assess progress and the impact of initiatives on a local as well as global level. These metrics are regularly reviewed in business unit and other relevant management teams as a basis for considering further actions that need to be taken.

All material workforce-related impacts, risks and opportunities are part of local and global Alfa Laval management responsibilities, and this includes ensuring that adequate resources are available to deliver on Group targets and policies. More specifically, both managers and HR functions in each part of the organization are responsible to detect, analyse and drive relevant actions and request resources to close gaps and leverage opportunities. Resources dedicated to workforce-related topics are part of overall operational expenditure and are not tracked independently, reflecting the integration of key actions into business operations.

Inclusion and diversity

The Alfa Laval Inclusion and Diversity strategy is built on a long list of initiatives, many of which are driven locally by the business, HR and employees themselves, while receiving full support from management. At Group level, tracking the differences in work experience between genders is a monitoring activity to support the setting of action plans in parts of the organization where divergence is detected. Over the past few years, the experience gap between genders has decreased significantly based on responses to the annual employee survey.

As described in more detail below, revised targets for the proportion of female employees and managers were set in 2025. These targets were the result of a thorough review resulting in realistic yet challenging targets for the period up to 2030. A framework for inclusion and diversity action plans will be rolled out in 2026 to ensure effective activities are initiated throughout the Group to deliver on the targets. In addition, improved tools for identifying and analysing pay equity data in specific countries and parts of the organization are being implemented in 2025 and 2026 to support initiatives to close gender pay gaps.

Raising cultural awareness through training is an ongoing activity at Alfa Laval. Inclusion and diversity themes are an important part of leadership programmes attended by managers and employees each

year. At Alfa Laval, several diversity networks and employee resource groups have been initiated by employees and supported by the company to help raise awareness and support individuals in their professional development. One example is the W@lfa Women network, which started in Sweden in 2017 and expanded across sites during following years. In 2024 W@lfa opened its first activities in Denmark.

Learning and development

Alfa Laval aims to provide opportunities for all employees to learn and develop during their time in the company. A significant part of competence development takes place in the daily work through solving demanding tasks, collaborating with colleagues and participating in projects with people from other parts of the organization. In addition, attending relevant training courses contributes to the growth and development of employees and ensures that the workforce is equipped with the right competencies aligned with the Group's strategic direction, including upskilling to take advantage of the opportunities offered by the green energy transition.

Local learning and development activities are carried out every day in factories and sales companies around the world, for instance through insights gained via the Alfa Laval Production System (ALPS), a digital tool which allows employees to share information and contribute to safety and efficiency improvements. Training on products and applications designed by experts in the business units is provided via the Alfa Laval Product & Application School (ALPAS), which is available for all employees through the global Learning Portal. The Learning Portal is Alfa Laval's platform for all training courses and includes a broad range of courses on sustainability, compliance and other topics, courses to enhance professional excellence, and leadership training programmes for all levels. Many courses are e-learning that are continuously available, while others are instructor-led courses offered in classroom settings at regular intervals.

In 2023, Alfa Laval began transforming its learning and development strategy to support the company's 2030 strategic direction. Key changes have been made to structure, processes, technology, and data to scale learning for prioritized capabilities. From 2024, management teams have conducted regular capability gap assessments, identifying critical skills for the next three years. Significant progress has been made in Sustainability and Leadership Development during 2024–2025, with the new framework set to expand to other capabilities in 2026. A new delivery model and digital solution for training will be implemented in 2026. These efforts have already doubled monthly active users on the learning portal in 2025 compared to 2022, reflecting increased engagement and a stronger learning culture.

Health and safety

A health and safety strategy was introduced in 2024, supported by a two year roadmap covering leadership, processes, and safety culture. As this roadmap approaches completion, work is in progress to review outcomes and define the next phase of the programme.

Managers are expected to lead local health and safety activities and support the implementation of safe working practices. The strategy also includes the development of processes, and the provision of tools, methods, and guidance.

Capability building actions include a health and safety e-learning module used in employee onboarding and a health and safety leadership training programme for senior managers, both introduced in 2025. Ongoing initiatives include the I Care programme, a behaviour based safety programme launched in 2019, and the Fair and Just programme addressing the role of human factors in safety. Local activities, such as safety days organised across sites, continue to support awareness and engagement.

Implementing systematic ways of working with clear directives, helpful guidelines and a robust audit process is an important part of building safe processes and promoting a safety culture. Alfa Laval has a global health and safety management system in place for many years, built on the Health & Safety Policy, Health & Safety Manual and associated procedures and guidelines. Components of the management system are updated regularly, and recently a procedure for standardized local health and safety action plans was introduced, requiring operational units to assess and set actions that address safety risks and performance and contribute to safety targets. Steps were also taken in 2025 to initiate a global health and safety audit programme to more thoroughly assess local performance and provide support in making further progress.

Targets and metrics

S1-5, S1-6, S1-9, S1-13, S1-14, S1-16

Targets

Alfa Laval has set clear outcome-oriented targets for the material workforce-related sustainability matters – health and safety, inclusion and diversity, and training and skills development. These targets have been set in processes coordinated by each responsible corporate function – Health, Safety & Environment for the safety target and Group HR for other workforce-related targets. The target-setting processes have included assessments of recent performance, benchmarking with peers and interactions with employees in the organization working with safety, diversity and career development topics. The proposed targets have been reviewed and acknowledged by Group Management and the Board of Directors, with worker representatives present.

The health and safety target was updated in 2025 and is expressed in terms of a lost time injury frequency rate (LTIFR), with the aim to have a group-wide LTIFR for the entire Alfa Laval workforce below 1.0 by 2030. This means there should be no more than one injury that results in time away from work per million working hours, which is an ambitious target that aligns with the Health & Safety Policy objectives to avoid incidents and prevent work-related hazards. Alfa Laval has seen a decreasing LTIFR trend for the past few years from 3.6 in 2021 to 1.8 in 2024, but the number of accidents increased in 2025 and the LTIFR for the year was 2.32.

The inclusion and diversity targets were also updated in 2025 with new target values for the proportion of women in managerial positions and among employees, and a new target on the nationality of senior managers to promote more diverse management teams. The targets are to achieve a proportion of female employees of 26 percent and a proportion of female managers of 27 percent by 2030. In 2025, the proportion of female employees was 23 percent and female managers was 23 percent, which is an increase from 21 percent female employees and 20 percent female managers in 2021. The target for nationality represents another dimension of diversity, and the target is to have more than 50 percent of managers in senior positions (as defined by role seniority over a threshold, typically two levels below Group Management) with a non-Scandinavian citizenship by 2030. These targets support the objectives of the People Policy to promote inclusion and diversity at all levels of the organization.

In training and skills development, the focus is on supporting the career and competence development of employees, as well as build capabilities crucial for business success. The target is for all white-collar workers, making up more than 60 percent of the workforce, to have an annual Performance Development Dialogues (PDD) with their managers. For blue collar workers, performance reviews are encouraged but not required, and while such development dialogues are common in Alfa Laval, there is currently no target set for this group of employees. The PDD target contributes to the development talks being held prop-

erly and on time, and these dialogues are key to identifying meaningful growth opportunities and relevant training for employees as stated in the People Policy.

Metrics

Metrics for material workforce-related impacts, risks and opportunities are presented below. This includes key characteristics of Alfa Laval employees (S1-6), diversity metrics (S1-9), training and skills development metrics (S1-13), health and safety metrics (S1-14), and remuneration metrics (S1-16).

Alfa Laval employees

The following tables present data on Alfa Laval employees in terms of headcount numbers per year-end, broken down by gender, type of contract (permanent or temporary), and major countries, defined as having at least 50 employees and representing more than 8 percent of the total workforce.

Approximately 85 percent of Alfa Laval is fully integrated into the company's global HR systems (Alfa Laval branded companies), while the remaining 15 percent is not. In 2024, visibility was limited for employees in the less integrated areas. This issue was addressed in 2025, providing a comprehensive global overview (Alfa Laval Group). For 2025, results are presented for both the previous and new scopes, allowing for trend analysis and establishing a new baseline for the Alfa Laval Group. Unless otherwise specified, all reported metrics for 2025 reflect the entire Alfa Laval Group.

The total headcount for the Alfa Laval Group was 23,010 for year-end 2025 and the total number of full-time equivalents (FTE) reported in the financial statements was 23,671 for 2025. A further breakdown of FTEs per Alfa Laval business division is available in the Management Report and FTEs for every country with an Alfa Laval company is in the Financial Statement, Note 4.

A majority (76 percent) of employees are male, and Alfa Laval has a clear ambition and target to increase the proportion of female employees in the workforce. Most employees have permanent contracts, with less than 4 percent having a temporary employment contract. This number includes people on fixed-term contracts, interns, apprentices and parental leave covers. Alfa Laval does not have consolidated data on employees with non-guaranteed hours, but based on available information, this is a very rare form of employment in the company.

More than half (56 percent) of the employees work in one of the five major countries of operation – Sweden, China, Denmark, USA and India. Other countries with a significant number of employees are Norway, France, Italy, Brazil and Poland and more than 80 percent of Alfa Laval employees work in one of these top ten largest countries of operation.

In 2025, the number of employees increased by around 1,300 due to business growth and acquisitions, leading to significantly more employees in China. While not visible in the rounded numbers below, female share of employees increased almost 0.5 percentage points, and therefore moving on track to the target of 26 percent female employees by 2030. For managers (employees with a team leader responsibility), the proportion of women was 23 percent in 2025, which is on a similar level to 2024.

Sustainability Statement – Social

Headcount	2025				2025				2024			
	Alfa Laval Group				Alfa Laval branded companies				Alfa Laval branded companies			
	Permanent	Temporary	Total	Percent	Permanent	Temporary	Total	Percent	Permanent	Temporary	Total	Percent
Male	17,001	528	17,529	76%	14,395	480	14,875	77%	13,453	452	13,905	77%
Female	5,192	279	5,471	24%	4,301	255	4,556	23%	3,897	259	4,156	23%
Other	4	-	4	<0.1%	1	-	1	<0.1%	-	-	-	-
Not reported	6	-	6	<0.1%	6	-	6	<0.1%	18	-	18	<0.1%
Total headcount	22,203	807	23,010	100%	18,703	735	19,438	100%	17,368	711	18,079	100%

Headcount by major country	2025		2025		2024	
	Alfa Laval Group		Alfa Laval branded companies		Alfa Laval branded companies	
	Number	Percentage	Number	Percentage	Number	Percentage
China	3,599	16%	3,346	17%	2,864	16%
Sweden	3,327	14%	3,112	16%	3,050	17%
Denmark	2,064	9%	2,060	11%	1,999	11%
USA	2,018	9%	1,277	7%	1,261	7%
India	1,964	9%	1,578	8%	1,562	9%
Total major countries	12,972	56%	11,373	59%	10,736	59%
Total other countries	10,038	44%	8,065	41%	7,343	41%
Total headcount	23,010	100%	19,438	100%	18,079	100%

Employee turnover	2025		2025		2024	
	Alfa Laval Group		Alfa Laval branded companies		Alfa Laval branded companies	
	Number	Percentage	Number	Percentage	Number	Percentage
<i>Permanent employees</i>						
Employees leaving Alfa Laval	1,927	9%	1,443	8%	1,476	8%
Total headcount	22,203		18,703		17,368	

Inclusion and diversity

ESRS diversity metrics for top management (gender) and all employees (age) are presented in the following tables. Top management is defined by role seniority over a threshold, up to two levels below Group Management.

While women remain underrepresented in top management at Alfa Laval, the proportion of female leaders at the most senior level (23 percent) is similar to the share of females in the broader group of employees with managerial positions (23 percent). The percentage of female top managers has remained flat compared to 2024.

Alfa Laval benefits from a highly experienced workforce, with many employees having been with the company for 20 years or more. This is reflected in the age distribution, which shows a comparatively high and increasing proportion of employees over 50 years old. The expertise and deep knowledge of these long-tenured employees are valuable assets for the company. Alongside this, Alfa Laval's ambition to lead the green transition and drive innovation is supported by attracting and retaining talent from a wide range of ages and backgrounds. Fostering greater inclusion and diversity across all levels of the organization enhances creativity, strengthens problem-solving, and ensures that Alfa Laval remains agile and competitive in a rapidly evolving market.

Headcount by gender	2025		2025		2024	
	Alfa Laval Group		Alfa Laval branded companies		Alfa Laval branded companies	
	Number	Percentage	Number	Percentage	Number	Percentage
<i>Top management</i>						
Male	346	77%	276	77%	283	77%
Female	101	23%	81	23%	83	23%
Total headcount	447	100%	357	100%	366	100%

Headcount by age group	2025		2025		2024	
	Alfa Laval Group		Alfa Laval branded companies		Alfa Laval branded companies	
	Number	Percentage	Number	Percentage	Number	Percentage
<i>All employees</i>						
Under 30 years old	4,067	18%	3,410	15%	3,186	18%
30-50 years old	13,054	57%	10,992	48%	10,100	56%
Over 50 years old	5,889	26%	5,036	22%	4,793	27%
Total headcount	23,010	100%	19,438	100%	18,079	100%

Training and skills development

The Alfa Laval target is for all white-collar employees to participate in annual performance and career development reviews. Such reviews typically take the form of one or more meetings between the individual employee and their immediate manager, during which career goals, specific objectives for the coming year, and review of performance in relation to the objectives for the previous year are discussed. Blue-collar employees are also offered but not required to take part in performance and development reviews, and these can take different forms, including Group assessments or peer feedback. As such, participation in performance reviews is not consolidated for blue-collar employees.

In 2025, the proportion of employees participating in performance reviews was 59 percent for the Alfa Laval Group. This includes also blue-collar workers where data will be incomplete, as can be seen in the low participation rate particularly for male employees with a higher proportion of blue collars.

The average participation rate for white-collar workers was 88 percent, which is lower than 2024 and below the target of 100 percent. This is mainly due to an acquisition during the last half of the year, where data is missing and this is expected to be a one-time effect.

Participation in performance reviews	2025	2025	2024
<i>Percentage of all employees</i>	<i>Alfa Laval Group</i>	<i>Alfa Laval branded companies</i>	<i>Alfa Laval branded companies</i>
Male	55%	50%	53%
Female	73%	72%	77%
Average	59%	55%	59%

The outcomes from individual development reviews (bottom up) are combined with business capability gap assessments (top down) to identify reskilling and upskilling needs. Training interventions in terms of capacity and content are then put in place to meet the needs.

Alfa Laval does not have a quantitative target for the number of training hours per employee but follows up the completion of mandatory and

assigned trainings. If employees do not complete trainings within a certain timeframe, they receive a reminder, and their manager is contacted if the training is still not taken after an additional period of time.

Male training hours are higher due to a high proportion of male employees in the service business, where there are extensive trainings accounting for more than half of the total registered training hours.

Training hours per employee	2025	2025	2024
<i>Number of training hours</i>	<i>Alfa Laval Group</i>	<i>Alfa Laval branded companies</i>	<i>Alfa Laval branded companies</i>
Male	17	17	14
Female	9	8	9
Average	15	15	13

Data on training hours refers to courses registered in the Alfa Laval learning systems. In addition, extensive training on safety and other operational topics is conducted in operational environments on site at Alfa Laval sites. Due to its local nature, these training hours are not yet fully captured in Alfa Laval's systems and are not included in the consolidated training hours per employee.

Health and safety

Alfa Laval health and safety metrics are presented in the following table. These metrics cover both employees and contingency workers in the Alfa Laval workforce and are reported monthly to monitor progress towards the Alfa Laval health and safety targets. Data on cases of recordable work-related ill health is currently not available on a consolidated basis.

All people working at Alfa Laval sites are covered by local health and safety management systems applying the principles in the Alfa Laval Health & Safety Manual, which is the global health and safety management framework based on legal requirements and best practice, including the ISO 45001 standard. The functioning of these local management

systems is regularly reviewed on-site by Global Health, Safety & Environment. In addition, around half of the factory locations have chosen to certify their health and safety management systems according to ISO 45001, which means they are also externally audited.

The Alfa Laval health & safety target is to achieve a lost time injury frequency rate (LTIFR) below 1.0 by 2030. Unfortunately, the decreasing trend in accidents resulting in time away from work in recent years was broken in 2025 and the number of lost time injuries increased from 73 in 2024 to 102 in 2025, with a resulting LTIFR of 2.32, which is significantly higher than the target Alfa Laval is aiming for.

Several accidents during the year involved using incorrect tools for the job or neglecting to use proper personal protective equipment. Most were not severe but the increasing number of accidents is a concern and indicates poor risk awareness in potentially hazardous work situations. To address this and further increase the focus on safety, Alfa Laval will introduce a global Safety Committee in 2026, to be chaired by Divisional Presidents on a rotating basis and with senior divisional managers and the Global Health & Safety Manager as members.

Health and safety metrics	2025	2024
<i>Own workforce</i>		
Health & safety management system (%)	100%	100%
Fatalities	0	0
Recordable work-related injuries (TRI)	256	224
Recordable injury frequency rate (TRIFR)	5.81	5.53
Lost time injuries (LTI)	102	73
Lost time injury frequency rate (LTIFR)	2.32	1.80
Days lost to work-related injuries	3,124	2,751

Remuneration

Alfa Laval aims to pay employees fair and market competitive rewards recognizing business and individual performance, as well as the skillset and experience of each role. A basic principle is that total remuneration for work that is considered equal or of equal value should also be equitable. The intent is therefore that there should be no unexplainable pay gap between male and female employees in the same geography having similar job roles, education, experience and performing equally well.

Metrics for the gender pay gap and annual total remuneration ratio of the highest paid individual (CEO) to the average annual total remuneration for all Swedish employees are presented in the table below.

At a consolidated global level, there is a 6 percent unadjusted pay gap in favour of female rather than male employees. The global gender pay gap provides an aggregated view of the workforce profile of Alfa Laval, reflecting different gender distributions in different work types and countries. As Alfa Laval has proportionally more females in white-collar positions, the relative higher pay for many of these jobs increases the average for female employees.

Considering factory workers in isolation, there is still a positive pay gap in favour of female employees, and this is mostly explained by the fact that women in blue-collar positions are comparatively more common in higher earning countries. Considering white-collar workers in isolation, pay gaps are limited in entry level and mid-level jobs but tend to be larger in more senior positions.

Remuneration metrics	2025	2024
Global gender pay gap (% of male pay level)	-6.0%	-5.5%
Total remuneration ratio (CEO/average Swedish employees)	54	53

S2 Workers in the value chain

All workers in the Alfa Laval value chain have the right to fair and safe working conditions and to be treated in a way that respects their human rights. Alfa Laval expects all business partners to treat employees decently and uphold internationally accepted labour rights. Alfa Laval suppliers commit to comply with the Business Principles for Suppliers.

The company has identified potentially negative impacts on working conditions primarily for supply chain workers as material in the double materiality assessment but has opted to use the phase-in provisions to postpone disclosures according to ESRS S2. An overview of key policies, actions, targets and metrics connected with workers in the value chain is provided below.

Impacts, risks and opportunities

With a global value chain and a presence in more than 100 countries, Alfa Laval can have a material impact, both positive and negative on many value chain workers. In the upstream value chain, Alfa Laval has over 5,000 direct suppliers, and some of these operate in industries such as foundries and steel production with health and safety risks and other potentially negative impacts on working conditions. Further upstream, in the extraction of metals and minerals, for instance, working conditions may be even more challenging with significant impacts on workers.

In the downstream value chain, employees of distribution and logistics providers may also be exposed to poor working conditions. Workers further downstream at customer locations may potentially be harmed if Alfa Laval products malfunction, although such incidents are extremely rare and there have been no claims from customers in recent years concerning product safety.

Certain activities in the Alfa Laval value chain, such as mining and metals production, take place in countries where forced labour and child labour are present, including Brazil, China and India. Alfa Laval has a clear position on this, as expressed in the Business Principles for Suppliers, and the risk of incidents of forced or child labour among direct suppliers is considered low yet it is still reviewed in supplier assessments and on-site sustainable sourcing audits.

Management of impacts, risks and opportunities

Policies

Alfa Laval's policies in relation to value chain workers are designed to adhere to international human rights standards, including the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The main policy document setting expectations on suppliers is the Business Principles for Suppliers, which is based on the Business Principles that apply to the Alfa Laval workforce and the Human Rights Policy. All suppliers are expected to acknowledge the Business Principles and are accountable for following and fully incorporating them into their own supply chain, as expressed in supplier agreements.

The Business Principles for Suppliers address material sustainability impacts in the value chain, including impacts on value chain workers. Suppliers are expected to guarantee the rights of workers according to the International Bill of Human Rights and the Core Conventions of the International Labour Organization (ILO). The Business Principles for Suppliers explicitly mentions rights in relation to freedom of association, working hours, discrimination, health and safety, child labour and forced labour, including human trafficking. The Vice President Global Sourcing is responsible for the Business Principles for Suppliers and Group Management adopts the principles.

The Alfa Laval Sourcing Policy sets the framework for procurement of goods and services, including sourcing governance and processes, contracting principles, and outlining the Sustainable Sourcing Programme. The Sourcing Policy states that the Business Principles for Suppliers is the foundation of the sourcing process and emphasizes collaboration with suppliers to have a responsible and sustainable value chain. The Sustainable Sourcing Programme is built around the Business Principles for Suppliers, and includes business reviews of Alfa Laval commodity strategies, workshops for suppliers, and supplier awards for best sustainability practices. The programme also secures compliance with the Business Principles for Suppliers by performing Business Principles audits. These audits are based on an assessment of sustainability risks, including corruption and human rights impacts, but also risks related to specific manufacturing processes and geographies. The Vice President Global Sourcing is responsible for the Sourcing Policy, which is then adopted by Group Management.

The Alfa Laval Sustainable Sourcing Due Diligence Framework has been developed to support the Sustainable Sourcing Programme. This framework outlines the annual cycle for sustainable sourcing, assigns roles and responsibilities, and describes the sustainable sourcing model, which is a risk-based approach to identifying, assessing and monitoring adverse impacts on supply chain workers aligned with the OECD Due Diligence Guidance for Responsible Business Conduct. The Business Principles audits are an important part of the Sustainable Sourcing Programme and are carried out by an internal team of trained auditors guided by the Supplier Audit Guidelines. These framework documents are developed and updated by corporate Global Sourcing function and adopted by the Vice President Global Sourcing.

Actions

Material sustainability impacts and risks in the supply chain are addressed through the Sustainable Sourcing Programme. The intention of the programme is to establish processes for sustainable sourcing throughout Alfa Laval, while also driving change in the supply chain and encouraging suppliers to commit to more sustainable business practices.

The programme is evolving continuously, and during the year the Sustainable Sourcing Due Diligence Framework and the Supplier Audit Guidelines were updated, Business Principles trainings were held with suppliers in India, and a review of countries classified as high risk in terms of impact on value chain workers was conducted. Furthermore, an annual supplier engagement process was introduced covering

suppliers representing 80 percent of the company's spend. This includes a supplier self-assessment survey on labour rights, organizational commitment to uphold these rights and support with improvement actions.

Further actions that will contribute to creating a solid foundation for sustainable sourcing are planned for 2026 and beyond. This includes launching an updated version of the Business Principles for Suppliers and associated process documents to align with the recently revised Business Principles. New targets and metrics will be developed to monitor supplier performance in relation to material impacts and risks concerning workers in the value chain.

Targets and metrics

Targets

While there is no specific target in relation to performing Business Principles audits, Alfa Laval sets an annual plan for the number of audits to be performed. This plan depends on the outcome of a supplier risk assessment process addressing environmental, human and labour rights, and bribery and corruption risks. Suppliers are screened based on their countries of operation, risks related to manufacturing processes, and maturity of corporate governance and policy frameworks. This results in a list of suppliers targeted for on-site audits to review compliance with the Business Principles for Suppliers. The number of audits performed each year will also depend on the availability of Alfa Laval sustainability auditors and other sourcing priorities. In 2025, the audit plan encompassed 104 suppliers based mainly in China and India.

Metrics

The main metrics currently used to track performance related to material impacts and risks concerning workers in the value chain are connected to the Business Principles audits. These audits of selected suppliers are carried out each year to monitor compliance with the Business Principles for Suppliers. As indicated above, suppliers are selected to be audited based on an assessment of sustainability risks in the country of operation and in the manufacturing processes used, taking into consideration how suppliers are managing these risks.

Over the past three years, a total of 204 Business Principles audits were carried out by Alfa Laval's team of certified sustainability auditors, averaging 71 per year. In 2025, 107 suppliers were selected for a Business Principles audit, and 16 of these had action plans fully closed by year-end.

In performing the audits, there may be deviations noted by the auditors in relation to Alfa Laval expectations as specified in the Business Principles for Suppliers. Certain key areas were identified as critical, including child labour, forced labour, freedom of association, health and safety, fire protection and environmental management. Deviations in any of these areas require immediate correction, both from new and established suppliers. Suppliers with serious breaches have a limited time to implement the necessary improvements, while the case is escalated and monitored. Non-compliance without corrective action can lead to termination of the supplier agreement with Alfa Laval.

In 2025, a total of 1,090 deviations was found during the Business Principles audits performed during the year, of which 208 deviations concerned one or more of the critical areas. More than half (58 percent) of the total number of deviations were connected to health and safety observations. A substantial proportion of deviations (13 percent) were related to working conditions in general, and some specifically on human and labour rights (8 percent). The remaining deviations mainly concerned environmental protection and chemical management.

Governance

G1 Business conduct

Alfa Laval is committed to doing business with honesty, integrity and respect for others, and expects the same from its business partners. This means not only following applicable laws and regulations but adhering to the highest ethical standards of business conduct. The Alfa Laval Business Principles set out fundamental rules of behaviour that all employees should adhere to when conducting business, including a clear stance on corruption and bribery, protection of whistleblowers, and monitoring supplier sustainability performance and compliance.

Impacts, risks and opportunities

SBM-3

Business conduct impacts

Corruption and bribery undermine trust in institutions and create economic and social inequalities, leading to negative impacts for business and individuals, including higher costs, legal risks and limiting access to public services. Alfa Laval has zero tolerance for any form of bribery or corruption. The international scope of Alfa Laval's organization means that the company is active in several countries where there is a high risk of corruption and this requires constant information, training and monitoring, grounded in a corporate culture that promotes transparency and accountability.

Providing stakeholders with an easily accessible, independent and confidential whistleblowing channel is an important component of a successful anti-bribery and anti-corruption platform. Whistleblowers may face significant personal and professional risk and need to be protected from retaliation. Alfa Laval has established a whistleblowing channel and encourages employees to report any concern about actual or potential legal non-compliance or violation of the Business Principles, including incidents of bribery and corruption or any other unethical conduct. Alfa Laval takes all whistleblower reports seriously and will properly address them, including protecting those who have reported their concerns.

For most sustainability matters, the impacts on people and the environment are more significant in the value chain than in Alfa Laval's own operations. Impacts occurring in the upstream value chain, and particularly in the operations of direct suppliers, are potentially easier for Alfa Laval to influence than downstream impacts. Through the sustainable sourcing programme, suppliers are assessed and monitored regarding their sustainability performance to minimize negative impacts on people and the environment and any risks for Alfa Laval.

Business conduct risks and opportunities

Combatting corruption and bribery is likewise a necessity from a business risk perspective. Doing business in places where corruption and bribery are commonplace is a challenge as these practices distort fair

competition, weaken governance and discourage investment. Engaging in corrupt business practices is costly and can result in significant financial impacts, including fines and reputational damage. While corruption and bribery can occur in many situations, the most significant risks are concentrated in certain functions and specific countries and regions.

Managing relationships with direct suppliers is important for business success and this includes assessing and monitoring sustainability risks in the supply chain through the sustainable sourcing programme. Suppliers are expected to acknowledge and comply with the Business Principles for Suppliers, which outline key environmental, social and governance principles that are considered fundamental to ethical business conduct. Non-compliance with local legislation or failure to adhere to the Business Principles would be a clear indication of a risky supplier relationship that needs to be addressed or terminated.

Management of impacts, risks and opportunities

G1-1, G1-2, G1-3

Approach to corporate culture

Alfa Laval's corporate culture is built on a set of fundamental beliefs and principles that guide employee behaviour and how business is conducted. These beliefs are manifested in four core values – Team Play, Dedication, Respect and Exploration – that have developed over the course of Alfa Laval's history as a company, and they are an enabler of the business strategy to be a transition leader. These shared values capture the essence of the Alfa Laval corporate culture and function as a common language across business units and borders in the global Alfa Laval organization.

The core values support the Business Principles that describe the way Alfa Laval must act within society whilst achieving business goals. As described in the Sustainability Governance section in the General Information chapter, the Business Principles emphasize Alfa Laval's responsibilities as an employer, industry leader and corporate citizen, expressing company commitments and expectations on employee behaviour. As an employer, Alfa Laval commits to ensure fair labour standards and working conditions, provide a safe and healthy working environment, and promote and preserve inclusion and diversity at

work. As an industry leader, Alfa Laval commits to fair and free competition, to fight bribery and corruption, and to select suppliers that are prepared to conduct business ethically, respect human and labour rights and protect the environment. As a corporate citizen, Alfa Laval commits to reduce the company's environmental impact, respect human rights, and oppose unethical and unlawful acts by employees, customers and business partners.

The core values and Business Principles are the foundation for establishing corporate culture and promoting sustainable business. Key initiatives to develop a positive corporate culture are described throughout this Sustainability Statement and include the business development activities contributing to positioning Alfa Laval as a leader of the green energy transition, while giving all employees a common purpose. Corporate culture is also promoted through initiatives such as the group-wide safety programme ensuring that employees "return home safely – every day" and in the numerous inclusion and diversity activities, including the W@lfa Women network and inclusive leadership training. In the annual employee survey, VOICE, with an 89 percent response rate in 2025, the overall engagement score was at a five-year high in 2025 confirming that there is a strong corporate culture at Alfa Laval. Several category scores were above the benchmark of global top 25 percent of companies, including employees' sense of belonging, feeling of empowerment, and being able to speak their mind freely.

Business conduct policies

Alfa Laval Business Principles is the overarching governing document for business conduct matters, with an adaption - Business Principles for Suppliers - addressing expectations on suppliers. These policies are described above and in the General Information chapter and S2 Workers in the value chain sub-chapter. The Group Sourcing Policy provides a framework for procurement activities in Alfa Laval, including the sustainable sourcing programme, and this is also presented in the S2 sub-chapter.

Building on the Business Principles, Alfa Laval has a more specific Anti-Bribery and Anti-Corruption Policy and a Whistleblower Protection and Anti-Retaliation Policy. These policies are adopted by the Risk and Compliance Board, which consists of key members of Group Management, including the CEO, CFO and Executive Vice President Group Affairs, supplemented with the Vice President Group Risk & Compliance and Vice President Group Legal. Both policies apply to all members of the workforce and are available on the Alfa Laval intranet along with a summary of business conduct procedures and links to relevant training and the whistleblowing service. The policies are also available on the Alfa Laval website and shared with suppliers, business partners, and other external stakeholders through contracts, agreements and onboarding processes.

The Anti-Bribery and Anti-Corruption Policy clearly states Alfa Laval's position regarding zero tolerance of bribery and corruption in any form and in any country. The company shall always comply with national anti-bribery and anti-corruption laws, but Alfa Laval is committed to applying the best international practices of fighting against corruption, even if national legislation does not require this. The policy prohibits all forms of bribery and facilitation payments, sets monetary limits for charitable contributions and sponsorships, addresses conflicts of interest and interactions with business partners, and presents the Alfa Laval Compliance Framework.

The Whistleblower Protection and Anti-Retaliation Policy underlines that anyone in the workforce has a right to report their concerns about violation of Alfa Laval Business Principles, the law and unethical, illicit, unsafe or fraudulent behaviour. The policy encourages employees to actively execute their rights to report ethical concerns, and this should be done in good faith and never with intent to denigrate people or misrepresent facts. The policy emphasizes that Alfa Laval takes all reports

seriously and will properly address them. The confidentiality of whistleblowers shall be maintained to the greatest extent possible, and any form of retaliation against whistleblowers who report concerns in good faith is strictly forbidden. Any breach of whistleblower protection will lead to disciplinary and, if appropriate, legal action against the employees and managers involved.

Procedures for identifying, reporting and investigating concerns

Alfa Laval has a well-established procedure for reporting and investigating concerns about unlawful or unethical conduct. Employees should first raise concerns with their managers by following the management chain. Reports can also be made to the next line manager or depending on the issue, to local HR or the financial controller, Group Risk & Compliance or Internal Audit. In cases of serious violations, or where internal reporting is not conceivable, an anonymous and confidential report in any language can be made to the web-based whistleblowing service Speak Up!, which is hosted by an external independent service provider. Reports filed with the whistleblowing service are accessible by a limited number of Alfa Laval employees from Group Risk & Compliance and Group HR, who receive regular training. Information about the procedure for raising concerns and the link to the whistleblowing service is available on the Alfa Laval Group intranet for employees and on the website for external stakeholders.

When a report is logged in the whistleblower platform, Alfa Laval is committed to investigating it promptly, independently and objectively. A review team makes a preliminary assessment of the validity of the incident reported and if it is justified to initiate an investigation. According to the Alfa Laval Internal Investigation Procedure, an investigation should always be conducted by someone at least one level above the organizational level where the alleged misconduct has happened, or by someone who is fully independent from that part of the organization. The people assigned to the investigation team must take professional responsibility for ensuring they are independent from the facts being investigated.

After an investigation is completed and properly documented, a report must be prepared and sent to Group Risk & Compliance and the approver of the investigation, who is normally the manager responsible for the business where the suspected misconduct has taken place. The approver must decide on what measures or actions should follow based on the investigation report, including appropriate disciplinary measures proportionate to the severity of any confirmed misconduct. Group Risk & Compliance is responsible for monitoring adherence to the Internal Investigation Procedure and will regularly report a summary of status and findings as well as any non-compliance to the Risk and Compliance Board, which includes representatives from Group Management.

Training on policies and procedures is an important activity to prevent and detect incidents of unethical and illegal business conduct, including bribery and corruption. New employees are introduced to the Business Principles upon joining Alfa Laval and there is extensive internal training available on the Business Principles, including how to identify and report concerns. In addition, there are a substantial number of more in-depth trainings on the individual topics covered by the Business Principles on the Learning Portal, available via the Alfa Laval intranet. All employees are expected to attend training on the Business Principles at least every two years, with enhanced training efforts on anti-bribery and anti-corruption in high-risk contexts and for exposed personnel. The functions identified as most at risk in respect of bribery and corruption include sourcing and supply chain managers and third-party intermediates, such as agents and distributors acting on behalf of Alfa Laval. In addition, most management roles and finance and accounting personnel are identified as having an elevated level of exposure to bribery and corruption.

Prevention and detection of corruption and bribery

Fostering a corporate culture built on honesty, integrity and respect for others begins with ensuring employees are equipped with the right knowledge and tools to act ethically and responsibly. Alfa Laval has a clear set of Business Principles, policies and guidelines on anti-bribery and anti-corruption, and all employees are expected to familiarize themselves with these documents to understand what is required in the course of their professional duties. Each Managing Director of an Alfa Laval company, President of a Business Unit and other senior managers are responsible for the detection and prevention of bribery and corruption and other irregularities within the organizational unit they are leading.

Alfa Laval has a comprehensive anti-bribery and anti-corruption programme based on annual risk assessments by the business units and corporate functions. The international scope of its operations means business takes place in several countries where there is a high risk of bribery and corruption. Screening of new suppliers and business partners, including agents and distributors, is performed before engagement, and they are asked to acknowledge the Alfa Laval Business Principles. Contractual clauses that explicitly address anti-bribery and anti-corruption obligations are typically included in all agreements, intended as a binding commitment to ethical business conduct.

A Three lines of defence model has been implemented to clarify roles and responsibilities in applying the Alfa Laval Business Principles and underlying governing documents, including the Anti-Bribery and Anti-Corruption Policy. This is a model to secure compliance, identify gaps and ensure that remedial actions are taken on discovered deficiencies. The first line includes operational management in the business who are responsible for implementing controls and managing day-to-day operations. These are the people who own and manage risks. The second line is oversight functions at corporate level who help ensure that the first line is properly managing risks. They develop policies, provide guidance and monitor compliance.

The third line of defence is the internal audit function and external auditors who are independent of operational management and report directly to the Audit Committee on the functioning of the first and second lines. The internal audit team provides independent assurance that the first and second lines are functioning effectively through audits. Internal audits are an important part of the Alfa Laval governance framework, monitoring compliance with the Business Principles and the Anti-Bribery and Anti-Corruption Policy and identifying areas for continuous improvement.

A key part of the anti-bribery and anti-corruption programme is training, which is mandatory for all white-collar employees and tailored to address varying risk levels and employee exposure. The training is designed to increase the understanding and awareness of bribery and corruption risks and follows a “prevent, detect and correct” methodology. The core training materials, including governing documents, are communicated via the Alfa Laval intranet and reinforced in webinars and specialized e-learning modules, available in several languages.

The current anti-bribery and anti-corruption training programme covers all white-collar employees throughout the organization, including Group management and all functions identified as at risk in respect of bribery and corruption, of which around 80 percent have access to the e-learning courses in the learning portal. The mandatory ABAC e-learning is about one hour and covers definitions of corruption, Alfa Laval policies and procedures on suspicion, detection and reporting of bribery and corruption incidents. For personnel or units without intranet access, classroom trainings of about 1.5 hours with a similar content are provided to ensure full coverage. Implementation is supported by legal and compliance representatives embedded within the organization, ensuring that training is both relevant and effective across all operational areas.

Management of relationships with suppliers

Proper management of supplier relationships is key to business success and Alfa Laval is intent on using its purchasing leverage to ensure that goods and services are provided timely and responsibly at a low total cost and are of the defined quality. The Alfa Laval sourcing strategy is defined by the Group function Global Sourcing and mostly executed through a network of sourcing professionals in the business units who are responsible for managing relationships with local suppliers.

Sourcing activities are organized in a commodity structure to capture synergies and minimize risks in regional and global supply chains. Significant commodity groups include metal raw materials, forged and machined metal parts, electrical components and proprietary parts, as well as the procurement of indirect materials and consumables, process equipment and transportation services.

As described in the sub-chapter S2 – Workers in the value chain, the Sourcing Policy sets the foundation for sourcing activities in Alfa Laval. The Sourcing Policy establishes a common Group framework for sourcing, including governance and processes, and referencing tools, templates and procedures to be applied when procuring goods and services and engaging with suppliers. This Group framework contributes to reducing risks associated with sourcing.

As part of the sourcing process, suppliers should be assessed annually and classified according to a segmentation model to guide how the relationship with the supplier is managed. An existing supplier will typically be an approved, preferred or strategic supplier, indicating an increasing level of cooperation and commitment in the supplier relationship. In addition, there will on occasion be suppliers that are specifically requested by Alfa Laval customers to be involved in the delivery on certain projects. At any point in time, there will also be a group of suppliers that are considered probationary, potentially to be phased out.

The Alfa Laval Sourcing Policy establishes that the Business Principles for Suppliers is the foundation of the sourcing process. As described in sub-chapter S2 “Workers in the value chain”, the Business Principles for Suppliers is aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights and sets expectations on suppliers regarding sustainable business. All suppliers are asked to adhere to the Business Principles for Suppliers, and Alfa Laval performs regular audits on location at selected suppliers to monitor compliance with the Business Principles. Further information on the Business Principles audits is presented in the sub-chapter S2.

Alfa Laval has introduced the Doing Business concept and a compliance matrix to assess and secure supplier compliance with key requirements, including adherence to the Business Principles for Suppliers. The compliance matrix sets out specific requirements for various types of suppliers and the commodities they are supplying to Alfa Laval. The most extensive requirements are placed on suppliers of direct and indirect materials for manufacturing, which include having adequate environmental and quality management systems and avoiding the use of substances on Alfa Laval’s Restricted Substances List.

In addition to the generic requirements, suppliers can be exposed to industry specific requirements, which need to be verified through certificates of traceability or specialized audits. By consistently applying the Doing Business compliance matrix, and following up through Business Principles audits, Alfa Laval limits sourcing risks and sustainability impacts in the supply chain.

Targets and metrics

G1-4

Targets

Alfa Laval has set a target for employee training on business conduct matters to contribute to reducing the risk of unethical behaviour. In 2025, the target was updated as part of the review of the Alfa Laval 4C sustainability and is focused on employees receiving training on the Business Principles, aiming for at least 90 percent to take the training every second year. This is tracked primarily through completion of the e-learning module on the Alfa Laval learning portal and through classroom trainings.

As both the target and the Business Principles have been updated in 2025, and with a new Business Principles training to be launched during 2026, there is currently no accurate data on performance in relation to this target.

Metrics

Regarding the ESRS disclosure requirement on incidents of corruption or bribery, there were no convictions or fines for the violation of anti-corruption and anti-bribery laws during the year. Any confirmed incidents of corruption or bribery are followed up with thorough analyses of internal controls, policies and procedures to identify any weaknesses or gaps that may have contributed to the incident.

A total of 173 whistleblower cases were registered in 2025, of which 49 concerned allegations of corruption and bribery involving Alfa Laval employees. Combined with reports of alleged incidents from other sources, 53 internal investigations were initiated and 51 of these had been completed before year-end. While no significant incidents of corruption could be confirmed, two cases of minor bribery were found to be true. The overall conclusion was that these incidents were not the result of any significant breaches in procedures and standards of anti-corruption and anti-bribery at Alfa Laval in 2025.

Notes and tables

Methodologies for targets and metrics

E1 Climate change

E1-4 Climate change targets

GHG emissions reduction targets

Targets assumptions

The GHG emissions reduction targets are absolute targets expressed as a percentage reduction of 2020 (base year) emissions by 2030 (near-term target) and 2050 (long-term target). Base year emissions in tons CO₂e and targeted reductions are presented in a table in the E1-4 Targets section of the report.

The near-term target (2030) is combined for Scope 1 and 2 (market-based) GHG emissions with a separate Scope 3 target covering all relevant and measurable emissions categories. The long-term target (2050) is a net zero target covering all Scope 1, 2, and 3 GHG emissions.

The targets are aligned with the GHG inventory boundaries in section E1-6 Gross Scopes 1, 2, 3 and total GHG emissions and all reported emissions are included. The targets apply globally across all operations and include all Alfa Laval entities reporting energy use and therefore included in the GHG inventory.

The targets are based on conclusive scientific evidence and have been validated by SBTi following a 1.5°C cross-sectoral decarbonisation pathway. This pathway is based on the IEA Net-Zero Emissions by 2050 Scenario, which assumes rapid decarbonisation through massive clean energy investments, deployment of renewables, electrification, and significant energy efficiency improvements.

Key assumptions for setting the GHG emission reduction targets reflect the NZE scenario assumptions, including availability of renewable energy and low emission materials, continued electrification opportunities, product energy efficiency improvements, and customers transitioning to clean energy.

Base year and baseline recalculation

The base year (2020) and baseline emissions are considered representative in terms of the activities and emission sources covered when comparing with the immediately preceding and ensuing years. The baseline value and base year will be updated if there are changes to the GHG emissions reduction target or other changes that significantly affect the reporting boundary or emissions calculations.

In 2025, the following substantial methodological and boundary changes in the calculation of Scope 3 GHG emissions triggered a recalculation of the baseline value and a restatement of the GHG emissions reported for previous years. Only the baseline value has changed, the base year and GHG emissions reduction target remains the same.

- Scope 3.1 – The database for spend-based emission factors was changed from DEFRA to CEDA, providing more granular and updated emission factors. This resulted in an increase in base year emissions from 1,184,794 tCO₂e to 1,694,807 tCO₂e (+43 percent). Emissions for 2024 increased from 1,365,310 tCO₂e to 1,749,550 tCO₂e (+28 percent).
- Scope 3.11 – Several changes to the reporting boundary – inclusion of recently acquired business units, previously excluded products and sources of energy use – resulted in an increase in base year emissions from 42,435,495 tCO₂e to 64,215,948 tCO₂e (+51 percent). Emissions for 2024 increased from 47,963,884 tCO₂e to 77,515,511 tCO₂e (+62 percent).

Energy targets

Alfa Laval has set two energy-related targets (covering all Alfa Laval operations reporting energy use globally) to support the GHG Scope 1 and 2 emissions reduction targets.

1. Increase annual sourcing of renewable electricity from 80 percent in 2020 to 100 percent by 2030.
2. Improve energy efficiency (expressed as total energy consumption in MWh/SEK millions group net sales) by 4 percent year-on-year to 2030. The base year is 2024 and the baseline value is 4.61 MWh/SEK millions.

The targets build on the ambitions expressed in the Environmental Policy on the ambition to increase energy efficiency in operations and secure sourcing of renewable energy. These ambitions are compatible with EU policy goals, as expressed for instance in the Clean Industrial Act.

The targets are based on conclusive scientific evidence and aligned with the assumptions in the IEA NZE by 2050 scenario, including rapid decline in fossil fuel use, extensive investments in renewable energy, sustained energy efficiency gains, and electrification of vehicles and industrial processes on a global scale.

Target development has involved many different internal stakeholders, but no external stakeholders have been directly involved in setting these targets.

E1-5 Energy consumption and mix

The total energy consumption related to Alfa Laval's own operations includes fuel consumption from renewable and non-renewable sources, as well as the consumption of purchased electricity, district heating and district cooling from renewable, fossil and nuclear sources. Alfa Laval also self-generates electricity that is entirely consumed in its own operations and not sold into the grid.

Energy consumption data includes all operational sites and companies owned by Alfa Laval during the reporting period. This applies also to leased assets.

The data on energy consumption is reported monthly based on invoices. Where no invoice is available on time, estimates are created based on consumption from the previous period as well as meters. Self-generated electricity is measured by the site individually.

The energy can be reported in various units of measurements depending on invoices sites receive but is ultimately always converted and consolidated using MWh as the standard unit of measurement.

Purchased electricity from renewable sources with a certificate of origin, Energy Attribute Certificates (EACs) or a supplier statement is reported as renewable energy. Other electricity purchases that do not guarantee a 100 percent origin from renewables are reported accordingly by splitting the consumption based on an allocation key from the supplier indicating the share of fossil, renewable or nuclear energy.

Sites that consume district heating report the entire consumption as renewable energy if the supplier guarantees that more than 50 percent of the district heating comes from renewables. If less than 50 percent comes from renewables, the entire consumption is reported as fossil energy. Only 100 percent of renewable electricity is counted as renewable electricity. The percentage of renewable energy is based on the total consumption of energy.

The energy consumption of company cars used by Alfa Laval is based on the mileage set in contracts with leasing companies. Information about energy consumption per car is provided by the leasing company.

In disclosing energy intensity based on net revenue according to E1-5, all Alfa Laval activities are considered as “high climate impact sectors”. Total energy consumption in MWh for the group (row 12 in the “Energy consumption and mix” table) is divided by the total net sales for the group, as reported in the top line of the Consolidated comprehensive income statement in the Financial Statement. Total net sales for 2025 amounted to SEK 69,674 millions and for 2024, SEK 66,954 millions.

E1-6 Gross Scopes 1, 2, 3 and total GHG emissions

Applied standards and methodology

Emissions are calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, including applicable guidance documents GHG Protocol Scope 2 Guidance and Technical Guidance for Calculating Scope 3 Emissions.

All GHG emissions are calculated in tonnes CO₂e and include relevant gases such as CO₂, CH₄, N₂O, HFC, PFC and SF₆. Global Warming Potential (GWP) used in the calculations of CO₂e emissions of non-CO₂ gases are the most recent published by the IPCC. The base year for climate-related targets and all emissions calculations is 2020.

Alfa Laval calculates GHG emissions periodically during the year using a structured approach with clearly defined and labelled metrics aligned with ESRS. These calculations are not subject to external validation other than by company auditors but are thoroughly reviewed internally by business controllers and sustainability experts.

Primary data provided by suppliers is used for calculating emissions as far as possible, and most Scope 1 and 2 emissions calculations are based on energy consumption data from suppliers. Where primary data is incomplete or difficult to collect, Alfa Laval uses internal records, estimates and recognized secondary sources, including peer-reviewed literature and public databases to calculate emissions. This is frequently the case for several categories of Scope 3 emissions.

The reporting boundaries for scope 1 and 2 emissions are the same as for the financial statements, as Alfa Laval does not have operational control of joint ventures or other companies that are not consolidated in the financial statements. The reporting boundaries for relevant categories of Scope 3 emissions extend across the full value chain from upstream purchased goods and services to downstream distribution, use and end-of-life treatment of products. There were no significant changes in the definition of what constitutes the reporting entity or the upstream and downstream value chain during the year.

The methodologies, assumptions and emission factors applied in the calculation of Scope 1, 2 and 3 emissions have all been chosen with the intention of providing relevant and reliable data on Alfa Laval’s GHG emissions. To this end, certain changes in methodology, assumptions and emission factors are introduced as better alternatives or new information becomes available that produces more accurate data on emissions. Details on specific methodology, assumptions and emission factors used to calculate each emission Scope, and any changes compared to previous periods, are presented below.

Scope 1 and 2 emissions

Scope 1 emissions are calculated based on the reported consumption of fossil-based fuels at operational sites and standard emission factors published by the UK Department for Environment, Food & Rural Affairs (DEFRA). Emissions from company cars are based on the mileage set in the contracts with leasing companies. For electric cars, emissions are calculated using national grid factors. For fuel-based cars, emissions are calculated using emission factors for car models provided by the leasing companies. In 2025, an adjustment was made to the emissions from company cars to avoid the double counting of commuting emissions that are also reported in Scope 3, category 7.

Scope 2 market-based emissions are calculated using reported consumption of electricity, district heating and cooling from operational sites and emission factors provided by energy suppliers. For electricity from renewable or nuclear sources, an emission factor of 0 tCO₂e is applied. When supplier-specific emission factors are not available, emissions are calculated by using regional grid mix factors provided by the International Energy Agency (IEA) or other relevant national sources. If supplier-specific emission factors for district heating are not available, emission factors based on country data for electricity and heat from IEA are used as proxies for district heating. In previous years, district heating factors from DEFRA have been used, but these reflect emissions in the UK rather than other countries.

Scope 2 location-based emissions are calculated in a similar way to market-based emissions, except regional or national grid mix factors from IEA are used for all calculations.

A significant proportion of Alfa Laval energy consumption comes from renewable sources, and this is reflected in the market-based Scope 2 emissions. Of the total Scope 2 market-based emissions in 2025, 97 percent was associated with contractual instruments to purchase renewable or other low-carbon energy supported by Guarantees of Origin (GO) or Renewable Energy Certificates (REC). A substantial share of the electricity Alfa Laval purchases is bundled with RECs or similar energy attribute certificates, typically part of contracts in the Nordic countries, Italy and France, and most other countries buy unbundled RECs.

Scope 3 emissions

Alfa Laval reports Scope 3 emissions for all categories assessed as relevant and significant for the business model as listed below. Scope 3 categories 8 (upstream leased assets), 10 (processing of sold products), 13 (downstream leased assets), and 14 (franchises) are excluded as they are not applicable to Alfa Laval’s operations. GHG emissions from cloud computing and data centre services are not included as they are currently assessed as immaterial to Alfa Laval operations in relation to the business model.

Calculations of Scope 3 emissions are almost entirely dependent on secondary data. For some Scope 3 categories (3, 5, 6) primary activity data on, for example, energy use, waste and travel is available, and a limited number of supplier-specific emission factors have been used to calculate category 3.1 emissions. Taking this into consideration, approximately 1 percent of Scope 3 emissions are based on primary data from suppliers. Further details on calculation methods and data sources used for estimating Scope 3 emissions per category are presented below.

Category 1: Purchased goods and services

Emissions from the production of raw materials and components used to produce Alfa Laval products. This is the most significant upstream category of Scope 3 emissions and includes cradle-to-gate emissions of purchased goods. Calculated using both the average data method (for weights of metal raw materials) and the spend-based method (for other commodities). Emission factors from suppliers, Ecoinvent (weight-based calculations) and the Watershed Open CEDA database (spend-based calculations) are applied.

Category 2: Capital goods

Emissions related to the production of machinery, equipment, buildings and vehicles acquired by Alfa Laval. Calculated based on expenditures for capital goods used in owned operations and emission factors from the Watershed Open CEDA database.

Category 3: Fuel- and energy-related activities

Emissions (not included in Scope 1 or 2) from upstream fuel production and energy transmission. Calculations based on actual energy consumption (as reported in E1-5) and emission factors from IEA and DEFRA for upstream emissions and transmission and distribution losses.

Category 4: Upstream transportation and distribution

Emissions associated with the transportation of Alfa Laval materials and products by third-party logistics providers under contractual relationship. Calculated with the distance-based method (well-to-wheel). The external provider EcoTransit World is used for estimating emissions, considering transportation routes, modes of transport and fuel mix.

Category 5: Waste generated in operations

Emissions from treatment and disposal of waste produced in own operations. Calculated based on actual waste data reported by Alfa Laval sites and emission factors from DEFRA.

Category 6: Business travel

Emissions resulting from travel by employees for work purposes. Calculated by third party Thrust Carbon based on actual travel data (air travel, rail and hotel stays) provided by Alfa Laval's travel agency.

Category 7 – Employee commuting

Emissions resulting from transportation of employees between their homes and their workplace. Estimated using the average data method based on insights on transportation modes and commute distances from employee surveys conducted in 2020 and 2021 multiplied by the number of FTEs.

Category 9: Downstream transportation and distribution

Emissions linked to the distribution of finished products to customers, not paid for by Alfa Laval. Estimated using the distance-based method (well-to-wheel) as a percentage (20 percent) of upstream transportation emissions (category 4) based on an in-depth assessment of transportation performed in 2020.

Category 11: Use of sold products

Emissions related to the energy consumption of Alfa Laval products in use at customer locations. This is the overall most significant category of Scope 3 emissions. Calculated based on actual sales during the reporting period and estimated lifetime energy consumption of sold products multiplied by IEA electricity emission factors for countries where Alfa Laval products are installed. DEFRA emission factors are used for fuel-based products. Emission factors for Marine solutions powered by electricity generated onboard are internally developed based on specific fuel consumption per fuel and engine type and average fuel mix of vessels contracted during the year.

Category 12: End-of-life treatment of sold products

Emissions related to the disposal and recycling of Alfa Laval products at end of life. Calculated using the waste-type-specific method and data on product weights multiplied by waste disposal emission factors from DEFRA. Weights of products manufactured and sold during the year are assumed to equal the weights of purchased metal raw materials used in the weight-based calculations in category 1.

Category 15: Investments

Emissions from joint ventures and associated companies (where Alfa Laval does not have operational control) with operations that use energy resulting in Scope 1 and 2 emissions. Energy data is collected from these companies and emissions are calculated using DEFRA and IEA emission factors.

GHG emissions intensity

Emissions intensity is calculated as total Scope 1, 2, and 3 GHG emissions (for market-based and location-based Scope 2 emissions respectively) in tCO₂e divided by total net sales in SEK millions for the Alfa Laval Group as reported in the top line of the Consolidated comprehensive income statement in the Financial Statement. Total net sales for 2025 amounted to SEK 69,674 millions and for 2024, SEK 66,954 millions.

Biogenic emissions

Alfa Laval discloses biogenic Scope 1 and 2 emissions of CO₂ from the combustion or biodegradation of biomass separately outside of Scopes but includes emissions of other types of GHG in the GHG inventory. Biogenic emissions are calculated based on actual consumption of biofuels at Alfa Laval sites (Scope 1) and supplier data on quantities of biomass used for generating electricity and heating purchased by Alfa Laval (Scope 2) multiplied by emission factors from DEFRA. Alfa Laval does not currently have reliable data to calculate biogenic Scope 3 emissions.

E3 Water and marine resources

E3-3 Water targets

The water target for the period up to 2030 is to improve water efficiency (expressed as total water withdrawn in m³/SEK millions group net sales) by 5 percent year-on-year. The base year is 2024 and the baseline value is 10.4 m³/SEK millions. Water withdrawals include fresh water taken from surface water, groundwater and municipal water for use in company processes.

The target applies to all Alfa Laval operations reporting water withdrawal globally and is based on the ambition expressed in the Environmental Policy to ensure the efficient use of energy, water and materials in products and processes. The target aligns with the promotion of industrial water efficiency set out in the European Water Resilience Strategy.

The target is based on conclusive scientific evidence regarding the implications of climate change on the availability and quality of freshwater in the IPCC climate scenarios. In particular, the high emissions RCP 8.5 scenario projects a future with less reliable, lower-quality freshwater due to more extreme droughts and floods, pollution, salt-water intrusion, and higher temperatures. These changes will impact areas already under water stress more severely but will likely have global implications.

Target development has involved many different internal stakeholders, but no external stakeholders have been directly involved in setting the water target.

E3-4 Water consumption

Data on volume of water withdrawn is measured and reported quarterly by all operational Alfa Laval sites. Water data is reported by all companies owned by Alfa Laval during the reporting period.

The E3-4 water metric is currently limited to water withdrawal, which includes water purchased from municipal sources or other third party, surface water directly taken from rainwater, rivers or other water bodies, and groundwater withdrawn locally below the surface of the ground in the saturation zone.

With very few exceptions, data on water withdrawal comes from direct measurements such as on-site meter readings, supplier invoices or other periodic statements from suppliers indicating actual volumes of water purchased.

Sites can report water data in various units of measurements depending on information from suppliers. However, all data is always converted into cubic meters (m³) which is used as the standard unit of measurement.

Alfa Laval monitors water risk and water stress levels of its locations. Areas with high water risk or stress are those locations classified as high or extremely high according to the WRI Aqueduct Water Risk Atlas.

E5 Resource use and circular economy

E5-3 Resource use targets

The waste management target is to divert 95 percent of all non-hazardous waste from disposal by 2030. The base year is 2024 with a baseline value of 91 percent. Waste disposal treatment methods include incineration without energy recovery and landfilling. Any other treatment is considered as diverted from disposal.

The target applies to all Alfa Laval operations reporting waste globally and is based on the ambition expressed in the Environmental Policy to improve waste management, aiming at zero waste to landfill in own operations. The target aligns with the objectives of the EU Circular Economy Action Plan and the anticipated Circular Economy Act.

The benefits of recycling rather than disposing of waste are well documented in research studies, including avoidance of methane emissions from landfill sites, energy savings and conservation of natural resources and biodiversity when producing goods from recycled materials rather than virgin materials. The Alfa Laval waste management target is therefore based on conclusive scientific evidence.

Target development has involved many different internal stakeholders, but no external stakeholders have been directly involved in setting the waste target.

E5-4 Resource inflows

Resource inflow data reported under E5-4 consists of the weight of metals – primarily stainless steel, carbon steel, copper, aluminium, titanium and nickel – bought as raw materials in the form of coils, plates and bars, which represents the most significant resources in terms of weight. The data does not currently include metal components – cast, forged, machined or otherwise processed parts – or other materials used in production or for packaging.

Raw material weight data is collected via an annual survey to all Alfa Laval buying units, excluding multi-brand companies, capturing the most significant metal resource inflows to the Group. The data is based on actual amounts of metals purchased by each buying unit during the year, mostly extracted from local ERP tools or similar systems.

E5-5 Resource outflows

Durability of products

Data on the durability of products is collected from experts in the business units who have collated information on product design specifications, service records and observed lifetimes of the installed base of products on the market to arrive at an aggregate estimated life expectancy for key Alfa Laval product groups.

The durability estimates assume that products are properly maintained and wear parts are replaced at regular intervals according to defined service plans. The disclosed metrics are averages for product groups, and individual products may have a shorter or longer life than estimated depending on specific operating conditions and the types of applications they are used for.

Waste generation and disposal

Data on waste is reported quarterly by all Alfa Laval operational sites and offices. Data is reported by all companies owned by Alfa Laval during the reporting period.

The sites report the actual amounts of waste collected or contracted for collection by local waste management companies according to invoices, waste transfer notes or supplier agreements. For certain locations that are not in full control of waste measurements, such as smaller sales offices and leased facilities, an estimated amount of waste is reported based on available information from landlords.

In alignment with ESRS, all waste generated by Alfa Laval is classified as non-hazardous or hazardous waste, as defined by the EU Waste Framework Directive and local legal definitions. Hazardous waste includes any radioactive waste. The waste is reported as disposed or diverted from disposal based on information on waste treatment methods from the waste contractor.

Sites can report waste data in various units of measurements depending on information from waste contractors. However, all data is converted into metric tonnes which is used as a standard unit of measurement.

The rate of non-recycled waste is calculated as the total amount of waste sent to disposal divided by the total amount of waste.

S1 Own workforce

S1-5 Workforce targets

Health and safety targets

The safety target is to achieve a Lost Time Injury Frequency Rate (LTIFR) below 1.0 by 2030. The base year is 2024 and the baseline value is 1.8. The target applies to all Alfa Laval operations globally reporting health and safety metrics, as described and defined below in the notes to S1-14. The target is based on the vision of zero accidents set out in the Health and Safety Policy and the ambition to continuously monitor safety performance, ensuring that incidents and hazards are identified, reported, and properly investigated.

Target development has involved many different internal stakeholders, including participation of workers and their representatives, but no external stakeholders have been directly involved in setting the health and safety target.

In accordance with the Health and Safety Policy, performance in relation to the target is continuously monitored and monthly safety reports are distributed to all managers for presentation and discussion on lessons or possible improvements in their respective teams. The Board of Directors assesses safety performance at least annually with worker representatives present.

Inclusion and diversity targets

There are three inclusion and diversity targets at group level.

1. Share of female employees to be at least 26 percent by 2030. The base year is 2024 and the baseline value is 23 percent.
2. Share of female managers to be at least 27 percent by 2030. The base year is 2024 and the baseline value is 23 percent.
3. More than 50 percent of managers in senior positions (as defined by role seniority over a threshold, up to two levels below Group Management) shall have a non-Scandinavian citizenship by 2030. Base year is 2025 and the baseline value is 50 percent.

These targets apply to all Alfa Laval branded companies globally reporting employee metrics via the HRIS system, which encompasses approximately 85 percent of all employees.

Recognizing that Alfa Laval has a relatively homogenous and male-dominated workforce, the targets are based on the commitment in the People Policy to strive for an inclusive and diverse workplace, promoting inclusion and diversity at all levels to give all employees fair and equal opportunities.

Target development has involved many different internal stakeholders, including participation of workers and their representatives, but no external stakeholders have been directly involved in setting the inclusion and diversity targets.

Performance in relation to the targets is regularly presented in various employee fora, and the Board of Directors reviews the inclusion and diversity data at least once per year with worker representatives present.

Performance development targets

The target is for 100 percent of white-collar employees to have an annual performance development dialogue (PDD) with their managers. This is a recurring target with no set base year or target year.

The target applies to all Alfa Laval branded companies globally reporting employee metrics via the HRIS system, which encompasses approximately 85 percent of all employees.

The target contributes to the performance development dialogues being held properly and on time, and the PDD is the basis for meaningful employee growth and identifying relevant learning and career progression opportunities, as stated in the People Policy.

Target development has involved many different internal stakeholders, including participation of workers and their representatives, but no external stakeholders have been directly involved in setting the performance development target.

Performance in relation to the target is reviewed at least annually by the Board of Directors with worker representatives present.

S1-6 Characteristics of employees

Employee data is collected regularly and stored in the Alfa Laval human resources information system (HRIS), which covers approximately 85 percent of employees globally, referred to as Alfa Laval branded companies in the report. The remaining 15 percent are typically employees in multi-brand companies that are not yet connected to the HRIS. Data for these employees is collected annually through manual input in a standardized template in the financial reporting system. The combination of these two data sets is referred to as Alfa Laval Group in the report.

An employee is anyone with an employment contract and on the Alfa Laval payroll. Numbers are reported on headcount base for permanent and temporary employees at the end of the reporting period per country of employment.

Gender is self-declared by each employee. Where the gender of an employee is missing or not declared, this is registered as “not reported”. Gender diversity is assessed as number of male and female employees in relation to the total headcount.

Employee turnover is defined as the number of permanent employees leaving Alfa Laval during the reporting period in relation to permanent headcount at year-end. Employees leaving Alfa Laval are all employees with a termination date within the reporting period.

S1-9 Diversity metrics

The data for calculating diversity metrics comes from the same source as noted under S1-6. Top management is defined by role seniority according to the Alfa Laval grade structure and typically includes managers up to two levels below Group Management. Age of employees is determined by date of birth at year-end.

S1-13 Training and skills development metrics

Training data comes from the company’s learning systems where all training organized through Alfa Laval is made available to employees and registered. Local on-site trainings for a distinct group of employees on specific topics are not normally registered in the learning system. The data also does not include participation in external training courses.

Average training hours per employee is calculated as the total number of training hours registered in the learning system during the reporting period divided by the total number of employees by gender (excluding individuals not registered as male or female).

Data on participation in performance reviews covers all Alfa Laval employees that are part of the performance development dialogue (PDD) process, which is predominantly white-collar employees. The PDD process is an annual cycle consisting of setting goals, agreeing on a career and development plan, and reviewing employee performance at year-end. Participation in performance reviews is measured as the number and percentage of employees completing the PDD process broken down by gender.

S1-14 Health and safety metrics

The global health and safety framework and related metrics cover Alfa Laval’s workforce including its own employees and non-employees, such as contingent or temporary workers working under Alfa Laval’s supervision and control. Accidents related to contractors are captured in the reporting system but not included in health and safety metrics. Third-party suppliers or service providers are normally not included.

Health and safety incidents are reported by Alfa Laval sites in the same reporting system as energy, water and waste data. Incidents reported are hazard and risk observations, near misses and injuries, including fatalities, lost-time injuries, restricted work injuries, medical treatment injuries and minor injuries.

Definitions of injuries

Fatality. An injury that results in the death of a worker. Deaths occurring after the incident are included if they are a direct result of the incident. These incidents are accounted for with a lost time of 1,000 days.

Lost Time Injury (LTI). An injury that results in one or more days lost from work at some time (not necessarily immediately) after the shift in which the injury occurred.

Restricted Work Injury (RWI). An injury where the worker does not have any full days lost but is unable to perform full normal duties.

Medical Treatment Injury (MTI). Injuries that require more than basic first aid and the attention of a healthcare professional but does not result in time off from work.

Minor Injury (MI). An injury where the worker can immediately return to their full normal duties after receiving first aid treatment.

Total Recordable Injury (TRI). Includes all kinds of injuries except minor injuries.

Lost Time Injury Frequency Rate (LTIFR). Represents all Lost Time Injuries reported per million working hours.

Working time is calculated based on a global average of hours. Alfa Laval uses 1,850 hours per year and multiplies that by the number of full-time employees.

S1-16 Remuneration metrics

Gender pay gap

The gender pay gap is calculated using employee total compensation (in SEK), which includes base salary and any benefits in cash. The data covers employees included in the human resources information system, which is approximately 85 percent of Alfa Laval employees globally.

The pay gap is expressed as the difference in average total compensation between male and female employees as a percentage of the average total compensation of male employees. A positive percentage means men on average are paid more than women and vice versa.

Remuneration ratio

The ratio is calculated as annual total remuneration of the highest paid individual (CEO) to the average annual total remuneration for all Swedish employees. This way of calculating the remuneration ratio is aligned with how the corresponding metric is presented in the publicly available Remuneration Report.

The annual total remuneration for employees is extracted from the financial reporting system and calculated as the average of base salaries and cash benefits for all employees in Swedish legal entities excluding Group Management (who are among the highest paid employees besides the CEO).

The disclosed remuneration ratio deviates from the requirements in ESRS S1-16, as employee remuneration is calculated as an average (mean) rather than a median measure, and presently only includes employees in Sweden (about 3,300 people).

S2 Workers in the value chain

Suppliers are selected for Business Principles audits based on an assessment of country risk, product and process risk, and governance risk. The assessment of country risks is typically based on external sources such as Transparency International and Verisk Maplecroft. Certain manufacturing processes and industries, such as chemicals, forging and foundries have been identified by Alfa Laval as having a higher risk of environmental, health and safety and labour rights impacts. Governance risks are assessed based on screenings of documented sustainability policies and governance provided by suppliers.

A supplier audit almost always results in one or more deviations in relation to the audit checklist based on the Business Principles. Deviations are classified as low, medium or high risk and the audit is concluded with a risk scoring of the supplier based on the number and risk level of the observed deviations. Data on the performance of audits and noted deviations are compiled from the Alfa Laval supplier audit app which is used by auditors to plan and execute Business Principles audits.

G1 Business conduct

Business conduct target

The target is to ensure that at least 90 percent of employees are trained on the revised Business Principles every second year, as measured primarily by completion of the e-learning on the Alfa Laval learning platform over a two-year period. The base year for this target will be 2026 and a baseline value will be available in the next reporting period.

G1-4 Incidents of corruption and bribery

Bribery and corruption incidents are typically reported through the established procedures for raising concerns as disclosed in section Procedures for identifying, reporting and investigating concerns, which is through the management chain, contacting Group Legal or Group Risk & Compliance or via the whistleblowing service Speak Up!.

Any convictions and fines for violation of anti-corruption and anti-bribery laws are captured through the quarterly reporting of legal actions, claims and fines to Group Legal via the network of legal personnel stationed in each region and major country where Alfa Laval does business.

Tables in accordance with ESRS 2

Table 1. List of disclosure requirements complied with and datapoints that derive from other EU legislation

The table lists the ESRS disclosure requirements that are complied with in the Sustainability Statement and datapoints that derive from other EU legislation (as listed in ESRS 2 Appendix B). Unless noted as “Not material”, the legislative datapoints may be found in the indicated section of the Sustainability Statement. This table is intended to address disclosure requirement ESRS 2 IRO-2 §56.

Disclosure Requirement		Section in Sustainability Statement	ESRS datapoint from other legislation	Applicable EU legislation	Material datapoint
ESRS 2 General Disclosures					
BP-1	General basis for preparation of sustainability statements	General Information: General basis for preparation	–		
BP-2	Disclosures in relation to specific circumstances	General Information: Specific circumstances	–		
GOV-1	The role of the administrative, management and supervisory bodies	General Information: Role and responsibilities of governance bodies	Board’s gender diversity §21 (d), percentage of independent board members §21 (e)	SFDR Benchmark regulation	
GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	General Information: Information sharing and performance monitoring	–		
GOV-3	Integration of sustainability-related performance in incentive schemes	General Information: Information sharing and performance monitoring			
GOV-4	Statement on due diligence	General Information: Sustainability due diligence Notes and tables: Table 2	Statement on due diligence §30	SFDR	
GOV-5	Risk management and internal controls over sustainability reporting	General Information: Risk management and internal controls	–		
SBM-1	Strategy, business model and value chain	General Information: Pioneering Positive Impacts, Living up to commitments	Involvement in activities related to fossil fuel activities, chemical production, controversial weapons, tobacco §40 (d) i-iv	SFDR Pillar 3 Benchmark Regulation	Not material
SBM-2	Interests and views of stakeholders	General Information: Interests and views of stakeholders	–		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General Information: Pioneering Positive Impacts, Living up to commitments, Double materiality assessment Impacts, risks and opportunities (in each topical standard subchapter)	–		
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment	–		
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	General Information: ESRS disclosure requirements Notes and tables: Table 1 (this table)	–		
E1 Climate Change					
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	General Information: Information sharing and performance monitoring	–		
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General Information: Pioneering Positive Impacts, Living up to commitments, Double materiality assessment Environment: E1 Climate Change – Impacts, risks and opportunities	–		
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment Environment: E1 Climate Change – Impacts, risks and opportunities	–		
E1-1	Transition plan for climate change mitigation	Environment: E1 Climate Change – Climate transition action plan	Transition plan to reach climate neutrality by 2050 §14 Undertakings excluded from Paris-aligned Benchmarks §16 (g)	EU Climate Law Pillar 3 Benchmark Regulation	

Sustainability Statement – Notes and Tables

E1-2	Policies related to climate change mitigation and adaptation	Environment: E1 Climate Change – Policies	–		
E1-3	Actions and resources in relation to climate change policies	Environment: E1 Climate Change – Actions	–		
E1-4	Targets related to climate change mitigation and adaptation	Environment: E1 Climate Change – Targets	GHG emission reduction targets §34	SFDR Pillar 3 Benchmark Regulation	
E1-5	Energy consumption and mix	Environment: E1 Climate Change – Metrics – Energy consumption and mix	Energy consumption and mix §37; Energy consumption from fossil sources §38; Energy intensity §40-43	SFDR	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Environment: E1 Climate Change – Metrics – Gross Scopes 1, 2, 3 and Total GHG emissions	Gross Scope 1, 2, 3 and Total GHG emissions §44; Gross GHG emissions intensity §53-55	SFDR Pillar 3 Benchmark Regulation	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	–	GHG removals and carbon credits §56	EU Climate Law	Not material
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	–	Exposure of the benchmark portfolio to climate-related physical risks §66; Disaggregation of monetary amounts by acute and chronic physical risk §66 (a); Location of significant assets at material physical risk §66 (c); Breakdown of the carrying value of its real estate assets by energy-efficiency classes §67 (c); Degree of exposure of the portfolio to climate-related opportunities §69	Pillar 3 Benchmark Regulation	Not material*
E2 Pollution					
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment	–		
E2-4	Pollution of air, water and soil	–	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil, §28	SFDR	Not material
E3 Water and Marine Resources					
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment	–		
E3-1	Policies related to water and marine resources	Environment: E3 Water and Marine Resources – Policies	Dedicated policy for water resources, sustainable oceans §9, §13, §14	SFDR	
E3-2	Actions and resources related to water and marine resources	Environment: E3 Water and Marine Resources – Actions	–		
E3-3	Targets related to water and marine resources	Environment: E3 Water and Marine Resources – Targets	–		
E3-4	Water consumption	Environment: E3 Water and Marine Resources – Metrics	Total water recycled and reused §28 (c); Total water consumption in m ³ per net revenue on own operations §29	SFDR	
E4 Biodiversity and Ecosystems					
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment	Description of the processes to identify and assess material impacts, risks and opportunities §16 (a)-(c)	SFDR	
E4-2	Policies related to biodiversity and ecosystems	–	Policies/practices relating to sustainable land, sustainable oceans, deforestation §24 (b)-(d)	SFDR	Not material
E5 Resource Use and Circular Economy					
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment	–		
E5-1	Policies related to resource use and circular economy	Environment: E5 Resource Use and Circular Economy – Policies	–		
E5-2	Actions and resources related to resource use and circular economy	Environment: E5 Resource Use and Circular Economy – Actions	–		
E5-3	Targets related to resource use and circular economy	Environment: E5 Resource Use and Circular Economy – Targets	–		
E5-4	Resource inflows	Environment: E5 Resource Use and Circular Economy – Metrics – Resource inflows	–		
E5-5	Resource outflows	Environment: E5 Resource Use and Circular Economy – Metrics – Resource outflows	Non-recycled waste §37 (d); Hazardous waste and radioactive waste §39	SFDR	

S1 Own Workforce						
ESRS 2 SBM-2	Interests and views of stakeholders	General Information: Interests and views of stakeholders	-			
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General Information: Living up to commitments, Double materiality assessment Social: S1 Own Workforce – Impacts, risks and opportunities	Risk of incidents of forced labour §14 (f); Risk of incidents of child labour §14 (g)	SFDR		
S1-1	Policies related to own workforce	Social: S1 Own Workforce – Policies	Human rights policy commitments §20; Due diligence policies on issues addressed by the fundamental ILO Conventions 1 to 8, §21; Processes and measures for preventing trafficking in human beings §22; Workplace accident prevention policy or management system §23	SFDR Benchmark Regulation		
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Social: S1 Own Workforce – Processes for engaging with workforce	-			
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Social: S1 Own Workforce – Processes for engaging with workforce	Grievance/complaints handling mechanisms §32 (c)	SFDR		
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Social: S1 Own Workforce – Actions	-			
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social: S1 Own Workforce – Targets	-			
S1-6	Characteristics of the undertaking's employees	Social: S1 Own Workforce – Metrics – Alfa Laval employees	-			
S1-9	Diversity metrics	Social: S1 Own Workforce – Metrics – Inclusion and diversity	-			
S1-13	Training and skills development metrics	Social: S1 Own Workforce – Metrics – Training and skills development	-			
S1-14	Health and safety metrics	Social: S1 Own Workforce – Metrics – Health and safety	Number of fatalities and number and rate of work-related accidents §88 (b)-(c); Number of days lost to injuries, accidents, fatalities or illness §88 (e)	SFDR Benchmark Regulation		
S1-16	Remuneration metrics (pay gap and total compensation)	Social: S1 Own Workforce – Metrics – Remuneration	Unadjusted gender pay gap §97 (a); Excessive CEO pay ratio §97 (b)	SFDR Benchmark Regulation		
S1-17	Incidents, complaints and severe human rights impacts	-	Incidents of discrimination §103 (a); Non-respect of UNGPs on Business and Human Rights and OECD §104 (a)	SFDR Benchmark Regulation		Not material
S2 Workers in the Value Chain						
ESRS 2 MDR-P	Policies adopted to manage material sustainability matters	Social: S2 Workers in the Value Chain – Policies	-			
ESRS 2 MDR-A	Actions and resources in relation to material sustainability matters	Social: S2 Workers in the Value Chain – Actions	-			
ESRS 2 MDR-T	Tracking effectiveness of policies and actions through targets	Social: S2 Workers in the Value Chain – Targets	-			
ESRS 2 MDR-M	Metrics in relation to material sustainability matters	Social: S2 Workers in the Value Chain – Metrics	-			
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	-	Significant risk of child labour or forced labour in the value chain §11 (b)	SFDR		Not material*
S2-1	Policies related to value chain workers	-	Human rights policy commitments, policies related to value chain workers §17-18; Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines §19; Due diligence policies on issues addressed by the fundamental ILO Conventions 1 to 8, §19	SFDR Benchmark Regulation		Not material*
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	-	Human rights issues and incidents connected to its upstream and downstream value chain §36	SFDR		Not material*

S3 Affected Communities					
S3-1	Policies related to affected communities	–	Human rights policy commitments §16; Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines §17	SFDR Benchmark Regulation	Not material
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	–	Human rights issues and incidents §36	SFDR	Not material
S4 Consumers and End-users					
S4-1	Policies related to consumers and end-users	–	Policies related to consumers and end-users §16; Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines §17	SFDR Benchmark Regulation	Not material
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	–	Human rights issues and incidents §35	SFDR	Not material
G1 Business Conduct					
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	General Information: Role and responsibilities of governance bodies	–		
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General Information: Double materiality assessment	–		
G1-1	Business conduct policies and corporate culture	Governance: G1 Business Conduct – Policies; Procedures for identifying, reporting and investigating concerns	United Nations Convention against Corruption §10 (b); Protection of whistle-blowers §10 (d)	SFDR	
G1-2	Management of relationships with suppliers	Governance: G1 Business Conduct – Management of relationships with suppliers	–		
G1-3	Prevention and detection of corruption and bribery	Governance: G1 Business Conduct – Prevention and detection of corruption and bribery	–		
G1-4	Confirmed incidents of corruption or bribery	Governance: G1 Business Conduct – Metrics	Fines for violation of anti-corruption and anti-bribery laws §24 (a); Standards of anti-corruption and anti-bribery §24 (b)	SFDR Benchmark Regulation	

SFDR – Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation)

Pillar 3 – Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”)

Benchmark Regulation – Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

EU Climate Law – Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”)

* Disclosures not included in current Sustainability Statement due to exercising phase-in option (ESRS 1, Appendix C).

Table 2. References to core elements of due diligence

Core elements of due diligence	Disclosures in the Sustainability Statement
Embedding due diligence in governance, strategy and business model	SBM-3, GOV-2, GOV-3
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2, IRO-1, E1-2, E3-1, E5-1, S1-1, S1-2, G1-1, S2/MDR-P
Identifying and assessing adverse impacts	SBM-3, IRO-1
Taking action to address those adverse impacts	E1-1, E1-3, E3-2, E5-2, S1-4, G1-1, G1-2, G1-3, S2/MDR-A
Tracking effectiveness of these efforts and communicating	E1-4, E1-5, E1-6, E3-3, E3-4, E5-3, E5-4, E5-5, S1-5, S1-6, S1-9, S1-13, S1-14, S1-16, G1-4, S2/MDR-T, S2/MDR-M

Reporting in accordance with EU Taxonomy Regulation

Introduction

The EU Taxonomy is the EU's classification system for environmentally sustainable economic activities and is a key component of the EU Green Deal. Alfa Laval reports taxonomy eligible and taxonomy aligned turnover, CapEx and OpEx in accordance with the Delegated Acts in force. As the regulatory framework continues to evolve, the information presented reflects our current interpretation and may be refined in future years.

Taxonomy assessment

Methodology

In 2025 Alfa Laval performed a reassessment of our Taxonomy mapping. The work was carried out through a structured, cross-functional process involving Group Sustainability, Group Finance, and Business Divisions, resulting in an updated classification of eligible, aligned, and non-eligible activities.

Eligibility was determined by comparing Alfa Laval's global product portfolio with the economic activities listed in the Delegated Acts. Updated regulatory guidance and improved understanding of product applications enabled refinement of activity mapping, by confirming the relevance of previously reviewed activities, while removing or replacing others with those better aligned to Alfa Laval's products and applications.

Alignment was assessed for each eligible activity by evaluating compliance with the EU Taxonomy's technical screening criteria, including the relevant substantial contribution criteria, Do No Significant Harm (DNSH) requirements, and minimum safeguards.

Outcome

Following the assessments Alfa Laval will report below economic activities:

Eligible activities:

- Manufacture of energy-efficiency equipment for buildings (CCM 3.5). Alfa Laval produces heat pumps, HVAC systems, and district heating/cooling equipment, products which improve building energy efficiency, lower energy use, and support climate-mitigation goals.
- Manufacture of other low-carbon technologies (CCM 3.6). Alfa Laval supplies technologies for low-carbon industrial processes, energy storage, renewable fuels, hydrogen, and carbon capture. Its core equipment enables major GHG reductions.
- Water collection, treatment and supply (CCM 5.1). Alfa Laval manufactures technologies and systems for water and wastewater treatment, sludge management, and evaporation processes. They are integral to the construction and operation of water collection, treatment, and supply infrastructure.

Aligned activities:

- Manufacture of renewable energy technologies (CCM 3.1). The company's heat exchangers and thermal systems are essential components enabling renewable heat technologies (solar thermal, geothermal, biogas, hydrogen). Their use improves energy efficiency, reduces demand, and supports system decarbonization.
- Data-driven solutions for GHG reduction (CCM 8.2). Alfa Laval's digital tools provide measurable GHG reductions through fuel-efficiency optimization, voyage planning, and performance monitoring.
- Repair, refurbishment and remanufacturing (CEY 5.1). The company's aftersales services extend product life, reduce material use, and support waste prevention, which is in line with the principles of circular economy.

Do No Significant Harm (DNSH)

Alfa Laval has assessed DNSH requirements for the environmental objectives in line with the EU Taxonomy Delegated Acts. Climate-related physical and transition risks were evaluated for all operational sites using recognized IPCC and IEA scenarios. For further information please see subchapter E1 Climate change.

Water-related risks were assessed in accordance with the Water Framework Directive. The assessment of environmental risks related to water quality and water stress have shown that our activities do not hinder achieving good water status or ecological potential, nor do they deteriorate marine waters in good environmental status. Limited discharges to water and water treatment on many manufacturing sites was seen, typically also regulated via permits, and exceeding thresholds is rare. The climate risk and vulnerability assessment has resulted in an adaptation plan where identified risks are addressed. For further information please see subchapter E3 Water and marine resources.

Pollution-related risks are managed through the Environmental Policy, associated governing documents, as well as our Group Framework on Chemical Control, and an important tool is the company's Restricted Substance List. While certain hazardous substances remain necessary for technical performance, their use is limited, controlled, and consistent with DNSH criteria. Potential biodiversity impacts are assessed in line with EU directives. The DMA concluded that pollution and biodiversity were seen as non-material, for more information see subchapter Double Materiality Assessment.

Measures that support circularity, such as designing for durability, enabling reuse and refurbishment, and enhancing recyclability, are integrated into Alfa Laval's operations. These principles are supported by the Group's circular design guidelines and reinforced through the Environmental Policy, as well as dedicated Group Framework on Circularity. For further information please see subchapter E5 Resource use and circular economy.

Minimum safeguards

Minimum Safeguards are assessed at Group level. Alfa Laval adheres to the UN Guiding Principles, OECD Guidelines, ILO Core Conventions, and the International Bill of Human Rights. Policies on human rights, anti-corruption, and responsible business conduct are supported by due diligence processes and supplier requirements. For further information please see subchapters in the Social and Governance chapters.

Taxonomy key performance indicators

Methodology

In calculating the proportion of eligible and aligned turnover, the company's ALSIS (Alfa Laval Sales Information Structure) has been used, which is a standardized coding system for classifying sales transactions. For each eligible and aligned activity, relevant product codes were identified and mapped to the corresponding taxonomy activity. These codes were then applied by business controllers to extract revenue data from internal financial systems, ensuring traceability and consistency in the classification of turnover (for Group turnover see Note 2 in Financial Statement).

Sustainability Statement – Notes and Tables

In 2025, Alfa Laval reassessed its turnover-based economic activities under the EU Taxonomy. The resulting share of taxonomy relevant turnover was used as an allocation key to estimate the corresponding portions of OpEx and CapEx. The key reflects each activity's relative revenue contribution and proportionally distributes the associated financial metrics. This simplified approach aligns financial indicators with operational drivers and meets the simplified reporting expectations applicable for the 2025 reporting cycle. This approach provided a consistent methodology for 2025 while Alfa Laval will continue to develop more granular, activity-level assessments for future reporting cycles.

Operational expenses cover direct costs for training, adaptation, R&D, building upgrades, short-term leases, maintenance, repairs, and other daily upkeep of Alfa Laval's tangible fixed assets. Most of these costs relate to R&D, which remains a priority for advancing the company's

sustainability agenda and is also where costs have increased compared with last year.

Capital expenses (investments) include all purchased and leased capital assets (see Note 2 in Financial Statement). Taxonomy eligible investments and operational spending relate to assets, processes, or outputs connected to taxonomy eligible activities, as well as measures that lower carbon emissions or reduce greenhouse gases, provided they become operational within 18 months. Current investments mainly focus on expanding capacity for products that help customers reduce energy use and emissions, while also lowering Alfa Laval's own energy consumption and carbon footprint.

Alfa Laval will continue strengthening processes, data systems and documentation to support CSRD compliance and enhance transparency regarding the company's contribution to the green transition.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025

Financial year	2025														
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year (2024)	Proportion of Taxonomy aligned activities in previous financial year (2024)
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
	mSEK	%	mSEK	%	%	%	%	%	%	%	%	%	%	mSEK	%
Turnover	69 674	46.4%	13,894	19.9%	4.1%				15.8%			28.5%	0.0%	-	-
CapEx	4 189	46.4%	835	19.9%	4.1%				15.8%			28.5%	0.0%	-	-
OpEx	2 021	46.4%	403	19.9%	4.1%				15.8%			28.5%	0.0%	-	-

Reported KPI	Turnover												
Financial year	2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (Monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Environmental objective of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
		%	mSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacturing of renewable energy technologies	CCM 3.1	3.5%	2,473	3.5%	3.5%						E		100%
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	6.6%									E		0%
Manufacturing of other low carbon technologies	CCM 3.6	17.8%									E		0%
Construction, extension, operation of water collection, treatment and supply systems	CCM 5.1	2.0%											0%
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.6%	396	0.6%	0.6%						E		100%
Repair, refurbishment and re-manufacturing	CEY 5.1	15.8%	11,025	15.8%					15.8%				100%
Sum of alignment per objective					4.1%				15.8%				
Total KPI (Turnover)		46.4%	13,894	19.9%	4.1%				15.8%		28.5%		43.0%

Reported KPI		CapEx				Environmental objective of Taxonomy aligned activities									
Financial year		2025													
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx)	Taxonomy aligned KPI (Monetary value of CapEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible		
		%	mSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%		
Manufacturing of renewable energy technologies	CCM 3.1	3.5%	149	3.5%	3.5%						E		100%		
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	6.6%									E		0%		
Manufacturing of other low carbon technologies	CCM 3.6	17.8%									E		0%		
Construction, extension, operation of water collection, treatment and supply systems	CCM 5.1	2.0%											0%		
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.6%	24	0.6%	0.6%						E		100%		
Repair, refurbishment and re-manufacturing	CEY 5.1	15.8%	663	15.8%				15.8%					100%		
Sum of alignment per objective					4.1%			15.8%							
Total KPI (CapEx)		46.4%	835	19.9%	4.1%			15.8%			28.5%		43.0%		

Reported KPI		OpEx				Environmental objective of Taxonomy aligned activities								
Financial year		2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx)	Taxonomy aligned KPI (Monetary value of OpEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible	
		%	mSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%	
Manufacturing of renewable energy technologies	CCM 3.1	3.5%	72	3.5%	3.5%						E		100%	
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	6.6%									E		0%	
Manufacturing of other low carbon technologies	CCM 3.6	17.8%									E		0%	
Construction, extension, operation of water collection, treatment and supply systems	CCM 5.1	2.0%											0%	
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.6%	11	0.6%	0.6%						E		100%	
Repair, refurbishment and re-manufacturing	CEY 5.1	15.8%	320	15.8%				15.8%					100%	
Sum of alignment per objective					4.1%			15.8%						
Total KPI (OpEx)		46.4%	403	19.9%	4.1%			15.8%			28.5%		43.0%	

Corporate Governance Report 2025

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Corporate Governance Report 2025

Responsible, sustainable and effective

Corporate Governance at Alfa Laval

Corporate governance defines the decision-making processes at Alfa Laval and the structures that regulate how the company is governed. Sound corporate governance is fundamental to ensuring that Alfa Laval, from a shareholder perspective, is governed responsibly, sustainably and effectively. Alfa Laval is a Swedish public limited liability company with its shares listed on Nasdaq Stockholm. As such, the framework for Alfa Laval's corporate governance is dictated by external rules outlined in, inter alia, the Swedish Companies Act, the Swedish Annual Accounts Act, the Nordic Main Market Rulebook for Issuers of shares ("Main Market Rulebook") and the Swedish Corporate Governance Code ("the Code"). These external rules are supplemented by internal principles and regulations, for instance procedures for control and risk management and governing documents. At Alfa Laval, such internal governing documents comprise the Articles of Association, the Board and CEO instructions, Alfa Laval's Business Principles and other governing policies.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code, and outlines Alfa Laval's corporate governance for 2025. The report has been reviewed by the company's auditors.

Acting in society and reaching business goals

In today's society, the impact of human activity on our planet is a matter of constant focus. As legislation grows increasingly stringent, a sustainability paradigm is becoming more deeply

embedded in society. This shift is prompting Alfa Laval, along with many other companies, to voluntarily undertake initiatives aimed at driving improvements. At Alfa Laval, such initiatives are, inter alia, reflected in the Sustainability Strategy and in the Group's Business Principles.

Alfa Laval's Business Principles guide the Group's work and describe how Alfa Laval, its employees and business partners acting on behalf of Alfa Laval, must act in the workplace, in the industry and in the society whilst achieving the business goals, in other words, ethically and sustainably. All employees at Alfa Laval are expected to adhere to the Business Principles and Alfa Laval encourages all employees to report any matters that conflict with these principles. A distinct Code of Conduct is also included in Alfa Laval's Business Principles.

During 2025, the Business Principles have been updated to, inter alia, incorporate the concepts of the 2024 EU AI Act. Alfa Laval regularly reviews and updates its governing documents to ensure that they are relevant and consistent with applicable laws and developments in, for example, the Business Principles. In recent years, the following internal documents have, among others, been reviewed and revised: the Insider Policy, the Environmental Policy, the Treasury Policy, the Credit Policy, the Group People Policy, the Health and Safety Policy, the Human Right Policy, the Group Information Security Policy, the Internal Control Framework Policy and the Whistleblower Protection and Anti-Retaliation Policy.

Alfa Laval as a company

Alfa Laval AB

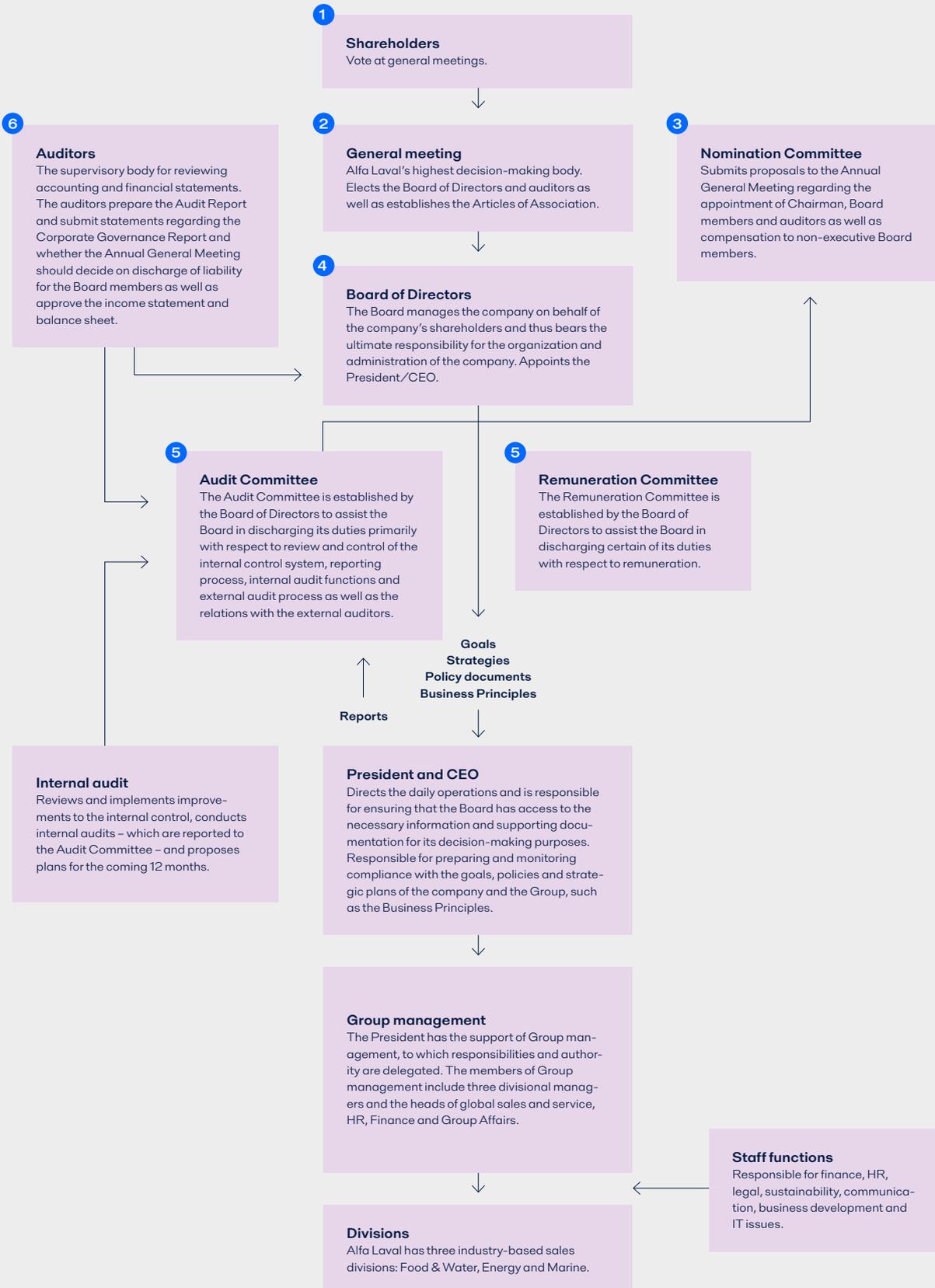
The company's business name is Alfa Laval AB (publ). The company is listed on Nasdaq Stockholm, and the Board of Director's registered office is Lund, Sweden. The object of the company's operations is to, directly or through subsidiaries and joint venture companies in and outside Sweden, develop, manufacture and sell equipment and installations, primarily in the areas of separation, heat transfer and fluid handling, and to administer fixed and movable property, and other related operations. Alfa Laval's fiscal year runs from January 1 to December 31.

The company's share capital shall amount to no less than SEK 745,000,000 and no more than SEK 2,980,000,000. The number of shares shall be no less than

298,000,000 and no more than 1,192,000,000. The Articles of Association do not include any limitations regarding the number of votes a shareholder can cast at a general meeting. Nor do they contain any specific rules regarding the appointment and dismissal of Board members or changes to the Articles of Association. The Articles of Association include a right for the Board of Directors to collect proxies in accordance with Chapter 7, Section 4 of the Swedish Companies Act and to decide that shareholders may vote in advance of a general meeting.

Alfa Laval's currently prevailing Articles of Association were adopted at the Annual General Meeting, held on 27 April 2021. The Articles of Association are available on www.alfalaval.com/investors/corporate-governance/

Corporate governance structure



1 Share and ownership structure

According to the Euroclear Sweden AB share register, Alfa Laval had 413,326,315 shares as at 31 December 2025, distributed among 64,660 shareholders. Alfa Laval has only one class of shares, and each share represents one vote. The single biggest shareholder – and the only owner with a holding in excess of 10 percent – was Winder Holding AG, which owned 29.53 percent of Alfa Laval shares at the end of the year. The

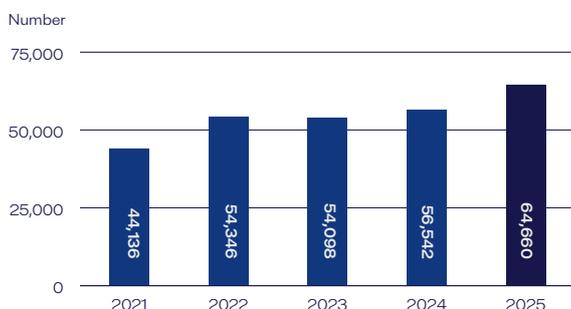
second biggest owner was State Street Bank and Trust Company with 7.11 percent, followed by BNY Mellon with a 4.42 percent holding. Swedish private ownership amounted to 5.51 percent, while other ownership made up 94.49 percent of total ownership of Alfa Laval shares. See the share section on pages 148–149 for more information on Alfa Laval's share, its performance and ownership structure.

Ownership categories at December 31, 2025

	No. of shares	Holding, %
Financial companies	96,122,517	23.26%
Other financial companies	780,171	0.19%
Social insurance funds	11,434,185	2.77%
Government	1,369,468	0.33%
Municipal sector	77,300	0.02%
Trade organizations	4,561,888	1.10%
Other Swedish legal entities	8,905,152	2.15%
Uncategorized legal entities	96,173	0.02%
Shareholders domiciled abroad (legal entities and individuals)	267,215,685	64.65%
Swedish individuals	22,763,776	5.51%
Total	413,326,315	100.00%

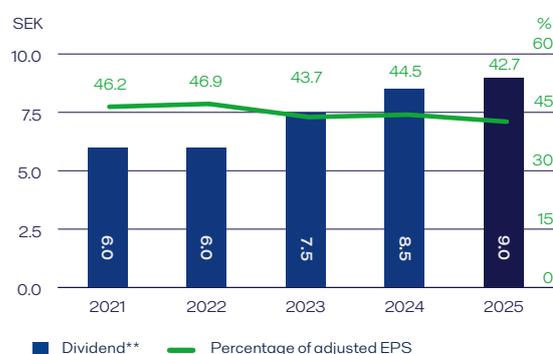
Source: Euroclear

Total number of shareholders



Source: Euroclear

Dividend and percentage of adjusted EPS*



*Adjusted for step up amortization net of taxes.
**Board motion to the Annual General Meeting.

Source: Alfa Laval

Ten largest shareholders at December 31, 2025*

	No. of shares	Capital/voting rights,%	Change in holding in 2025, percentage points
Winder Holding AG	122,037,736	29.53	0.00
State Street Bank and Trust Company	29,388,801	7.11	-0.25
BNY Mellon	18,286,266	4.42	-2.00
Northern Trust Company	14,144,558	3.42	-0.38
AMF Tjänstepension	13,845,587	3.35	1.78
JP Morgan Chase	12,826,568	3.10	-0.31
Swedbank Robur Fonder	11,937,721	2.89	1.92
Alecta Tjänstepension	10,394,389	2.51	-2.44
SEB Investment Management	9,778,511	2.37	2.37
Carnegie Fonder	7,292,900	1.76	0.86
Total ten largest shareholders	249,933,037	60.47	-0.25

* The table is adjusted for nominee-registered shares.



2 General Meetings

At the general meeting, shareholders exercise their voting rights. The general meeting is Alfa Laval's highest decision-making body. Shareholders, that are listed in the Shareholder register and who have notified the company of their participation, have the right to participate in the general meeting and vote according to their shares. Shareholders are further entitled to be represented by a proxy. Regardless of the size of their holding, each shareholder has the right to have an item brought up at a general meeting.

At the general meeting, the Board of Directors and auditors are elected, and the Chairman of the Board is appointed. Other matters that are decided by the general meeting are, inter alia, compensation to the Board of Directors, discharge of the Board members and the President from liability, distribution of the company's profit as well as adoption of the income statement and the balance sheet. Changes to the Articles of Association or the Nomination Committee instructions are also decisions that are resolved by the general meeting. Most of the proposals addressed at a general meeting are decided by a simple majority. However, qualified majority is required for certain types of resolutions, such as changes to the Articles of Association or repurchase of shares.

Alfa Laval's ordinary general meeting (the Annual General Meeting) is held annually within six months from the end of the fiscal year. Typically, the Annual General Meeting is held in Lund towards the end of April. The date and location of the Annual General Meeting are announced at the latest in conjunction with the publication of the third quarter interim report.

Notice of the Annual General Meeting is published as an announcement in the Swedish Official Gazette and on the company's website not more than six and not less than four weeks prior to the Annual General Meeting.

The 2025 Annual General Meeting

The 2025 Annual General Meeting of Alfa Laval AB was held on 29 April 2025, at Lund City Hall (Stadshallen) in Lund, Sweden. Shareholders participated at the Annual General Meeting either by advance voting or at the venue in person or through proxy. The notice of the Meeting was issued on 25 March 2025.

A total of 286,621,752 votes and shares were registered at the Meeting. Chairman of the Board, Dennis Jönsson, was appointed as Chairman of the general meeting. The Meeting adopted the agenda proposed in the convening notice and decided, in accordance with the proposals from the Nomination Committee and the Board of Directors, on the resolutions below.

A presentation was held by the President and CEO of Alfa Laval during the Meeting. The minutes, the notice and the presentation from the Meeting as well as all other information related to the Annual General Meeting are available on the website, www.alfalaval.com/investors/corporate-governance/.

Resolutions passed by the 2025 Annual General Meeting

- The Meeting adopted the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet, as presented in the 2024 Annual Report.



- The Meeting resolved on a dividend of SEK 8.50 per share, with 2 May 2025, as record date.
- The Meeting resolved to discharge all individuals, who held positions in Alfa Laval AB as Board members, deputy members or President during 2024, from liability in respect of their management of the company's business for the 2024 fiscal year.
- The Meeting approved the Remuneration Report prepared by the Board of Directors.
- The Meeting resolved that the number of Board members elected by the Meeting was to be ten, with no deputy members. The Meeting also resolved that the number of auditors was to be two with two deputy auditors.
- The Meeting resolved on compensation to non-executive Board members in an amount of SEK 8,760,000 with an additional compensation to the Chairman and other members of the Audit Committee and the Remuneration Committee.
- The Meeting resolved, for the time up to the end of the 2026 Annual General Meeting, to re-elect Anna Müller, Dennis Jönsson, Finn Rausing, Henrik Lange, Jörn Rausing, Lilian Fossum Biner, Nadine Crauwels, Ray Mauritsson and Ulf Wiinberg as well as to elect Annica Bresky as new member of the Board of Directors. The Meeting further resolved to reappoint Dennis Jönsson as Chairman of the Board.
- The Meeting resolved, for the time up to the end of the Annual General Meeting 2026, to re-elect the Authorized Public Accountants Andreas Troberg and Hanna Fehland as the company's auditors. Further the Meeting resolved to re-elect the Authorized Public Accountants Henrik Jonzén and Andreas Mast to be deputy auditors for the company.

The 2025 Annual General Meeting pertained to the 2024 fiscal year.

2026

The 2026 Annual General Meeting

The 2026 Annual General Meeting of Alfa Laval AB (publ) will be held at 4:00 p.m. on Wednesday, 22 April 2026, at Lund City Hall (Stadshallen) in Lund. The notice of the Annual General Meeting will be published between 11 March and 25 March 2026, in the Swedish Official Gazette and on the company's website. Following publication, an announcement will be made in Dagens Nyheter stating that the notice has been issued. Supporting documentation will be published on Alfa Laval's website well in advance of the Annual General Meeting. Copies of the documents will be sent to those shareholders who request them and provide information about their postal address.

3 Nominating Committee

Work of the Nomination Committee

The Nomination Committee prepares and submits proposals to the Annual General Meeting regarding candidates for the positions as Chairman and other members of the Board, the company’s auditors and the Chairman of the general meeting. The Nomination Committee’s assignment also includes preparation of proposals to the Annual General Meeting regarding compensation to non-executive Board members and additional compensation to committee members. Rules for the Nomination Committee’s work and composition are provided in the Code and in specific instructions adopted by the Annual General Meeting 2018. The adopted instructions apply until further notice and stipulate, inter alia, that the Nomination Committee shall include the Chairman of Alfa Laval AB together with at least five members appointed by the largest shareholders of Alfa Laval AB as of 31 August.

Every year, the composition of the Nomination Committee is announced in a press release, in the third-quarter interim report and on Alfa Laval’s website. In conjunction with this, information on how shareholders can propose candidates for the Board, is also provided.

Assessing strengths and future needs

Each year, the Nomination Committee receives the result of the annual Board evaluation. The evaluation is prepared by the Chairman of the Board and is used as a foundation for the

Committee’s work. The Nomination Committee may also conduct interviews with individual Board members for further insight into the Board’s work. The present of Alfa Laval AB’s Chairman in the Nomination Committee further enhances the Committee’s work by ensuring that the Committee remains well-informed on the company’s strategy and future challenges. When preparing its proposal to the Annual General Meeting, the Nomination Committee particularly must consider the Board’s breadth and versatility, as well as the requirement to strive for an even gender balance. The Nomination Committee may, when deemed appropriate, call upon the assistance of external resources in its search for suitable candidates. For more information on the annual Board evaluation, please see Board Evaluation and Board Education below.

Work of the Nomination Committee ahead of the 2025 Annual General Meeting

In respect of the Annual General Meeting 2025, the Nomination Committee consisted of Alfa Laval AB’s Chairman Dennis Jönsson, and five members appointed by the five largest shareholders in Alfa Laval as of 31 August 2024. The members are presented below.

The work of the Nomination Committee began with a statutory meeting where Jörn Rausing was elected Chairman and Emma Adlerton, EVP Group Affairs and Secretary to the Board of Alfa

Nominating Committee ahead of the 2025 Annual General Meeting

Name	Representing	Shareholding in Alfa Laval, %*
Jörn Rausing	Winder Holding	29.53
Daniel Kristiansson	Alecta Pensionsförsäkring	5.34
Lennart Francke	Swedbank Robur Funds	3.37
Anders Oscarsson	AMF Insurance and Funds	2.46
Javiera Ragnartz	SEB Asset Management	1.77

*As of 31 August 2024.



Laval AB, was appointed Secretary. Due to Jörn Rausing's position as Board member of Alfa Laval AB, his role as Chairman is a deviation from the Code. The Nomination Committee considered this in its decision and deemed Jörn Rausing to be particularly well suited to lead the work of the Committee and obtain the best possible results for the company's owners.

Ahead of the Annual General Meeting 2025, the Nomination Committee held four formal meetings, which were digital, and had contact via e-mail. The following items were addressed at the meetings:

- Composition of the Board of Directors and the need for new members.
- The requirements in the Code and the ambition communicated by the Swedish Corporate Governance Board regarding gender balance within Boards of listed companies.
- The latest digital Board evaluation conducted by the Chairman and the other members of the Board.
- An orientation on Alfa Laval's operations presented by the President and CEO together with his view on the company's strategy and challenges.
- Compensation to the Board members, including additional compensation to members of the Audit Committee and the Remuneration Committee.

The Nomination Committee, except Jörn Rausing and Dennis Jönsson, also carried out interviews with the Board members that are not members of the Nomination Committee.

After an overall assessment, the Nomination Committee decided to propose to the Annual General Meeting, re-election of the current Board members as well as election of Annica Bresky as new member of the Board. The Nomination Committee's proposal meant a Board comprising of ten members elected by the general meeting up until the end of the Annual General Meeting 2026. In the preparation of the proposal, the Nomination Committee applied Rule 4.1 of the Code as its diversity policy. In recent years, the Nomination Committee has, in accordance with the ambitions communicated by the Code and the Swedish Corporate Governance Board, strived for an even gender balance within the Board. Following the Nomination Committee's proposal, the Board of Directors consists of four women and six men, which corresponds to a gender balance of 40 percent women and 60 percent men. Thus, the Board composition and the gender balance are consistent with the ambitions communicated by the Swedish Corporate Governance Board. The Nomination Committee noted in its reasoned statement that it, going forward, will continue to focus on the matter in its work and that the Committee aims to maintain the even gender balance in the future. Further information is available in the Nomination Committee's reasoned statement prepared ahead of the 2025 Annual General Meeting.

Election of auditors

Ahead of the 2025 Annual General Meeting, the Audit Committee provided the Nomination Committee with an update on the Audit Committee's work during the past year. The update included information on the Committee's work with the auditors. Based on the Audit Committee's recommendation, the Nomination Committee decided to propose to the Annual General Meeting 2025, re-election of Andreas Troberg and Hanna Fehland as the company's auditors for the coming year.

Composition and work of the Nomination Committee ahead of the 2026 Annual General Meeting

Ahead of the 2026 Annual General Meeting, the Nomination Committee includes Finn Rausing (Winder Holding), Daniel Kristiansson (Alecta Tjänstepension Ömsesidigt), Lennart Francke (Swedbank Robur Funds), Anders Oscarsson (AMF Insurance and Funds), Javiera Ragnartz (SEB Asset Management) and Dennis Jönsson (Chairman of the Board of Alfa Laval AB). Finn Rausing was elected Chairman and Emma Adlerton, EVP Group Affairs and Secretary to the Board of Alfa Laval AB, was appointed Secretary. Due to Finn Rausing's position as Board member of Alfa Laval AB, his role as Chairman of the Nomination Committee is a deviation from the Code. The Nomination Committee considered this in its decision and deemed Finn Rausing to be particularly well suited to lead the work of the Committee and obtain the best possible results for the company's owners.

The composition of the Nomination Committee was published in a press release on 2 October 2025, and included in Alfa Laval's third-quarter interim report published on 28 October 2025. The total holding of the shareholders appointing the Nomination Committee represented 39.81 percent of the number of shares in the company on 31 August 2025. Information on how to submit proposals to the Nomination Committee for Board candidates was published at the same time as the composition of the Nomination Committee.

2026



4 Board of Directors

The Board of Alfa Laval manages the company on behalf of the shareholders and bears the ultimate responsibility for the organization and administration of the company. The work and responsibilities of the Board are governed by the Swedish Companies Act, the Swedish Board Representation (Private Sector Employees) Act, Alfa Laval's Articles of Association, the Main Market Rulebook and the Code. The Board is also responsible for establishing Board and CEO instructions in writing. The Board and CEO instructions describe the Board's work assignments, the committees to be established within the Board, the role of the Chairman and the allocation of work between the Board, the committees, and the President. To enable the ongoing assessment of the company's financial position, the Board instructions include separate instructions regarding the financial reporting to be submitted to the Board.

Alfa Laval AB's Articles of Association state that the Board of Directors must consist of a minimum of four and a maximum of ten members, with four deputy members at the most. The Board members are elected annually by the Annual General Meeting. Three employee representatives and deputy employee representatives are also appointed to the Board by the trade union organizations.

In order to safeguard the best interests of the company and its owners, the Board members are to devote the necessary time and care, and to ensure that they have the required competence. The Board's work includes establishing and evaluating

Alfa Laval's overall long-term objectives and strategies. This is accomplished by establishing business and financial plans, reviewing and approving financial statements, adopting guidelines, making decisions on issues relating to acquisitions and divestments, as well as deciding on major investments and significant changes to Alfa Laval's organization and operations. The Board of Directors is also responsible for Alfa Laval's corporate governance, Sustainability Report and Business Principles. In addition, the Board appoints, evaluates, and if necessary, dismisses the company's President and CEO and establishes the instructions for the President with respect to the daily operations.

The Board conducts its work primarily within the framework of formal Board meetings. Approximately eight ordinary Board meetings are held each year and extraordinary meetings when needed. The company's President prepares an agenda for each meeting in consultation with the Chairman of the Board. Recurring agenda items at these meetings are health and safety, earnings results, capital structure and cash flow, order trends, investments, sustainability and business development. The EVP Group Affairs serves as Secretary to the Board and participates in all meetings. As does the company's Chief Financial Officer. Employees in the company are invited to Board meetings as presenters and experts. Within some areas, the Board of Directors conducts its work through the Audit Committee and the Remuneration Committee. The work of the committees is presented to the Board by respective Chairman of each Committee.

Compensation of Board members and attendance at Board meetings during 2025

	Name	Present	Compensation*
Appointed by the AGM	Dennis Jönsson ●	8	2,190,000
	Lilian Fossum Biner	8	730,000
	Annica Bresky**	3	730,000
	Nadine Crauwels	8	730,000
	Henrik Lange	8	730,000
	Ray Mauritsson	8	730,000
	Anna Müller	8	730,000
	Finn Rausing	8	730,000
	Jörn Rausing	8	730,000
	Ulf Wiinberg	7	730,000
Employee representatives	Henrik Nielsen	8	-
	Bror García Lantz***	4	-
	Johan Ranhög	8	-
	Anders Jansson****	4	-
	Stefan Sandell (deputy member)	6	-
	Johnny Hulten	1	-
	Total	8	8,760,000

● Chairman *The compensation reported pertains to the period between two AGMs. **Elected at the AGM 2025. ***Resigned after the AGM 2025. ****Elected after the AGM 2025.

Responsibilities of the Chairman

The Chairman directs the work of the Board in a manner that ensures that it complies with prevailing laws and regulations as well as internal instructions. The Chairman is responsible for ensuring that the Board's work is well organized, conducted efficiently, and that the Board fulfils its tasks. The Chairman is further responsible for ensuring that the other Board members continuously receive all information necessary for the work of the Board to be performed in the most effective manner and that the Board's decisions are executed. In dialogue with the company's President, the Chairman monitors operational developments and participates in evaluation and development matters with respect to the Group's senior executives. It is further the Chairman's responsibility to arrange for introductory training for new Board members, to perform the annual evaluation of the Board's work and to represent the company in ownership issues.

Compensation to the Board

Compensation to the Board members is determined by the Annual General Meeting based on a proposal from the Nomination Committee. The Board members that also are members of the Audit Committee and the Remuneration Committee receive additional compensation for their committee work. The Board members are not entitled to pension payments from the company.

Composition of the Board after the 2025 Annual General Meeting

Alfa Laval's Board of Directors, elected by the 2025 Annual General Meeting, consists of ten members, with no deputy members. The assignment lasts until the end of the 2026 Annual General Meeting. The Board also includes three employee representatives with three deputy employee representatives, appointed by the trade-union organizations.

The Board comprises individuals with diverse backgrounds and a wide range of competencies, knowledge and experience. The Chairman and the other members possess extensive operational expertise from industries relevant to Alfa Laval, as well as within Alfa Laval's key strategic development areas. Moreover, the Board members have valuable expertise acquired through previous and current board assignments. The addition of the latest board member broadened the Board's competence further with, inter alia, extensive experience from several senior positions and board assignments in other companies and associations as well as from Audit and Sustainability committees.

All Board members, elected by the Annual General Meeting 2025, are considered independent of the company and its management. All members, except Finn Rausing and Jörn Rausing, are further considered independent of the company's major shareholders. Finn Rausing and Jörn Rausing cannot be considered as independent due to their relationship with the largest shareholder in Alfa Laval AB, Winder Holding AG.

More information about the Board members is available on pages 84–85 and on Alfa Laval's website.

Work of the Board in 2025

The Board held eight Board meetings in 2025, including eight ordinary meetings and none extraordinary. Recurring items at the Board meetings throughout the year included health and safety, sustainability and CSRD, earnings results, capital structure and cash flow, order trends, investments, business development and acquisitions as well as the implications of the prevailing geopolitical environment for the company, inter alia, implementation of trade tariffs.

During the year, the Board monitored the Group's risk management, earnings and financial position, and addressed the Group's strategy and business plan. Investments, including the expansion of the Framo production facilities, and acquisitions, such as the acquisition of the Five Cryogenics business unit and the acquisition of NRG Marine, as well as follow-ups of previous investments were also discussed.

To position Alfa Laval for a more sustainable future, Alfa Laval in 2025 continued to invest in its own climate footprint and in the technologies required to drive the energy transition. As a part of this, the Board maintained a strong focus on Alfa Laval's sustainability strategy, particularly on the ambition to reach net zero scope 1 and 2 emissions by 2027 (see page 18).

Board evaluation and Board education

In order to ensure well-functioning and effective governance, an evaluation of the Board is made each year. The evaluation is conducted by the Chairman of the Board, and may, when deemed appropriate, be supplemented by external resources.

In 2025, the annual evaluation was conducted through customary interviews with the Board members, as well as through the use of a digital platform. The evaluation included various areas relevant to the Board's work, inter alia, the Board's work methods and work climate as well as its access to and need for particular Board competence. The evaluation was presented to the Nomination Committee to form a foundation for the committee's work, both in terms of proposals for Board members and in terms of compensation.

New Board members are introduced to the company and the Board's work through a comprehensive introduction programme within six months of their election. The introduction can further include other training when appropriate and agreed by the new member and the Chairman. In addition, an educational field trip takes place each year for the entire Board. In 2025, the Board of Directors attended a field trip to Alfa Laval's new site in Flemingsberg, Sweden. The purpose of the visit was, among other things, to visit the new innovation centre and lab and to get a deeper understanding of the work conducted at the site after the move from Tumba.

5 Committees within the Board

The Board instructions stipulate the establishment of a Remuneration Committee and an Audit Committee, reporting to the Board. Members of the committees are appointed from within the Board, annually at the statutory meeting.

Audit Committee

The Audit Committee's work and responsibilities

The Audit Committee is established by the Board of Directors to assist the Board in discharging its duties primarily with respect to review and control of the internal control system, reporting process and internal audit functions as well as external audit process and the relations with the external auditors.

A part of the Committee's work is to be responsible for the preparation of the Board of Directors' work to ensure the quality of the company's financial statements and sustainability reporting. The Audit Committee is also to review the company's financial statements and sustainability reports. The Committee shall further review the processes implemented by the company to ensure that the financial statements and sustainability reporting derive from the underlying systems as well as comply with applicable laws, standards and other requirements.

Another responsibility of the Audit Committee is to review the proposed internal audit plan as well as activities, resources and organizational structure of the internal audit function to ensure the effectiveness of the function. Additionally, the Committee is to examine the work, qualifications, and independence of the external auditors and to prepare a proposal to the Nomination Committee for the Annual General Meeting's resolution on election of external auditors. For further information regarding the responsibilities of the Audit Committee, refer to "The Board of Directors' report on internal control" on pages 88–89.

The Audit Committee's composition and work in 2025

The Audit Committee comprised Henrik Lange (Chairman), Dennis Jönsson and Lilian Fossum Biner in 2025 with the head of Group Accounting, Consolidation and Taxes serving as Secretary. Meetings of the Committee were also attended by the company's Chief Financial Officer, the Head of the Internal Audit Function, the Group Treasurer and the company's auditors.

The Audit Committee held six meetings during 2025. During these meetings, recurring agenda points related to the financial reports and the Sustainability Report were addressed, as well



Audit Committee: compensation and attendance

Name	Present	Compensation*
Henrik Lange ●	6	350,000
Lilian Fossum Biner	6	175,000
Dennis Jönsson	6	175,000
Total	6	700,000

● Chairman

Remuneration Committee: compensation and attendance

Name	Present	Compensation*
Dennis Jönsson ●	3	85,000
Jörn Rausing	3	85,000
Ulf Wiinberg	3	85,000
Total	3	255,000

● Chairman

*The compensation reported pertains to the period between two AGMs.

as reporting from the external auditors, planning of external and internal audits, internal control processes, sustainability and CSRD, tax matters, follow-up of non audit services, and the Group's provisions and reserves. In addition, the strategy for capital structure, financial risks and proposals regarding auditors for the Annual General Meeting were also discussed.

Remuneration Committee

The Remuneration Committee's work and responsibilities

The Remuneration Committee is established by the Board of Directors to assist the Board in discharging certain of its duties with respect to remuneration. The Committee prepares and decides on proposals to the Board regarding remuneration and other key employment terms for the President. The Remuneration Committee shall further, with application of the Executive Remuneration Policy established by the Annual General Meeting, resolve on remuneration and other key employment terms for the members of Group Management other than the President.

Another responsibility of the Committee is to monitor and evaluate the application of the Executive Remuneration Policy adopted by the Annual General Meeting and, when deemed necessary, prepare a proposal for the Executive Remuneration Policy to the Annual General Meeting to resolve upon. The Committee is also responsible for submitting proposals to the Board regarding the Remuneration Report, which is to be prepared by the Board of Directors each fiscal year and presented to the Annual General Meeting for approval.

The Remuneration Committee's composition and work in 2025

In 2025, the Remuneration Committee comprised Dennis Jönsson (Chairman), Jörn Rausing and Ulf Wiinberg. Meetings of the Committee were also attended by President Tom Erixon and the EVP Human Resources. Minutes were taken separately or directly in the corresponding Board minutes.

The Remuneration Committee held three meetings in 2025. Recurring items addressed included the objectives of short-term (STI) and long-term (LTI) incentive plans as well as compensation for senior executives. The Remuneration Committee further discussed a proposal to the Board concerning the Remuneration Report for 2024, presented at the 2025 Annual General Meeting. The Remuneration Report outlines how the Executive Remuneration Policy was applied in 2024.

The company's auditors

The auditors' work and responsibilities

In accordance with Alfa Laval AB's Articles of Association, the company must have at least one but not more than two auditors and not more than two deputy auditors. The auditors are appointed annually by the Annual General Meeting. Authorized Public Accountants or a registered auditing firm must be appointed. The auditors serve as an independent supervisory body with the following areas included in their assignment:

- auditing the accounting and financial statements of individual companies in the Group
- evaluating the accounting policies applied
- assessing the administration of the company
- management reviewing the interim report for the third quarter
- evaluating the overall presentation in the Annual Report
- a limited assurance on the Sustainability Report
- reviewing compliance with the principles for remuneration to senior executives

The Audit Report – the results of the auditors' work – is communicated to shareholders in the Annual Report and at the Annual General Meeting. In addition, the auditors present a statement regarding the proposed discharge from liability, included in the agenda of every Annual General Meeting, along with the adoption of the income statement and balance sheet. The auditors also present a statement regarding the Corporate Governance Report and a limited assurance regarding the Sustainability Statement.

Auditors elected at the 2025 Annual General Meeting

At the Annual General Meeting 2025, the Authorized Public Accountants Andreas Troberg and Hanna Fehland were re-elected as the company's auditors. Henrik Jonzén and Andreas Mast were further re-elected as deputy auditors. The company has assessed that none of the elected auditors or their deputies have any relationship with Alfa Laval, or any company related to Alfa Laval, which could affect their independent status. In 2025, the Board of Directors received a presentation from the company's external auditors on one occasion, which took place without the President or anyone in Group management being present. The Audit Committee received separate reports on six occasions.

The company's auditors are remunerated according to approved invoices. Refer to Note 6.

Guidelines for remuneration to senior executives

The executive officers, i.e. the CEO and other members of Group Management reporting to the CEO, fall within the provisions of this policy. The policy must be adopted by the annual general meeting once every four years or when changed. The policy is forward-looking, i.e. applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the policy by the annual general meeting. This policy does not apply to any remuneration decided or approved by the general meeting. The below policy was adopted by the annual general meeting 2023.

A prerequisite for the successful implementation of the company’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel, consequently it is necessary that the company offers market competitive remuneration.

This policy enables the company to offer the executive officers a competitive total remuneration. The remuneration shall be on market terms and may consist of the following components: fixed base salary, variable

cash remuneration (including STI and LTIP), pension benefits and other benefits. The components, their purpose and link to the company’s business strategy are described below.

The decision-making process to determine, review and implement the policy

The Board of Directors has established a Committee within the Board (the Remuneration Committee), with the tasks of preparing, within the Board of Directors, the policy for remuneration for executive officers. The Board of Directors shall propose a revised policy at least every fourth year and submit it to the general meeting. The policy shall be in force until a new policy is adopted by the general meeting.

Unless otherwise stated herein, the Board of Directors shall resolve on matters regarding remuneration and employment provisions for all other executive officers. The Board of Directors may delegate decision-making to the Remuneration Committee. The Committee shall continuously report to the Board of Directors. The CEO and the other executive officers shall not be present when their respective remuneration terms are decided.

Additionally, the general meeting may – irrespective of this policy – resolve on, among other things, share-related or share price-related remuneration.

Fixed Base Salary	
Purpose and link to strategy	Supports the attraction and retention of the best talents. Ensures competitiveness while controlling fixed costs to maximise efficiency.
Operational Details	<ul style="list-style-type: none"> • Normally reviewed annually and increases will usually be effective from 1 January or following a change in responsibilities. • The Remuneration Committee will consider, among other things, the following parameters when reviewing fixed base salary: <ul style="list-style-type: none"> • Economic and salary conditions and trends. • The individual’s performance and responsibilities. • Base salaries and total remuneration at other companies that operate in the same markets, typically benchmarked against similar roles.

Variable Cash Remuneration	
A portion of the total remuneration for the executive officers is linked to business performance so that total remuneration will increase or decrease in line with performance, thus promoting the company’s business strategy and long-term interests.	

Annual Short-Term Incentive (STI)	
Purpose and link to strategy	To incentivise and create focus on the delivery of annual financial and strategic criteria.
Operational Details	<ul style="list-style-type: none"> • The performance criteria, weighting and targets are to be determined annually. Targets shall be set by reference to the company’s operating plan and historical and projected performance. • The outcome of criteria for awarding STI is to be measured over a period of one year and depend on the degree of fulfilment of predetermined targets. • The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to reclaim in whole or in part STI paid on incorrect grounds (so-called claw-back).
Opportunity Levels	The maximum opportunity for STI can amount up to 50 percent of fixed base salary. For the CEO the maximum opportunity can amount up to 60 percent of fixed base salary. The Remuneration Committee shall have the possibility to review the opportunity levels in order to ensure market competitiveness.
Performance Criteria	The STI plan awards shall be based on mainly financial criteria. The criteria shall be designed so as to contribute to the company’s business strategy and long-term interests.

Long-Term Incentive Plan (LTIP)	
Purpose and link to strategy	Give extra focus on the long-term value creation for the shareholders.
Operational Details	<ul style="list-style-type: none"> • An annual grant of the LTIP, with a three-year performance period, can be decided by the Board of Directors each year. • Payment to the participants of the program is made after year three, provided, that they are still employed at the date of payment. • The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to reclaim in whole or in part LTIP paid on incorrect grounds (so-called claw-back). • In the event of a restructuring of the Company or any other extraordinary event which the Remuneration Committee considers will affect the value of an award, the method of calculating the proportion of the maximum value of the award which will be paid to a Participant on vesting may be adjusted in such manner as the Remuneration Committee shall determine to be fair and reasonable.

Opportunity Levels	For executive officers the maximum opportunity for LTIP can amount up to 40 percent of fixed base salary for each three-year performance period. For the CEO the maximum opportunity can amount up to 50 percent of fixed base salary for each three-year performance period.
Performance Criteria	The performance criteria of the LTIP are to be related to financial targets over a business cycle, including but not necessarily limited to, Operating margin (adjusted EBITA margin) and Net invoicing growth. Maximum outcome is awarded when the externally communicated long-term financial targets are clearly exceeded.

For retention or recruitment purposes or extraordinary performance beyond the individual's ordinary tasks the Remuneration Committee based on proposal of CEO, may decide on a specific cash remuneration. Such remuneration may not exceed an annual amount corresponding to 40 percent of fixed annual cash salary and may not be paid more than once each year per individual.

Pension Benefits

Purpose and link to strategy	Provide competitive and cost-effective pension benefits.
Operational Details	<ul style="list-style-type: none"> Pension benefits shall be defined contribution (premium defined) unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall not qualify for pension benefits unless the executive officer is part of mandatory collective agreed provisions where this is stipulated. Early retirement may be offered selectively and only after a special decision by the Remuneration Committee, with a defined contribution early retirement scheme. For executive officers governed by rules other than Swedish, pension benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of this policy.
Opportunity Levels	The pension premiums for defined contribution pension shall amount to not more than 50 percent of the pensionable salary (for the CEO fixed annual base salary).

Other Benefits

Purpose and link to strategy	Provide competitive and cost-effective benefits.
Operational Details	<ul style="list-style-type: none"> Other benefits may include but is not limited to life insurance, disability insurance and medical insurance/cover and a company car or car allowance. For executive officers governed by rules other than Swedish, benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of this policy. Executive officers who are international assignees (for example expatriates) to or from Sweden may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the international assignment arrangement, taking into account, to the extent possible, the overall purpose of this policy.
Opportunity Levels	Other benefits may amount to not more than 5 percent of the fixed annual cash salary and shall be set at a level which the Remuneration Committee considers to: <ul style="list-style-type: none"> provide the relevant level of benefit depending on role and the individual circumstances, be in line with comparable roles in companies with similar size and complexity in the local market, and be appropriate compared to the benefits offered to the wider workforce in the local market.

Termination of employment

Details	<ul style="list-style-type: none"> If notice of termination of employment is made by the company: The notice period may not exceed twelve months. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for two years. When termination is made by the executive officer the period of notice may not to exceed six months without any right to severance pay. Appropriate so-called good leaver/bad leaver principles are to be applied for STI and LTIP. Repatriation – If the executive officer is an international assignee the company may reimburse reasonable cost for the repatriation of good leavers, taking into account, to the extent possible, the overall purpose of this policy. <p>For executive officers governed by rules other than Swedish, payments in connection with termination may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of this policy.</p>
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Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for this remuneration policy, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time. The development of the difference between the remuneration to executive officers and remuneration to other employees will be disclosed in the remuneration report.

Derogation from the policy

The Board of Directors may temporarily resolve to derogate from the policy, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the policy.

Board of Directors and Auditors

Appointed by the Annual General Meeting



Dennis Jönsson
 Chairman since 2020.
Born: 1956
 Formerly President and CEO of Tetra Pak.
Education: BSc. Econ from Stockholm University.
Board member: ICC Sweden
 Independent of the company and major shareholders.
Number of shares in Alfa Laval: 210,000* (210,000**)



Ulf Wiinberg
 Board member since 2013.
Born: 1958
 Formerly President of X-Vax Inc., CEO of H. Lundbeck A/S, Director of Wyeth Pharmaceuticals, EMEA/Canada & BioPharma, and a number of other senior positions in Wyeth.
Education: Courses at Colombia University (IBM) and University of Pennsylvania – Wharton
Board member: UCB Pharma, Mink Inc and Sigrid Therapeutics.
 Independent of the company and major shareholders.
Number of shares in Alfa Laval: 20,000* (20,000**)



Henrik Lange
 Board member since 2018.
Born: 1961
 Previously President and CEO of Gunnebo AB; held several senior positions within the SKF Group, including Industry Division Manager and CFO, and served as CEO of Johnson Pump AB.
Education: BSc. Econ. from the Gothenburg School of Business, Economics and Law
Board member: Velux A/S, Trelleborg AB, BDR Thermea Group B.V, Dunkerstiftelsen and Traction AB.
 Independent of the company and major shareholders.
Number of shares in Alfa Laval: 6,000* (6,000**)



Finn Rausing
 Board member since 2000.
Born: 1955
Education: B.L., MBA from INSEAD.
Board member: Tetra Laval Group, DeLaval Holding AB and Excillum AB.
 Independent of the company.
Number of shares in Alfa Laval: –* (–**)



Jörn Rausing
 Board member since 2000.
Born: 1960
 Head of Mergers and Acquisitions (M&A) in the Tetra Laval Group.
Education: BSc. Econ.
Board member: Tetra Laval Group, Ocado PLC and DeLaval Holding AB.
 Independent of the company.
Number of shares in Alfa Laval: –* (–**)



Nadine Crauwels
 Board member since 2023.
Born: 1971
 Holds the position as President Sandvik Machining Solutions and Executive Vice President at Sandvik. Held several senior positions in Switzerland and Belgium, mainly in Sandvik Coromant AB.
Education: MSc, Mechanical Engineering, Production, from the University of Leuven (KU Leuven), Belgium.
 Independent of the company and major shareholders.
Number of shares in Alfa Laval: 920* (920**)



Ray Mauritsson
 Board member since 2020.
Born: 1962
 President and CEO, Axis AB. Former positions include several different leading positions in Axis Communications AB and Tac (today part of Schneider Electric).
Education: MSc. Engineering Physics, Lund University Faculty of Engineering. Executive MBA, Lund University School of Economics.
 Independent of the company and of major shareholders.
Number of shares in Alfa Laval: 6,000* (6,000**)



Lilian Fossum Biner

Board member since 2021.

Born: 1962

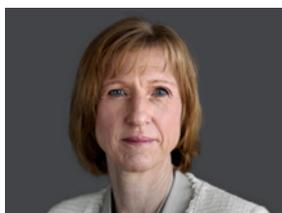
Previously CFO at Axel Johnson AB and Senior Vice President and Head of HR and Organizational Development for Electrolux Group.

Education: M.Sc. in Finance and International Business, Stockholm School of Economics.

Board member: Scania AB, Carlsberg Group A/S, Pandora A/S and Röko AB.

Independent of the company and major shareholders.

Number of shares in Alfa Laval: 800* (800**)



Anna Müller

Board member since 2023.

Born: 1967

Holds the position as President and CEO AB Volvo Penta. Has held several senior positions within AB Volvo including Senior Vice President Europe North & Central at Volvo Trucks, and served as Managing Director at Ford Motor Company AB.

Education: BSc, International Business & Economics from Linköping University.

Independent of the company and major shareholders.

Number of shares in Alfa Laval: 1,930* (1,930**)



Annica Bresky

Board member since 2025.

Born: 1975

Previously President and CEO of Stora Enso and Iggesund Paperboard.

Education: Master in aquatic & environmental engineering, from the University of Uppsala.

Chairman of the board: Permascand.

Board member: Vaisala Oyj, Stegra, Fagerhult AB, Nordstjernan AB and Ørsted.

Independent of the company and of the major shareholders.

Number of share in Alfa Laval: 1,250*

Employee representatives



Anders Jansson

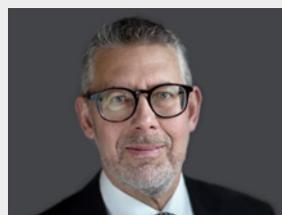
Employee representative since 2025.

Born: 1965

Employed by Alfa Laval since 2019.

Employee representative for the Swedish Union of Clerical and Technical Employees in Industry (Unionen).

Number of shares in Alfa Laval: 0*



Johan Ranhög

Employee representative since 2021.

Born: 1964

Employed by Alfa Laval since 2016.

Employee representative for the Swedish Confederation of Professional Associations (SACO).

Number of shares in Alfa Laval: 101* (101**)



Henrik Nielsen

Employee representative since 2015.

Born: 1968

Employed by Alfa Laval since 1994.

Employee representative for the Swedish Metal Workers' Union (IF Metall).

Number of shares in Alfa Laval: 50* (50**)

Deputy employee representatives

Martin Bodin

Deputy member since 2025.

Born: 1983

Employed by Alfa Laval since 2019.

Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

Stefan Sandell

Deputy member since 2005.

Born: 1971

Employed by Alfa Laval since 1989.

Deputy employee representative for the Swedish Organization for Managers (Ledarna).

Johnny Hultén

Deputy member since 2017.

Born: 1961

Employed by Alfa Laval since 1977.

Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

*Holdings on December 31, 2025. **Holdings on December 31, 2024.

Auditors

Andreas Troberg

Authorized Public Accountant, EY.

Born: 1976

Company auditor since 2023.

Hanna Fehland

Authorized Public Accountant, EY.

Born: 1981

Company auditor since 2024.

Deputy Auditors

Henrik Jonzén

Authorized Public Accountant, EY.

Born: 1977

Deputy Auditor since 2018.

Andreas Mast

Authorized Public Accountant, EY.

Born: 1979

Deputy Auditor since 2020.

President and Group management



Sammy Hulpiau

EVP, President Food & Pharma Division (in 2025 Food & Water Division)
Born: 1963
 Employed by Alfa Laval since 1988.
 Former positions include President Business Unit High Speed Separators, Vice President Energy & Environment and Managing Director of Benelux.
Education: MSc. Trade & Financial Science
Number of shares in Alfa Laval: 0* (0**)

Thomas Møller

EVP, President Energy Division
Born: 1974
 Employed by Alfa Laval since 2002.
 President of the Energy Division since 2021. Former positions include President Business Unit Decanters, Water & Waste Segment Manager and Market Unit Power Manager.
Education: BSc. Eng.
Number of shares in Alfa Laval: 7,800* (7,800**)

Emma Adlerton

EVP Group Affairs & Secretary to the Board
Born: 1973
 Employed by Alfa Laval since 2008.
 Secretary to the Board of Directors since 2015 and EVP of Group Affairs (Sustainability, Corporate Development, Legal, Risk & Compliance, Intellectual Property, Digital & Transformation and Health and Safety). Former positions included General Counsel in the Alfa Laval Group and attorney at law.
Education: Master Laws (LL.M), Lund University.
Number of shares in Alfa Laval: 2,500* (2,500**)

Joakim Vilson

EVP, Human Resources
Born: 1965
 Employed by Alfa Laval since 1990.
 Former positions include Senior Vice President Global Sales & Service, Executive Vice President in charge of the Central and Eastern Europe, Latin America, Middle East and Africa Regions, Head of Mid Europe Region and Head of the Process Industry segment.
Education: BSc. Eng.
Number of shares in Alfa Laval: 7,520* (7,520**)

Tom Erixon

President and CEO
Born: 1960
 CEO since March 1, 2016.
 Former positions include President and CEO of OVAKO AB and President of Sandvik Coromant.
 Board member of Afry AB.
Education: MA Law from the University of Lund in Sweden and MBA Business Administration from IESE in Spain.
Number of shares in Alfa Laval: 129,200* (129,200**)

Fredrik Ekström

EVP, CFO
Born: 1975
 Employed by Alfa Laval since 1998.
 Chief Financial Officer since 2022.
 Former positions include several international positions in Alfa Laval, most recently as President Business Unit Brazed & Fusion Bonded Heat Exchangers.
Education: MBA, University of Illinois at Urbana Champaign, USA.
Number of shares in Alfa Laval: 5,000* (4,000**)

Martijn Bergink

EVP, President Ocean Division (in 2025 Marine Division)
Born: 1971
 Employed by Alfa Laval since 1998.
 President of the Marine Division since 2025. The position as President Business Unit Pumping Systems and Managing Director Framo AS, held since 2019, is still part of his role.
 Former positions include President Business Unit Boilers and Gas Systems, Managing Director Inert gas and Exhaust gas cleaning systems and Process Technology Division Director at Alfa Laval Benelux BV.
Education: Chemistry MScs, University of Amsterdam.
Number of shares in Alfa Laval: 1,750*

Julien Gennetier

EVP, President Global Sales and Service
Born: 1977
 Employed by Alfa Laval since 2000.
 Former positions include President Business Unit Gasketed Plate Heat Exchanger, Managing Director of Alfa Laval France North-West Africa and Alfa Laval Moatti.
Education: MSc. Eng.
Number of shares in Alfa Laval: 0*

*Holdings on December 31, 2025.
 **Holdings on December 31, 2024.



Areas of responsibility

The President and CEO directs the daily operations and is responsible for ensuring that the Board of Directors has access to the necessary information and supporting documentation for its decision-making purposes. In addition, the President is responsible for ensuring that the company’s accounting complies with applicable laws and regulations, and shall prepare and monitor compliance with the goals, policies and strategic plans of the company and the Group, Inter alia the Business Principles. The President has the support of Group management, to which responsibilities and authority are delegated. The members of Group management include three divisional managers and the heads of Global Sales and Service, HR, Finance (Internal Audit & Internal control, IT, Treasury, Sourcing, Real estate, Investor relation, Group control, Group accounting and Swedish site manager) and Group Affairs (Sustainability, Corporate Development, Legal, Risk & Compliance, Intellectual Property, Digital & Transformation and Health & Safety).

Remuneration to senior executives, pensions and severance pay/termination of employment

The Executive Remuneration Policy for the President and other members of Group management was adopted at the Annual General Meeting 2021 and amended at the Annual General Meeting 2023. For additional information, refer to Note 5 and the detailed guidelines presented earlier in the corporate governance section.

Operational control

Alfa Laval’s operational control model comprises a matrix in which the Group’s divisions are presented vertically, intersecting with the Group’s geographic regions, which are presented horizontally.



*Members of Group management

Group management meetings in 2025

Group management held eight scheduled meetings in 2025 during which minutes were taken. In addition, quarterly reviews were performed to discuss the business developments in the divisions and regions. These reviews addressed the business climate, earnings, earnings projections for the next twelve months, health and safety, specific issues affecting the respective business areas as well as Alfa Laval’s Sustainability Strategy, particularly on the ambition to reach net zero scope 1 and 2

emissions by 2027. Separate meetings were also held to address, among other areas, inorganic growth, risk management and talent review. In 2025, Group management addressed health and safety, scalability, business development in divisions and regions with deeper review in specific countries, the macro economic and geopolitical environment, research and development, sustainability, investment requirements and acquisition opportunities.

Board of Directors' report on internal control

The Board of Directors is responsible for the internal control of the company, with the aim of safeguarding the company's assets and thus the interests of the shareholders. Through sound internal control, the Board ensures the reliability of Alfa Laval's reporting and its compliance with legislation, regulations, applicable accounting policies as well as the company's Business Principles. All communication and financial reporting are to be correct, relevant, objective and transparent.

Control environment

The control environment includes the internal governance instruments adopted by the Board for the company's daily operations. The control instruments comprise policy documents, which are continuously assessed, reviewed and updated. These documents include, for example, the Board's instructions, the CEO's instructions, reporting instructions, the company's treasury policy, business principles, insider policy and communication policy.

The Board has overriding responsibility for financial and sustainability reporting and must therefore, among other things, assess the performance and earnings of the operations through a package of reports including results, forecasts and analyses of key indicators. The Board also reviews the company's interim reports, year-end report and Sustainability Report, and shall meet with the external auditors at least once a year without the presence of the President or other members of Group management.

The President is subject to instructions issued by the Board. The President is responsible for ensuring an effective control environment and for the ongoing control work. Another part of the President's responsibility is to ensure that the company's accounting complies with legislation and that the management of assets is adequately performed. The President is further responsible for ensuring that all Board members regularly receive sufficient information to be able to assess the company's financial position.

Group management is responsible for managing and maintaining the internal control systems required to manage significant risks in the company's operating activities. Management is also responsible for clearly ensuring that all employees understand the requirements for and the individual's role in maintaining sound internal control.

Alfa Laval follows the Three lines of defence model to ensure a standardized and comprehensive approach to governance and risk management and establish adequate levels of ownership and accountability. The first line of defence is represented by the business operations which implement and maintain the control activities. The second line is represented by various Group and oversight functions that also set directions, define policy and procedures, and have functional oversight. The third line is represented by the internal audit function that has the

responsibility of providing independent and objective assurance over the internal control activities performed by the first and second line.

The Board's Audit Committee is tasked with ensuring compliance with the principles for financial and sustainability reporting as well as internal control. The Committee follows up the effectiveness of the internal control system and reviews the financial procedures to ensure that the information can be traced back to underlying financial systems and that it is in line with legislation and relevant standards.

The Audit Committee examines procedures for reporting and financial controls as well as addressing the company's financial and the Sustainability Report. It also monitors, evaluates and discusses significant issues related to accounting as well as financial and sustainability reporting. The Committee evaluates and manages information pertaining to disputes and potential improprieties and assists management with identifying and evaluating mainly financial and similar risks that are relevant to the operations in order to ensure that the focus is on managing these risks. It also reviews the company's information security system and the contingency plans in place to ensure delivery of financial information.

The Audit Committee has the right to determine the focus of the internal audit and is responsible for ensuring the efficiency of the function by assessing its activities, resources and structure. The Committee is also responsible for reviewing the results and recommendations of the internal audit to ensure that they are handled in an appropriate manner. The Committee is also responsible for reviewing the internal audit plan every six months to ensure that it addresses the relevant risk areas and for ensuring that there is suitable coordination between the internal and external audit.

The Audit Committee holds regular meetings with the external auditors and reviews their work, qualifications and independence. The results of the review are reported to the company's Nomination Committee on an annual basis. The Audit Committee supports the Nomination Committee in its work to nominate auditors and conducts an annual review of the proposed scope of the audit. Reports are provided to the Board regarding internal meetings as well as meetings with the internal auditors, the external auditors and various specialists in Group management and its support functions. The Committee is responsible

for reviewing significant results from the external audit and the recommendations issued by the external auditors as a result. It is also responsible for establishing guidelines that ensure the independence of the external auditors.

The Internal Audit function assists the Board of Directors and management in achieving its objectives by performing independent and objective internal audit assignments relating to the operation of risks, designed controls, required compliances and business processes. Internal audit reports the conclusions from these audits to the Audit Committee – and proposes plans for the coming 12 months. The internal auditors also issue reports from individual audits to the appropriate members of Group management. Procedures are in place to perform regular follow-up of the agreed actions to guarantee that specific actions are taken following the internal audit. These are based on an agreed schedule set with the party responsible for the individual activities. The Internal Audit Function is comprised of internal auditors, internal specialist resources and external consultants. Internal audits encompass a broad spectrum of functions and issues determined by the Board of Directors. The areas audited include compliance with the systems, guidelines, policies and processes established for the Group's business operations; the existence of systems to ensure that financial transactions are carried out, archived and reported in an accurate and lawful manner; and opportunities to improve management control, the company's profitability and the organization, which may be identified during audits. In 2025, 42 internal audits were performed.

Risk assessment

Within the framework of the company's operating activities and review functions, procedures are in place for risk assessments pertaining to financial reporting. These procedures aim to identify and evaluate the risks that may affect internal control. The procedures encompass risk assessments in conjunction with strategic planning and acquisition activities as well as processes for identifying amendments to the accounting policies to ensure that they are accurately reflected in the financial reporting.

Control structures

Control structures are in place in all areas of the organization to prevent, identify and adjust errors or deviations. They manage the risks that the Board and management consider to be significant to the business, internal control and financial reporting. These structures comprise both an organization with clearly defined roles that enables an effective and – from an internal control perspective – appropriate division of responsibility, and specific control activities that enable the identification and timely prevention of risks becoming a reality. Control activities also include clearly defined decision-making processes with respect to, for example, investments, agreements, acquisitions and divestments, earnings analyses and other forms of analytical reviews, reconciliations, inventory-taking and automatic controls in the IT systems.

Information and communication

The company's regulations, guidelines and manuals are communicated through several internal channels, and the efficiency of this communication is monitored on an ongoing basis. There are formal and informal information channels that enable

employees to communicate important information to relevant recipients and ultimately, if necessary, to the Board of Directors. In addition, clear guidelines have been established for external communications, the aim of which is to provide the most accurate and relevant overview possible while ensuring that all obligations are met.

Follow-up

The internal control process is mainly followed up by two bodies: the Audit Committee and the Internal Audit Function. The Audit Committee establishes the principles that apply for the company with respect to accounting and financial reporting, and monitors compliance with these regulations.

The Audit Committee meets with the external auditors to obtain information about the focus and scope of the audit and to discuss the results and coordination of the external and internal audits. In addition, the Committee establishes the direction, scope and time schedules for the work of the internal Audit team, whose audit results are reported to the Audit Committee and continuously to Group management so that any necessary measures may be taken.

Alfa Laval has implemented a management assessment process for key internal controls over business processes in the company. The managers and key employees evaluate their compliance through a control self-assessment of important internal controls in these business processes. The self-assessment is performed annually. Based on the results, the internal controls framework is improved and strengthened. This assists in risk-based evaluation and improvements of the business processes at Alfa Laval.

Lund, March 2026

Board of Directors

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Consolidated income statement

SEK million	Note	2025	2024
Net sales	2, 3	69,674	66,954
Cost of goods sold	7	-44,476	-43,747
Gross profit		25,198	23,207
Sales costs	4, 5, 7	-6,877	-6,965
Administration costs	4, 5, 6, 7	-3,873	-3,318
Research and development costs	7	-1,738	-1,656
Other operating income		1,073	1,075
Other operating costs	7	-2,033	-1,940
Share of result in joint ventures	15	-2	33
Operating income		11,749	10,435
Financial income	8	292	284
Financial costs	8	-844	-724
Result after financial items		11,198	9,996
Tax on net income for the year	9	-2,875	-2,564
Net income for the year		8,322	7,432
Net income for the year attributable to:			
Owners of the parent		8,272	7,391
Non-controlling interests		50	41
Earnings per share attributable to Parent Company shareholders, SEK*		20.01	17.88

* Before and after dilution.

Consolidated statement of comprehensive income

SEK million	Note	2025	2024
Net income for the year		8,322	7,432
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined-benefit obligations		-110	-29
Fair value measurement of external shares		-138	-125
Deferred tax on other comprehensive income	9	13	6
Sum		-235	-147
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Cash flow hedges	8	1,300	-665
Translation difference		-3,934	1,274
Deferred tax on other comprehensive income	9	-440	171
Sum		-3,075	780
Total other comprehensive income for the year		-3,310	633
Total comprehensive income for the year		5,012	8,064
Total comprehensive income for the year attributable to:			
Owners of the parent		5,009	7,999
Non-controlling interests		3	65

Consolidated balance sheet

SEK million	Note	2025	2024
ASSETS			
Non-current assets			
Intangible assets and goodwill			
	11, 16		
Patents and unpatented know-how		4,667	1,945
Trademarks		974	1,172
Customer relations		297	-
Licenses, renting rights and similar rights		319	134
Internally generated intangible assets		467	678
Goodwill		29,722	25,630
Sum		36,445	29,559
Property, plant and equipment and right-of-use assets			
	12, 16		
Buildings and land		4,120	3,847
Machinery and other technical installations		4,529	3,635
Equipment, tools and installations		1,494	1,563
Assets under construction and advance payments		2,141	2,568
Right-of-use assets	13	3,572	2,877
Sum		15,856	14,490
Other non-current assets			
Shares in associates and joint ventures	15, 27	294	248
Shares in other companies	27	12	184
Pension assets	25	180	269
Derivative assets	27, 28, 29	166	41
Deferred tax asset	9	2,243	1,942
Sum		2,895	2,684
Total non-current assets		55,196	46,733
Current assets			
Inventories	17	15,548	15,574
Accounts receivable	3, 18, 27	9,949	10,258
Contract assets	3	5,052	4,000
Current tax assets		497	1,005
Other receivables	19, 27	2,598	2,580
Prepaid costs and accrued income	20, 27	937	635
Derivative assets	27, 28, 29	551	153
Current deposits	21, 27	707	450
Cash and cash equivalents	22, 27	7,124	7,369
Assets held for sale	12	1	47
Total current assets		42,965	42,070
TOTAL ASSETS		98,161	88,803

SEK million	Note	2025	2024
EQUITY AND LIABILITIES			
Equity	23		
Share capital		1,117	1,117
Other contributed capital		2,770	2,770
Other reserves		-4,563	-1,300
Retained earnings		44,087	39,326
Equity attributable to owners of the parent		43,409	41,912
Non-controlling interests	24	344	369
Total equity		43,753	42,282
Non-current liabilities			
Liabilities to credit institutions, etc.	27,30	9,626	9,172
Lease liabilities	13,27	3,333	1,805
Pension liability	25	984	945
Deferred tax liabilities	9	3,458	2,392
Provisions	26	582	434
Derivative liabilities	27,28,29	60	320
Total non-current liabilities		18,043	15,067
Current liabilities			
Liabilities to credit institutions, etc.	27,30	7,590	1,102
Accounts payable	27	5,444	5,676
Contract liabilities	3	12,293	12,893
Current tax liabilities		1,605	1,455
Lease liabilities	13,27	462	1,233
Other liabilities	27,33	3,194	3,791
Provisions	26	1,936	1,858
Accrued costs and deferred income	27,34	3,707	2,792
Derivative liabilities	27,28,29	133	654
Total current liabilities		36,365	31,454
Total liabilities		54,408	46,521
TOTAL EQUITY AND LIABILITIES		98,161	88,803

The structure of the consolidated balance sheet has been revised, and so the comparative period has been restated: see Note 1 for further details.

Changes in consolidated equity

SEK million	Other reserves						Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
	Share capital	Other contributed capital	Cash flow reserve	Fair value reserve	Translation reserve	Pension reserve				
As at December 31, 2023	1,117	2,770	-83	174	-862	-1,139	35,056	37,033	345	37,378
Comprehensive income										
Net income for the year	-	-	-	-	-	-	7,391	7,391	41	7,432
Other comprehensive income*	-	-	-528	-125	1,284	-22	-	609	24	633
Total comprehensive income for the year	-	-	-528	-125	1,284	-22	7,391	7,999	65	8,064
Transactions with owners										
Reduction of non-controlling interests	-	-	-	-	-	-	-19	-19	-8	-27
Dividends	-	-	-	-	-	-	-3,100	-3,100	-33	-3,133
As at December 31, 2024	1,117	2,770	-611	49	422	-1,161	39,328	41,912	369	42,282
Comprehensive income										
Net income for the year	-	-	-	-	-	-	8,272	8,272	50	8,322
Other comprehensive income*	-	-	1,032	-138	-4,059	-97	-	-3,262	-48	-3,310
Total comprehensive income for the year	-	-	1,032	-138	-4,059	-97	8,272	5,009	3	5,012
Transactions with owners										
Dividends	-	-	-	-	-	-	-3,513	-3,513	-28	-3,541
As at December 31, 2025	1,117	2,770	421	-89	-3,637	-1,258	44,087	43,409	344	43,753

* For non-controlling interests, the translation reserve amounts to SEK -48 million (24).

Consolidated cash flow statement

SEK million	Note	2025	2024
Operating activities			
Operating income		11,749	10,435
Adjustment for depreciation and amortization		2,503	2,418
Adjustment for change in provisions		391	-103
Adjustment for other non-cash items		-84	78
Operating cash surplus		14,559	12,828
Taxes paid		-2,719	-2,359
Cash flow from operating activities before changes in working capital		11,840	10,469
Changes in working capital:			
Increase (-) / decrease (+) in receivables		-2,203	-593
Increase (-) / decrease (+) in inventories		-1,226	16
Increase (+) / decrease (-) in liabilities		755	2,886
Increase (-) / decrease (+) in working capital		-2,674	2,309
Cash flow from operating activities		9,166	12,778
Investing activities			
Investments in non-current assets		-2,660	-3,336
Disposal of non-current assets		155	105
Acquisition of businesses	16	-9,412	-50
Divestment of businesses		4	-
Cash flow from investing activities		-11,913	-3,281
Financing activities			
Interest paid and received		-357	-337
Dividends received		9	-
Dividends to owners of the parent		-3,513	-3,100
Dividends to non-controlling interests		-28	-33
Amortization of lease liability		-503	-619
Increase in loans		8,796	1,664
Amortization of loans		-1,081	-4,850
Other cash flows from financing activities		-408	-82
Cash flow from financing activities		2,915	-7,357
Cash flow for the year			
Cash and cash equivalents at start of year		7,369	5,135
Translation differences in cash and cash equivalents		-413	94
Cash and cash equivalents at year-end	22	7,124	7,369
Free cash flow per share (SEK) *		16.12	23.10
Investments in relation to net sales		3.8%	5.0%
Average number of shares		413,326,315	413,326,315

* Free cash flow is an alternative performance measure. It is the sum of cash flows from operating activities, investments and disposals of non-current assets. The structure of the consolidated cash flow statement has been revised, and so the comparative period has been restated: see Note 1 and Note 39 for further details.

Parent Company income statement

SEK million	Note	2025	2024
Administration costs		-17	-16
Other operating costs		-1	-10
Operating income		-18	-26
Dividends from subsidiaries		1,182	406
Interest income and similar income	8	104	258
Interest costs and similar costs	8	-1	0
Result after financial items		1,267	638
Change in tax allocation reserve		-10	355
Group contributions		1,835	599
Result before tax		3,093	1,592
Tax on net income for the year		-385	-212
Net income for the year		2,708	1,379

* The Parent Company's income statement also constitutes its statement of comprehensive income.

Parent Company balance sheet

SEK million	Note	2025	2024
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in subsidiaries	14, 16	4,669	4,669
Current assets			
Receivables from Group companies		6,509	7,130
Current tax assets		-	172
Other receivables		4	4
Cash and cash equivalents	22	3	3
Total current assets		6,517	7,309
TOTAL ASSETS		11,186	11,978
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,117	1,117
Statutory reserve		1,270	1,270
Total restricted equity		2,387	2,387
Unrestricted equity			
Retained earnings	23	4,059	6,193
Net net income for the year		2,708	1,379
Total unrestricted equity		6,767	7,573
Total equity		9,154	9,960
Untaxed reserves			
Tax allocation reserve, taxation 2020		-	614
Tax allocation reserve, taxation 2021		99	99
Tax allocation reserve, taxation 2022		491	491
Tax allocation reserve, taxation 2024		438	438
Tax allocation reserve, taxation 2025		344	344
Tax allocation reserve, taxation 2026		623	-
Total untaxed reserves		1,996	1,986
Current liabilities			
Liabilities to Group companies		24	28
Accounts payable		1	1
Other liabilities		10	3
Total current liabilities		36	32
TOTAL EQUITY AND LIABILITIES		11,186	11,978

Changes in Parent Company equity

SEK million	Share capital	Statutory reserve	Unrestricted equity	Total
As at December 31, 2023	1,117	1,270	9,293	11,680
Comprehensive income				
Net income for the year	-	-	1,379	1,379
	-	-	1,379	1,379
Transactions with owners				
Dividends	-	-	-3,100	-3,100
As at December 31, 2024	1,117	1,270	7,573	9,960
Comprehensive income				
Net income for the year	-	-	2,708	2,708
	-	-	2,708	2,708
Transactions with owners				
Dividends	-	-	-3,513	3,513
As at December 31, 2025	1,117	1,270	6,767	9,154

The share capital of SEK 1,116,719,930 (1,116,719,930) is divided into 413,326,315 (413,326,315) shares.

Parent Company cash flow statement

SEK million	2025	2024
Operating activities		
Operating income	-18	-26
Taxes paid	-214	-272
Cash flow from operating activities before changes in working capital	-232	-298
Changes in working capital:		
Increase (-) / decrease (+) in receivables	1,858	1,418
Increase (+) / decrease (-) in liabilities	3	2
Increase (-) / decrease (+) in working capital	1,861	1,420
Cash flow from operating activities	1,629	1,122
Investing activities		
Investments in subsidiaries	-	-
Cash flow from investing activities	-	-
Financing activities		
Interest received	104	258
Interest paid	-1	-
Dividends received from subsidiaries	1,182	406
Dividend paid	-3,513	-3,100
Group contribution received	600	1,318
Group contributions paid	-1	-4
Cash flow from financing activities	-1,629	-1,122
Cash flow for the year	0	0
Cash and cash equivalents at start of year	3	3
Cash and cash equivalents at year-end	3	3

Notes

Note 1. Disclosure of material accounting policies

Alfa Laval is engaged in the development, production and sale of products and systems based on three core technologies: separation/filtration, heat transfer and fluid handling. Alfa Laval's business is divided into three business divisions: Energy, Food & Water and Marine. These sell to external customers and are responsible for the manufacturing of the products. There is also an Other division covering corporate management and non-core activities. Alfa Laval has customers in about a hundred countries.

Alfa Laval AB is a public limited liability company. The company's head office is in Lund, and the company is registered in Sweden under the corporate registration number 556587-8054. The visiting address for head office is Rudeboksvägen 1, 226 55 Lund, Sweden, and the postal address is Box 73, 221 00 Lund. The Alfa Laval website can be found at www.alfalaval.com.

Unless otherwise stated, all amounts are reported in millions of Swedish kronor (SEK million) and refer to the period January 1 – December 31, 2025 for the income statement and cash flow items, and December 31, 2025 for balance sheet items. Figures in brackets refer to the previous financial year.

The most significant accounting policies are presented in connection with the respective notes in order to ensure clarity and structure.

Statement of compliance

Alfa Laval applies IFRS® accounting standards as adopted by the European Union. The Annual Accounts Act and RFR 1 'Supplementary Accounting Rules for Corporate Groups', issued by the Council for Sustainability and Financial Reporting in Sweden, are also applied. The Parent Company applies the same accounting policies as the Group, except in the cases stated under the section titled 'Parent Company's accounting policies'.

The information in this annual report is such information that Alfa Laval AB (publ) is required to disclose in accordance with the Securities Market Act. The contents of the annual report were determined on 3 March 2026, and the annual report was approved for publication on 23 March 2026. The financial statements will be adopted at the Annual General Meeting on 22 April 2026.

Cost method

The consolidated financial statements have been prepared according to the cost method, except for:

- certain financial assets and liabilities, including derivatives, that are measured at fair value
- defined benefit pension plans, for which the plan assets are measured at fair value

Amended accounting policies 2025

The revised and amended IFRS accounting standards that came into effect for the 2025 financial year have had no, or only very limited, impact on the Group's financial statements.

The following standards became applicable from January 1, 2025:

- Amendments to IAS 21 – Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial instruments, and reporting of energy purchase agreements

The Group has analysed the impact of these changes and is of the opinion that they have had no material impact on the Group's financial statements.

Previously applied accounting policies remain unchanged except for certain amendments to the presentation of the financial statements,

which have been implemented as of January 1, 2025. The consolidated statement of comprehensive income has been divided into two separate statements: the consolidated income statement and the consolidated statement of comprehensive income. Furthermore, changes have been made to the presentation of the following financial statements:

Consolidated income statement: The lines 'Dividends and other financial income and costs', 'Interest income and financial exchange gains' and 'Interest costs and financial exchange losses' have been combined into 'Financial income' and 'Financial costs', as specified in Note 8.

Consolidated statement of comprehensive income: Comprehensive income is now presented in a separate financial statement with a slightly modified layout to enhance clarity.

Consolidated balance sheet: Notes receivable were previously reported as other receivables, and notes payable were reported on a separate line. These items are now presented as accounts receivable and accounts payable as they are comparable to accounts receivable and accounts payable, respectively. As of 2025, contract assets and contract liabilities are also presented on separate lines in the balance sheet in order to clarify these items. Contract assets were previously recognized under other receivables, while contract liabilities were recognized under advances from customers and other liabilities. These changes have been applied retrospectively.

Consolidated cash flow statement: The structure of the cash flow statement has been revised and the comparative periods have been restated accordingly. See Note 39 for a reconciliation between the previous and the new structure.

In addition, the disclosure in Note 3 of Net sales by product group/service has been condensed to show only Alfa Laval's main product groups, including related service. This means that the previous categories 'Marine environmental technologies', 'Related products' and 'Service' are now included in the other four categories. 'Marine environmental technologies' and 'Related products' are included in 'Other', while 'Service' is allocated across all categories, as service is reported on the basis of the product type on which it was performed.

Amended accounting policies for 2026 onwards

The following new and updated standards and interpretations have been issued by the IASB/IFRS Interpretations Committee but have not yet been adopted by the EU as at 10 December 2025. These will come into force for financial years beginning on or after January 1, 2026. The Group has not used the option of early application. The assessment is that none of these, with the exception of IFRS 18, is expected to have a material impact on the Group's operations or financial statements.

- IFRS 19 Subsidiaries without Public Accountability: Information
- IFRS 18 Presentation and Disclosure in Financial Statements
- Amendments to IFRS 9 and IFRS 7 in respect of contracts relating to nature-dependent electricity and the classification and measurement of financial instruments
- Amendments to IAS 21 – Translation to a hyperinflationary presentation currency.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) published the new standard IFRS 18 Presentation and Disclosures in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 includes new requirements that aim to increase comparability, transparency and usefulness in financial statements.

The most significant changes include:

- New requirements regarding the structure of the income statement through the introduction of categories and two new defined subtotals.
- Extended disclosure requirements for certain performance measures used in external financial communication, known as Management-defined

Performance Measures (MPMs). For these, information is required on how the performance measure is calculated, as well as reconciliation to the nearest comparable subtotal in accordance with IFRS.

- Extended guidance on the aggregation and disaggregation of information in financial statements and notes, as well as guidance on whether information should be presented in the primary financial statements or in the notes.

The implementation of IFRS 18 will also result in amendments to other standards, such as IAS 7 Statement of Cash Flows, IAS 34 Interim Financial Reporting and IAS 33 Earnings per Share.

IFRS 18 will come into force on January 1, 2027 (subject to EU approval) and is to be applied retrospectively in both the annual report and interim reports. Alfa Laval has begun a preliminary analysis of the impact of IFRS 18 and will continue to evaluate the consequences during 2026. Implementation of the standard will require a review of the structure of the income statement, reclassification of items into new categories, and an assessment of how items are to be grouped and disclosed in the notes. The cash flow statement will also be affected. Additionally, relevant MPMs will be identified and the related disclosures will be compiled in the notes.

Significant judgements

When applying accounting policies, management has made various judgements that may significantly affect the amounts reported in the financial statements. The most significant judgements have been made in the following areas:

- When classifying leases and determining lease terms, an assessment is made of whether an agreement falls within the scope of IFRS 16 and whether extension and termination options should be included in the lease term. This requires analysis of the terms of the agreements and the company's actual scope for manoeuvre.
- As regards the classification of holdings in companies, an assessment is made of whether the Group has control, joint control or significant influence over a holding. This assessment is based on ownership interests, agreements and other relevant factors that may influence the ability to direct activities.
- In the case of business combinations, an assessment is made of which intangible assets are to be identified and how these should be measured. This means that management analyses which assets fulfil the criteria for identifiability and determines their fair value at the acquisition date.
- In the case of revenue recognition in accordance with IFRS 15, an assessment is made of whether revenue should be recognized over time or at a specific point in time. This is determined on the basis of contractual terms and delivery obligations, analyses being made of when control over goods or services is transferred to the customer.

Significant estimates and assumptions

Preparation of the Group's financial statements requires estimates and assumptions that affect the reported amounts. These estimates are based on management's best assessment at the reporting date, but actual outcomes may differ from these assumptions. The areas that involve the most significant estimates and assumptions are described below:

Impairment testing of goodwill

Goodwill is not amortized. Instead, it is tested annually and whenever there is an indication of impairment. The testing is based on estimates and assumptions about future cash flows. The key assumptions concern projected revenue growth and development of operating margins, based on historical performance, current market information and expected future developments. If profitability within the Group, or parts of it, declines in the future, the impact could be significant, as this may trigger a substantial impairment of goodwill. Such an impairment would affect the net result and, consequently, the financial position of the Group.

Valuation in the event of acquisition of companies

When companies are acquired, estimates are made of the fair value of acquired assets and liabilities, including intangible assets and any contingent considerations. These estimates are based on assumptions regarding future cash flows, discount rates and the useful lives of intangible assets identified.

Defined-benefit pension plans

The Group has identified the fact that its defined benefit pension plans involve uncertainty in estimates, although the risk of a material adjustment is deemed limited. The plan assets are measured at fair value and the present value of the benefit obligations is determined through yearly actuarial calculations made by independent actuaries. If the value of the plan assets decreases while the actuarial assumptions increase the benefit obligations, the combined effect may result in a substantial deficit. However, the effect on profit and loss affects other comprehensive income only and not net income. The risk has been limited since many of these plans are closed to new participants and have been replaced by defined contribution plans.

Provisions for claims and disputes

Provisions are based on estimates of the probability and cost of product claims and legal disputes. For product claims, estimates are made regarding the Group's cost for the claims, including costs for replacement products and compensation to customers for costs incurred due to the problem. For legal disputes, estimates are made of the anticipated exposure and outcome, which are subject to uncertainty as the outcome has not been determined.

Credit risk and provisions for credit losses

The Group estimates the risk of customers failing to meet their payment obligations, which affects both revenue recognition and the need for provisions for credit losses. The assessment is based on historical losses, customers' ability to pay, overdue accounts receivable and the Group's exposure to credit risk. These estimates form the basis for calculating the loss allowance in relation to total accounts receivable.

Obsolescence in inventories

Estimates of future sales are made for inventory items with low turnover. The value is written down according to an obsolescence schedule, with an increasing percentage of write-downs for each year the inventory is expected to remain. If there has been no demand at all for an inventory item in the past two years, the value is written down to zero regardless of whether there might be future demand.

Current and deferred tax assets and liabilities

The main assessment relates to deferred tax assets on tax loss carry-forwards, which includes an analysis of the likelihood that these will be utilized against future taxable profits. The actual value of these future taxable profits is difficult to assess as this depends on future macro-economic developments, the company's earning capacity and potential changes in tax regulations.

Climate-related risks

In 2024, Alfa Laval carried out a general assessment of climate-related risks and opportunities, focusing on both physical risks and transition risks. The analysis covered all operating sites and assets, including major production facilities in Sweden, Denmark, China, India and the US. The analysis of physical risks focused on the Group's own operations and assets, while the analysis of transition risks also took into account the upstream and downstream value chain. The analysis indicated that certain properties, primarily in China, India and South-east Asia, may be exposed to climate-related hazards, in particular increasing precipitation volumes and extreme heat, particularly in scenarios involving greater global warming. In 2025, Alfa Laval initiated a project to evaluate potential climate adaptation measures at selected sites.

Financial impact

Climate-related risks may affect the Group's financial statements due to effects on assets, earnings and cash flows, including:

Physical risks: Increased precipitation and extreme heat may result in damage to facilities, higher maintenance costs and potential disruptions to production. Such incidents may also result in increased investment needs for climate adaptation; and also impairments of assets, if the impact is material.

Transition risks: Changes in policy, technology and markets in connection with the transition to a lower-emissions economy may impact market demand for Alfa Laval's products and solutions, and hence future revenues and cash flows. The most significant climate-related risk was assessed potentially to arise in a scenario in which the green energy transition slows down substantially, which could affect demand.

Measures and opportunities

In 2025, Alfa Laval prepared a transition plan for climate action that is aligned with the Group's targets, and also initiated climate adaptation efforts at vulnerable facilities. Examples of key measures include:

- Climate adaptation: evaluation of potential measures at sites that are vulnerable to climate-related hazards.
- Reduced emissions within its own operations: electrification and phase-out of fossil fuels, procurement of renewable electricity and enhanced energy efficiency. Many of Alfa Laval's own buildings are currently using natural gas for heating, and these systems are primarily being replaced with heat pump solutions powered by renewable electricity and, where possible, connection to renewable district heating networks. By 2027, around EUR 30 million will be invested in heat pumps for heating and cooling, as well as other renewable technologies. Alfa Laval is also working on continuously electrification of gas-fired process equipment, or replacement of such equipment with renewable alternatives.
- Renewable electricity: around 97 percent of the electricity used comes from renewable sources, with a target of 100 percent by the end of 2027, including through EACs (Energy Attribute Certificates) and the expansion of in-house electricity generation via solar cell installations.
- Development of product portfolio and energy efficiency: continued development of products and solutions that can be used with renewable fuels and that contribute to greater energy efficiency during the use phase. By way of example, investments within the Marine division are being made in technology development for boilers, heaters and cargo pumps. The service offering is undergoing further development by means of upgradeable products, intelligent monitoring and predictive maintenance, which can improve energy efficiency and extend equipment service life.
- Collaboration with suppliers: collaboration takes place in order to increase the use of metals with lower emissions in the Group's products. In particular, this includes metals such as stainless steel, carbon steel and titanium, which account for a large proportion of emissions linked with the purchase of raw materials and components. This work focuses on collaborating with suppliers that are able to provide metals with a low carbon footprint and a high proportion of recycled material, and that are produced by means of fossil-free processes.

Alfa Laval's climate-related risks are deemed primarily to relate to physical exposure at certain properties, as well as transition risks linked to developments in the energy transition and market demand. The Group is expected to strengthen its ability to manage identified risks and potential financial impacts by means of climate adaptation initiatives that have been initiated and the implementation of the transition plan. At the same time, there are significant opportunities for business development and growth in connection with the global transition towards a more sustainable economy.

Functional currency and currency translation

Alfa Laval AB's functional currency is Swedish kronor (SEK), which is also the Group's reporting currency for financial reports.

Foreign exchange gains and losses related to accounts receivable, accounts payable and other receivables and liabilities related to operating activities are included in other operating income and operating costs. Foreign exchange gains and losses related to other financial assets and liabilities are recognized in net financial items.

In the Group, exchange rate gains and losses related to loans in foreign currency, which finance the acquisition of foreign subsidiaries, are transferred to other comprehensive income as an adjustment of the translation difference if the loans act as a hedge for the acquired net assets. These offset the translation difference that arises during the consolidation of the foreign subsidiaries. In the Parent Company, these exchange differences are reported above net income.

Almost all Alfa Laval subsidiaries are affected by changes in exchange rates for their intra-group purchases. However, they usually sell in local currency and most of their non-product-related and personnel-related costs are in their local currency. Alfa Laval's subsidiaries report in functional currency, which is normally the same as the local currency in each country. Subsidiaries in hyperinflationary countries may have a functional currency different from the local currency and therefore report in the currency defined for the country in question.

Foreign subsidiaries are translated into SEK using the closing rate method, whereby balance sheet items are translated at the closing rate and income statement items at the average rate for the year. The translation difference that arises is an effect of the net assets in foreign subsidiaries being translated at a different rate at the end of the year than at the beginning, and the result being translated at the average rate. The translation difference is reported in other comprehensive income.

Other operating income and other operating costs

Other operating income relates to for instance commission, royalty and licence income. Other operating costs refer mainly to restructuring costs and royalty costs. Comparison distortion items that affect the operating income are reported in other operating income and other operating costs.

Shares in other companies

Shares in other companies refer to investments in which the Group does not have significant influence. These assets are recognized and measured at fair value through other comprehensive income. Dividends from these investments are recognized in profit or loss.

Parent Company's accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act and the recommendation RFR 2 'Accounting for Legal Entities', issued by the Council for Sustainability and Financial Reporting in Sweden. The policies for the Parent Company are unchanged compared to the previous year. Differences between the Group's and the Parent Company's accounting policies are specified below.

Subsidiaries

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. Transaction costs arising from business acquisitions are reported as shares in subsidiaries. The value of the shares is evaluated through an impairment test at least once a year. Dividends received are reported as financial income.

Presentation of the income statement and balance sheet

The Parent Company follows the format for income statements and balance sheets specified in the Swedish Annual Accounts Act. This includes, among other things, a different presentation of equity and the separate presentation of untaxed reserves as a distinct line item in the balance sheet.

Group contributions to and from the Parent Company

The Parent Company reports group contributions according to the alternative rule in RFR 2. This means that group contributions both received and given are reported as appropriations in the income statement.

Note 2. Segment reporting

Accounting policies

Alfa Laval's operating segments are made up of its divisions. Alfa Laval's business is divided into divisions: Energy, Food & Water and Marine. These sell to external customers and are responsible for the manufacturing of the products. There is also an Other division covering corporate management and non-core activities. The divisions constitute Alfa Laval's operating segments and reflect how the Group is organized and managed. At Alfa Laval, the company's Board of Directors is the chief operating decision maker.

The Energy division sells products and systems for energy applications, and the Food & Water division sells products and systems for food and water applications. The Marine division sells products, systems and digital solutions for marine and offshore applications. The divisions, in turn, are divided into a number of business units.

Adjusted EBITA is the Group's most important alternative performance measure and is monitored at a divisional level. The operating segments are responsible for the result down to and including Adjusted EBITA, and for the working capital that they manage. Financial assets

and liabilities, pension assets and liabilities, and current and deferred tax items are managed at Group level (Corporate) and are not included in the responsibilities of the segments. Similarly, net financial items and income taxes are the responsibility of the Group as a whole.

The operating segments are measured solely on the basis of their transactions with external parties.

In 2025, Alfa Laval conducted a strategic review of the company's capabilities and position as a global technology leader in order to serve customers worldwide more effectively and create even stronger conditions for growth. As of January 1, 2026, two of the divisions will undergo name changes in order to reflect their strategic priorities more accurately.

- The former Marine division will be renamed the Ocean division.
- The former Food & Water division will be renamed the Food & Pharma division.
- The Energy division will retain its current name.

2025, SEK million	Energy	Food & Water	Marine	Operations & Other	Corporate*	Total
Order intake	20,984	24,311	21,448	-	-	66,742
Order book	12,299	12,719	23,241	-	-	48,259
Net sales	20,250	25,635	23,790	-	-	69,674
Adjusted EBITDA	3,959	4,317	5,770	207	-	14,252
Amortization excl. step up values	-524	-435	-337	-623	-	-1,919
Adjusted EBITA	3,435	3,882	5,433	-416	-	12,334
Amortization of step up values	-147	-232	-201	-4	-	-584
Operating income	3,288	3,650	5,232	-420	-	11,749
Investments	992	434	548	686	-	2,660
Assets	29,731	20,968	28,398	161	18,903	98,161
Liabilities	7,163	8,191	9,587	209	29,258	54,408

2024, SEK million	Energy	Food & Water	Marine	Operations & Other	Corporate*	Total
Order intake	20,047	24,847	29,699	0	-	74,592
Order book	10,590	14,926	26,803	0	-	52,319
Net sales	19,330	25,742	21,881	0	-	66,954
Adjusted EBITDA	4,254	4,349	4,370	-117	-	12,856
Amortization excl. step up values	-514	-527	-353	-374	-	-1,768
Adjusted EBITA	3,740	3,822	4,017	-491	-	11,088
Amortization of step up values	-42	-243	-364	-	-	-649
Operating income	3,698	3,579	3,653	-491	-	10,439
Investments	1,337	499	390	1,112	-	3,338
Assets	20,378	22,659	30,065	2,093	13,608	88,803
Liabilities	7,352	8,960	10,382	948	18,880	39,922

* Corporate comprises balance sheet items that are interest-bearing or attributable to taxes.

Notes

Non-current assets by geographical area

Group, SEK million	2025	2024
Sweden	5,607	4,360
Denmark	5,165	5,536
France	10,219	1,203
Other EU	8,040	8,591
Norway	12,675	13,340
Rest of Europe	911	409
USA	4,513	4,735
Other North America	137	159
Latin America	305	313
Africa	6	6
Asia	4,778	5,333
Oceania	113	106
Total	52,467	44,090
Other non-current securities holdings	306	432
Pension assets	180	269
Deferred tax receivables	2,243	1,942
Total	55,196	46,733

Investments by geographical area

Group, SEK million	2025	2024
Sweden	788	1,152
Italy	302	636
Other EU	236	370
Rest of Europe	525	311
North America	293	205
Latin America	29	42
Africa	6	0
China	359	347
Other Asia	118	268
Oceania	4	5
Total	2,660	3,336

Note 3. Revenue from contracts with customers

Accounting policies

Net sales in the Group's income statement are made up of revenue from contracts with customers and include the sales value after deduction of commodity taxes, returns, late delivery penalties and discounts. Contracts relate to sale of goods, services and projects.

Revenue is recognized when Alfa Laval fulfils a performance obligation by transferring control of a product or service to the customer. Performance obligations can be satisfied either over time or at a certain point in time, depending on the nature of the contract. Revenue is recognized over time if any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by Alfa Laval's performance, which normally applies to service offerings.
- Alfa Laval creates or enhances an asset that the customer controls as the work progresses, such as during installation or commissioning at the customer's facility.
- The performance obligation does not create an asset with an alternative use for Alfa Laval, and the company has a right to payment

for the performance completed to date. The assessment of alternative use is based on whether the product or solution can be sold to another customer. If a large number of engineering hours are invested in making a product or process solution customer-specific, this is a strong indication that there is no alternative use. As a practical expedient, therefore, only orders with a value in excess of EUR 1 million and requiring more than 200 engineering hours are recognized over time.

In cases where revenue is not recognized over time, it is recognized at a certain point in time when control is transferred to the customer.

Alfa Laval often provides warranties in connection with sales. The scope of the warranty varies from contract to contract, but it generally aims to ensure that the product works in accordance with agreed specifications. These warranties usually cover a period of 12 months and are recognized as a provision.

Distribution of net sales by geographical market

Group, SEK million	2025				2024			
	Energy	Food & Water	Marine	Total	Energy	Food & Water	Marine	Total
Sweden	564	823	58	1,446	450	699	83	1,232
Other EU	5,232	6,406	3,746	15,384	5,427	5,968	3,923	15,319
Rest of Europe	1,153	1,354	2,307	4,813	988	1,119	2,654	4,760
USA	4,321	5,940	1,054	11,316	4,223	6,123	995	11,341
Other North America	815	541	190	1,547	751	1,091	181	2,023
Latin America	979	2,359	632	3,970	911	1,953	780	3,645
Africa	229	712	365	1,306	255	604	357	1,217
China	2,664	2,689	7,884	13,237	2,181	2,671	5,226	10,078
South Korea	975	283	3,447	4,705	683	259	3,351	4,293
Other Asia	3,100	4,082	4,004	11,185	3,107	4,754	4,236	12,097
Oceania	219	445	101	764	354	502	93	949
Total	20,250	25,635	23,790	69,674	19,330	25,742	21,881	66,954

Net sales are reported by country on the basis of invoicing address, which is normally the same as the delivery address. Countries with more than 10 percent of either net sales, non-current assets or investments are reported separately.

Alfa Laval has no one customer accounting for 10 percent or more of net sales.

Distribution of net sales by product group/service

Group, SEK million	2025				2024			
	Energy	Food & Water	Marine	Total	Energy	Food & Water	Marine	Total
Separation	1,405	7,498	3,124	12,028	1,412	7,583	3,057	12,051
Heat transfer	18,683	3,854	6,220	28,756	17,907	4,077	5,903	27,886
Fluid handling	161	7,536	10,841	18,539	12	7,146	8,821	15,979
Other	1	6,747	3,604	10,352	0	6,937	4,100	11,038
Total	20,250	25,635	23,790	69,674	19,330	25,742	21,881	66,954

The classification of proprietary products and services within separation, heat transfer and fluid handling is a reflection of Alfa Laval's three core technologies. Other comprises proprietary products and services outside these three areas. This category also includes purchased products that complement the Alfa Laval product offering. Service is distributed across all categories and covers all types of service and service agreements, excluding spare parts.

Net sales from contracts with customers, details

Group, SEK million	2025	2024
Type of revenue:		
Contracts with customers	69,674	66,954
Contract duration:		
Less than 1 year	53,180	52,135
More than 1 year	16,495	14,820
Total net sales	69,674	66,954
Time of revenue recognition:		
Revenue recognized at a given point in time	54,693	54,673
Revenue recognized over time	14,981	12,282
Total net sales	69,674	66,954
Revenue recognized during the year:		
Included in the contract liability at the beginning of the year	6,484	5,344
From performance obligations fulfilled in previous periods	1,199	1,421

100 (100) percent of total net sales relate to revenue from contracts with customers.

Contract balances

Group, SEK million	2025	2024
Accounts receivable (Note 18)	9,949	10,258
Contract assets	5,052	4,000
Contract liabilities	12,293	12,893

A contract asset represents the Group's right to receive payment for goods or services transferred to a customer in accordance with agreed performance obligations. This includes obligations that have not yet been invoiced, as well as work in progress. A contract asset related to work in progress represents the right to payment for work completed, which is dependent on the Group fulfilling its contractual obligations.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which payment has been received or is due. This includes advance payments from customers and deferred income for performance obligations invoiced but not yet satisfied.

Note 4. Employees

Average number of employees, full-time equivalents

Group	Number of female employees		Total number of employees	
	2025	2024	2025	2024
Parent Company	-	-	-	-
Subsidiaries in Sweden	874	840	3,129	3,081
Subsidiaries in other countries	4,532	4,199	20,010	18,826
Total	5,407	5,039	23,140	21,907

Notes

Average number of employees – by country/district

Group	Number of female employees		Total number of employees	
	2025	2024	2025	2024
Argentina	22	18	70	63
Australia	18	17	100	90
Austria	4	3	20	17
Belgium	45	32	160	155
Brazil	161	154	691	669
Bulgaria	12	11	35	28
Canada	26	25	115	107
Chile	6	6	35	38
China	1,014	902	4,430	4,100
Colombia	22	20	60	48
Czech Republic	7	7	30	30
Denmark	550	517	2,000	1,944
Finland	42	38	145	133
France	276	247	1,309	1,143
Germany	79	72	288	280
Greece	14	14	42	41
Hong Kong	17	16	34	34
Hungary	3	3	13	11
India	240	218	2,108	2,032
Indonesia	41	37	166	148
Italy	146	197	882	863
Japan	64	68	252	256
Korea	67	59	354	345
Latvia	4	4	9	9
Lithuania	20	12	113	93
Malaysia	95	95	243	246
Mexico	25	24	97	88
Netherlands	96	106	341	386
New Zealand	2	2	22	21
Norway	382	304	1,727	1,480
Panama	11	12	23	20
Peru	7	8	28	27
Philippines	21	18	52	46
Poland	182	160	630	587
Portugal	4	4	8	8
Qatar	0	–	10	9
Romania	6	3	12	13
Russia	2	3	3	6
Saudi Arabia	2	2	45	38
Singapore	82	86	289	290
Slovakia	4	3	12	11
Slovenia	7	7	16	15
South Africa	17	17	49	48
Spain	38	32	189	185
Sweden	874	840	3,129	3,081
Switzerland	27	3	57	11
Thailand	24	21	74	66
Turkey	19	17	79	78
Ukraine	1	1	9	9
United Arab Emirates	40	31	134	112
United Kingdom	90	88	377	380
USA	439	446	1,973	1,920
Vietnam	12	11	49	52
Total	5,407	5,039	23,140	21,907

Gender distribution

Group	2025			2024		
	Total	Men, %	Women, %	Total	Men, %	Women, %
Board members (excluding deputies)	13	69	31	12	75	25
CEO and Group Management	8	87	13	8	75	25

The Board of Directors has changed from 3 women and 9 men to 4 women and 9 men (+1 woman). The executive management team has changed from 2 women and 6 men to 1 woman and 7 men (–1 woman). The company works to achieve more balanced gender distribution by integrating diversity objectives into the recruitment process.

Note 5. Salaries and remuneration

Salaries and remuneration – total

Group, SEK million	2025	2024
Salaries and remuneration	13,791	13,125
Social security contributions	2,420	2,292
Pension costs, defined benefit plans	98	99
Pension costs, defined contribution plans	1,054	947
Total personnel costs	17,363	16,463

The Swedish ITP plan is a multi-employer plan insured by Alecta. It is a defined benefit plan, but since the plan assets and liabilities cannot be allocated to each employer, it is reported as a defined contribution plan in accordance with IAS 19. The design of the plan does not allow Alecta to provide each employer with its share of the assets and obligations, nor with the information required for disclosure. The cost for the plan is reported above, together with the costs for other defined contribution plans. Alecta reported a collective consolidation level of 167 (162) percent at December 31, 2025. The collective consolidation level is defined as the fair value of Alecta's plan assets as a percentage of the insured pension commitments calculated according to Alecta's actuarial assumptions, which are not in accordance with IAS 19. Such a surplus can be distributed among the employers or the beneficiaries, but there is no agreement in place that would allow the company to recognize a receivable from Alecta.

Share-based remuneration

No share-based remuneration existed within Alfa Laval during the period 2024 to 2025.

Variable remuneration

All employees have either a fixed salary or a fixed base salary. For certain personnel categories, the remuneration package also includes a variable element. This relates to employee categories for whom it is customary, or part of a market-based offer, to pay a variable component. Variable remuneration is most common in sales-related roles and senior management positions. The variable element normally constitutes a minor part of the total remuneration package.

Cash-based long-term incentive programme

In 2025, the Board resolved to implement an additional phase of the cash-based long-term incentive programme for a maximum of 150 senior managers in the Group, including the President and those defined as senior executives. The outcome of the programme depends on how the adjusted EBITA margin and the net sales growth have developed during the three-year period, with a 50/50 weighting between the targets. This means that no allocation will be made during the first two years, since it is only in the third year that the extent to which the targets have been achieved can be determined. The maximum payout will be made when the targets are exceeded. The remuneration from the long-term incentive programme may amount to a maximum of 25, 40 or 50 percent of fixed remuneration, depending on position. Payment to programme participants will be made after year three, provided that they remain employed at the payment date (except in cases where employment has ended due to retirement, death or illness). If the employee resigns or is dismissed before the end of the three-year period, the employee will not be entitled to any payment. If the employee moves to a position that is not eligible to participate in this programme, a pro-rata payment will be made after the end of the three-year period. Payments made under the long-term incentive programme normally do not affect pensionable salary or holiday pay. Three phases of the programme run in parallel each year.

The financial targets were:

Long-term incentive programmes

	Financial targets	
	Threshold	Maximum
Adjusted EBITA margin (%)	14	17
Net sales growth (%)	4	7
Award (%) if achieved	0	100

The actual outcome and the resulting allocation were:

Long-term incentive programmes

Group	Outcome				Award (%)
	2023	2024	2025	Average	
Plan 2023–2025					
Adjusted EBITA margin (%)	16.1	16.6	17.7	16.8	93.33
Net sales growth (%)	22	5	4	10.5	100.00
	Outcome				Award (%)
Plan 2022–2024	2022	2023	2024	Average	
Adjusted EBITA margin (%)	15.8	16.1	16.6	16.2	73.33
Net sales growth (%)	27	22	5	18	100.00
	Outcome				Award (%)
Plan 2021–2023	2021	2022	2023	Average	
Adjusted EBITA margin (%)	17.4	15.8	16.1	16.4	80.00
Net sales growth (%)	-1	27	22	16	100.00

There are three maximum bonus levels in the plan, and the allocations for the different levels and the total cost of the plan were as follows:

Long-term incentive programmes, award

Group	Outcome as a percentage per maximum bonus level			Total cost, SEK million	Paid in
	25%	40%	50%		
Plan 2023–2025	24.2	38.7	48.3	67	2026
Plan 2022–2024	21.5	34.5	43.0	60	2025
Plan 2021–2023	22.5	36.0	45.0	51	2024

Notes

Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives are determined by the Annual General Meeting. The complete guidelines are presented in section about corporate governance. Remuneration to the President and CEO is determined by the Board of Directors based on proposals from the Remuneration Committee, in accordance with the guidelines adopted by the Annual General Meeting. Remuneration to other senior executives is determined by the Remuneration Committee in accordance with the same guidelines. The principle applied when determining remuneration to senior executives is to offer market-com-

petitive remuneration, where the remuneration package is primarily based on a fixed monthly salary, with the possibility of a company car and, in addition, a variable component of up to 50 percent of salary (up to 60 percent for the President and CEO). The outcome of the variable component depends on the degree to which defined financial targets are achieved, and to a limited extent on qualitative targets as well. The guidelines for pensions, notice periods and severance pay differ between the President and CEO and other senior executives, as presented in the table below.

Salaries and remuneration to Group Management

Group, SEK thousands	Group Management			
	President and CEO		Other senior executives	
	2025	2024	2025	2024
Fixed remuneration				
Base salary	17,601	16,297	30,096	30,522
Other benefits ¹⁾	922	502	4,670	2,722
Variable remuneration²⁾				
Variable salary	8,605	7,916	9,562	10,788
Cash-based long-term incentive programme	7,061	6,984	9,047	10,400
Total salary and remuneration	34,189	31,700	53,375	54,432
Pension costs				
Retirement and survivor pensions ³⁾	8,591	8,335	8,091	10,377
Life, disability and healthcare insurance ⁴⁾	53	47	176	497
Total pension costs	8,644	8,382	8,267	10,874
Total remuneration including pensions	42,833	40,082	61,642	65,306
Proportion of fixed and variable remuneration				
Fixed remuneration including fixed pension costs	63%	63%	70%	63%
Variable remuneration including variable pension costs	37%	37%	30%	37%
Variable salary (STI)				
Non-guaranteed target as a percentage of base salary	30%	30%	25%	Not set
Maximum as a percentage of base salary	60%	60%	50%	50%
Cash-based long-term incentive programme				
Award for the year ⁵⁾	7,061	7,062	9,047	11,817
Earned but unpaid allocations as at December 31	8,507	7,062	11,615	11,817
Early retirement commitment⁶⁾	No	No	No	Yes
Commitment regarding severance pay	Yes ⁷⁾	Yes ⁷⁾	Yes ⁸⁾	Yes ⁸⁾
Commitment regarding old-age and survivors' pensions	9)	9)	10)	10)

¹⁾ The value of company car, housing benefit, taxable travel allowances, holiday pay and cash payment for unused holiday entitlement.

²⁾ Refers to amounts paid during the year.

³⁾ Defined contribution.

⁴⁾ Defined benefit.

⁵⁾ Based on current base salary.

⁶⁾ From the age of 62. A defined contribution early retirement solution with a premium of 15 percent of the pensionable salary.

⁷⁾ If Alfa Laval terminates his employment, he will receive 12 months of base salary.

⁸⁾ Maximum 2 annual salaries. These commitments define the conditions that must be met for compensation to be paid.

⁹⁾ Not covered by the ITP plan. Has a defined contribution benefit amounting to 50 percent of the base salary. In addition, he may allocate salary and variable salary components to a temporary old-age and survivors' pension.

¹⁰⁾ For salaries above 30 base amounts, there is a defined contribution pension solution with a premium of 30 percent of pensionable salary on the portion exceeding 30 base amounts. In addition, they may allocate salary and variable salary components to a temporary old-age and survivors' pension.

Several changes took place in the Group Management team during the year. Pascal Gimenez ended his employment on 3 January 1, 2025, and the role of President for Human Resources was held on an interim basis by Anne Isachsen between 1 February and 30 September. Joakim Vilson took over the role on 1 October 2025. On the same date, Joakim Vilson was replaced by Julien Gennetier in the role of President for Sales and Services. Julien was previously in charge of the Gasketed Plate Heat Exchangers business unit. Martijn Bergink took over the role of President of the Marine division on 1 December 2025, replacing Sameer Kalra, who retired. In 2024, Sammy Hulpiau assumed the role of President of the Food & Water division on 1 September 2024, replacing Nish Patel. Each person's costs are included in the table above for the period during which they were part of Group Management.

Board of Directors

For 2025, the Board receives fixed fees totalling SEK 9,715 (8,375) thousand, which are allocated among the Directors appointed by the Annual General Meeting who are not employees of the company. These Directors receive no variable remuneration.

Remunerations to Directors*

Group, SEK thousands		2025	2024
Fees per assignment:			
Chair of the Board		2,190	2,050
Other Directors		730	680
Additional fees to:			
Chair of the Audit Committee		350	325
Other Directors on the Audit Committee		175	160
Chair of the Remuneration Committee		85	80
Other Directors on the Remuneration Committee		85	80
Fees per individual:			
Dennis Jönsson	Chair	2,450	2,290
Lilian Fossum Biner	Director	905	840
Annica Bresky	Director	730	-
Nadine Crauwels	Director	730	680
Henrik Lange	Director	1,080	1,005
Ray Mauritsson	Director	730	680
Anna Müller	Director	730	680
Finn Rausing	Director	730	680
Jörn Rausing	Director	815	760
Ulf Wiinberg	Director	815	760
Total		9,715	8,375

* Elected at the Annual General Meeting and not employed by the company.

The disclosed remuneration relates to the period between two Annual General Meetings. The Chair of the Board has no agreement with Alfa Laval regarding future pension benefits or severance pay.

The Audit Committee and the Remuneration Committee have had the following Directors during the past two years:

Audit Committee:	2025	2024
Chair	Henrik Lange	Henrik Lange
Other Director	Dennis Jönsson	Dennis Jönsson
Other Director	Lilian Fossum Biner	Lilian Fossum Biner
Remuneration Committee:		
Chair	Dennis Jönsson	Dennis Jönsson
Other Director	Ulf Wiinberg	Ulf Wiinberg
Other Director	Jörn Rausing	Jörn Rausing

The Directors on the committees are appointed at the statutory Board meeting held immediately after the Annual General Meeting.

Note 6. Auditors' fees

The line 'Group auditors' in the table below refers to the auditors appointed by the Annual General Meeting for Alfa Laval AB (publ). The Annual General Meetings in 2024 and 2025 resolved to appoint EY as the Group's auditors for the coming year.

Fees and expense reimbursement

Group, SEK million	2025		Total
	Group auditors	Other audit firms	
Audit engagements	61	2	63
Other audit services	2	0	2
Tax advisory services	10	15	25
Other services	2	8	10
Costs	1	0	1
Total	76	26	102

Group, SEK million	2024		Total
	Group auditors	Other audit firms	
Audit engagements	60	2	62
Other audit services	2	0	2
Tax advisory services	8	21	29
Other services	5	4	9
Costs	0	0	0
Total	75	27	102

An audit engagement includes the audit of the annual report, the evaluation of the accounting policies applied and significant judgements made by management, as well as the assessment of the overall presentation of the annual report. It also includes the audit required to provide an opinion on the discharge of the Board of Directors from liability. Other audit services are services that fall outside the audit engagement. Tax advisory services refer to advisory work relating to various tax matters. All other assignments are defined as other services. Costs refer to reimbursement for outlays such as travel costs, etc.

Note 7. Depreciation and amortization

Allocated by function

Group, SEK million	2025	2024
Cost of goods sold	-1,487	-1,473
Sales	-465	-351
Administration	-305	-283
Research and development	-36	-45
Other income and costs	-210	-265
Total	-2,503	-2,418

Notes

Note 8. Financial income and costs

SEK million	Group		Parent Company	
	2025	2024	2025	2024
Interest income from subsidiaries	-	-	102	256
Interest income – external	166	168	2	2
Interest income, leasing	1	2	-	-
Unrealized foreign exchange gains	54	52	-	-
Realized foreign exchange gains	49	50	-	-
Dividends from other companies	9	0	-	-
Gain on sale of securities	2	10	-	-
Change in fair value of securities	11	3	-	-
Financial income	292	284	104	258
Interest costs – external	-412	-384	-1	0
Interest costs, leasing	-159	-109	-	-
Unrealized foreign exchange gains	-137	-10	-	-
Realized foreign exchange gains	-136	-221	-	-
Financial costs	-844	-724	-1	0

External interest costs consist mainly of interest on the bank syndicate loan of SEK -17 (-20) million, the bilateral loans of SEK -125 (-104) million, the bonds of SEK -195 (-134) million and the commercial paper programme of SEK 0 (-12) million.

Within the Group, recognized net foreign exchange differences of SEK 765 (-184) million relating to liabilities in foreign currencies have been reclassified to other comprehensive income. These debts finance the acquisition of shares in foreign subsidiaries and act as a hedge to the acquired net assets. The amount is subject to tax, resulting in a net after tax effect on other comprehensive income of SEK 607 (-146) million.

Note 9. Current and deferred taxes

Accounting policies

Income taxes include both current and deferred taxes. These are recognized in the income statement unless the underlying transaction is recognized in other comprehensive income or directly in equity. In such cases, the tax is recognized in the same manner. Current tax refers to the tax payable or receivable for the current year, based on the tax rates enacted at the balance sheet date, and includes adjustments relating to prior years. Current tax liabilities and tax assets are offset when there is a legally enforceable right to offset and the intention to settle on a net basis. Deferred tax is recognized in accordance with the balance sheet method. Deferred tax is calculated using the tax rates and tax laws that have been enacted or substantively

enacted as at the balance sheet date and that are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized only to the extent that it is probable that they can be utilized against future taxable profits.

Regarding the Pillar II rules, the Group has applied the temporary relief issued by the IASB in May 2023, from the deferred tax accounting requirements in IAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar II income taxes.

Tax on net net income for the year

Group, SEK million	2025	2024
Major components of the Group's tax expense:		
Current tax expense for the period	-2,886	-2,632
Adjustment of current tax relating to prior periods	-40	117
Deferred tax expense/income relating to temporary differences	164	17
Deferred tax expense/income relating to changes in tax rates or the introduction of new taxes	-2	1
Previously unrecognized tax assets relating to tax loss carry-forwards	1	1
Previously unrecognized deferred tax assets relating to tax loss carry-forwards and temporary differences	0	1
Deferred tax expense relating to a reduction of a deferred tax asset, or deferred tax income relating to the reversal of a previous reduction	-18	14
Other taxes	-95	-83
Total tax cost	-2,875	-2,564

Other taxes relate to withholding tax on dividends, etc.

Tax on other comprehensive income for the year

Group, SEK million	2025	2024
Major components of the Group's tax expense		
Deferred tax on:		
Cash flow hedges	-268	137
Translation difference	-173	34
Remeasurements of defined-benefit obligations	14	7
Total tax cost	-427	178

The difference between the Group's actual tax expense and the tax expense based on applicable tax rates consists of the following components:

Reconciliation of tax expense

Group, SEK million	2025	2024
Result after financial items	11,198	9,996
Tax at the applicable tax rate	-2,588	-2,040
Tax effects of:		
Non-deductible costs	-429	-355
Non-taxable income	267	308
Differences between accounting depreciation and tax depreciation	0	1
Differences between other reported appropriations and tax appropriations	-8	-249
Tax deductions from prior years	27	4
Adjustment of current tax relating to prior periods	-53	-150
Adjustment of deferred tax	2	-
Miscellaneous information	-95	-83
Total tax cost	-2,875	-2,564

Alfa Laval has provisions for uncertain tax positions, recognized as part of current tax liabilities when, for example, a local tax audit or tax assessment indicates an increased tax exposure and the company assesses that the tax authority may be wholly or partly successful in future proceedings.

There are temporary differences in cases of differences between the reported tax values of assets or liabilities. The Group's temporary differences have resulted in a deferred tax asset or a deferred tax liability relating to the following assets and liabilities:

Deferred tax assets and liabilities

Group, SEK million	2025		2024	
	Claim	Liabilities	Claim	Liabilities
Relating to:				
Intangible assets	0	1,947	1	1,246
Property, plant and equipment	111	210	95	165
Right-of-use assets	238	55	26	144
Inventory	218	271	241	164
Other current assets	13	3	2	5
Financial assets	1	6	0	12
Current liabilities	1,575	32	1,525	50
Lease liabilities	56	208	142	-
Tax loss carry-forwards*	246	0	67	-
Other items	17	959	59	822
Subtotal	2,475	3,691	2,158	2,608
Offsetting within companies	-232	-232	-216	-216
Total deferred taxes	2,243	3,458	1,942	2,392

* The tax loss carry-forwards to which this deferred tax asset relates amount to SEK 1,341 (265) million.

These tax loss carry-forwards are, for the most part, not subject to time limits.

Within the Group, there are temporary differences and tax loss carry-forwards of SEK 1,190 (1,228) million that have not resulted in a corresponding deferred tax asset, as it is assessed that they are unlikely to be utilized within the foreseeable future. The temporary differences relate primarily to pensions, where the expected settlement date lies so far into the future that no asset has been recognized, taking discounting and uncertainty in future profit levels into account. The tax loss carry-forwards are largely without time limitation, but the amount that can be utilized each year may be restricted to a certain proportion of taxable profit.

The Group's normal effective tax rate is approximately 26 (26) percent based on taxable profit, calculated as a weighted average based on each Group company's share of profit before tax. However, one-off items may cause the tax rate for a specific year to be higher or lower.

Consequences of the implementation of the Pillar II rules

Pillar II legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation became effective for the Group's financial year beginning January 1, 2024. The Group is within the scope of the enacted legislation and has assessed the Group's potential exposure to income taxes under Pillar II.

The assessment of potential exposure to income taxes under Pillar II is based on the most recent country-by-country reporting and the financial statements of the Group entities concerned. Based on this assessment, the effective tax rates under Pillar II in most of the jurisdictions where the Group operates exceed 15 percent. However, there is a limited number of jurisdictions where the temporary safe harbour exemption is not applicable, but in these jurisdictions the effective tax rate under Pillar II is close to 15 percent or exempt in accordance with local Pillar II rules. Therefore, the Group does not expect any material exposure to income taxes under Pillar II in these jurisdictions.

The Group is continuing to assess the impact of the Pillar II income tax legislation on its future financial performance.

Note 10. Earnings per share

Earnings per share, basic and diluted, are calculated on the basis of the following:

SEK million	2025	2024
Profit attributable to the Parent Company's shareholders (SEK millions)	8,272	7,391
Weighted average number of outstanding shares	413,326,315	413,326,315
Earnings per share before and after dilution (SEK per share)	20.01	17.88

The weighted average number of shares is unchanged from the previous year, as there has been no change in the number of shares. There is no dilution of the shares.

Note 11. Intangible assets and goodwill

Accounting policies

Intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses. The straight-line amortization charges are based on the cost of the intangible assets and are calculated with regard to their estimated useful lives.

Useful lives:

Patents and unpatented know-how	10–20 years
Customer relations	10–20 years
Trademarks	10–20 years
Licenses, renting rights and similar rights	10–20 years
Internally generated intangible assets	5 years

Amortization is carried out using the straight-line method. Any contingent consideration arising in connection with business acquisitions is amortized over the same period as the original purchase consideration. Capitalized expenditure on internally generated assets relates mainly to expenditure on the development of ERP systems. Research expenditure is expensed as incurred. Expenditure incurred in development projects is recognized as an intangible asset when the criteria in IAS 38 are met. Amortization begins when the asset is ready for use. Development expenditure that does not meet the IAS 38 criteria is expensed as incurred.

On the sale or disposal of an intangible asset, the gain or loss is calculated in relation to the carrying amount according to the amortization schedule. The result of the sale of intangible assets is recognized in other operating income or other operating costs. When there are indications that the value of an intangible asset with a definite useful life has decreased, an assessment is made to determine whether an

impairment is required. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in operating income. The recoverable amount is normally determined on the basis of fair value less costs of disposal.

Goodwill

Goodwill is recognized at cost less accumulated impairment. Impairment losses are recognized in operating income.

The difference between the purchase price paid and the net assets of the acquired companies is allocated to the step up values attributable to each type of asset, with any remainder recognized as goodwill. Because goodwill is a residual that arises only after all other parameters in the purchase price allocation have been determined, it remains preliminary until the other values are final. Accordingly, the value of goodwill is provisional during the first 12 months after the acquisition.

Goodwill is tested for impairment annually and whenever there is an indication that an impairment requirement may exist. The recoverable amount for goodwill is determined on the basis of the value in use, calculated from discounted future cash flows. The Group's activities are organized into the Energy, Food & Water and Marine divisions, which are also the Group's cash-generating units. Goodwill is allocated to these cash-generating units, and impairment tests are performed on them. The net present value is based on the projected EBITDA figures for the next five years, less projected investments and changes in operating capital and the perceived expected average industry growth rate. The discount rate applied is the pre-tax weighted average cost of capital (WACC).

Group, SEK million	Patents and unpatented know-how	Trademarks	Customer relations	Licenses, renting rights and similar rights	Internally generated intangible assets	Goodwill	Total
Accumulated acquisition cost							
January 1, 2025	9,061	8,607	-	245	1,313	27,408	46,634
Investments	0	-	-	26	133	-	159
Acquisitions	3,351	45	321	57	3	6,216	9,991
Sales/disposals	0	-	-	5	-4	-	0
Reclassifications	6	-6	-	157	-161	-	-3
Translation difference	-902	-667	-9	-27	-55	-2,330	-3,990
December 31, 2025	11,515	7,979	312	463	1,229	31,294	52,792
Accumulated amortization							
January 1, 2025	-7,115	-7,435	-	-112	-635	-1,778	-17,076
Amortization for the year	-35	-2	-	-12	-165	-	-213
Amortization of step up values	-373	-166	-16	-	-	-	-555
Acquisitions	-	-	-	-38	-2	-	-40
Sales/disposals	0	-	-	3	2	-	5
Reclassifications	-14	2	-	5	2	-	-4
Translation difference	689	595	0	9	37	206	1,536
December 31, 2025	-6,848	-7,006	-16	-144	-762	-1,572	-16,347
Carrying amounts, December 31, 2025	4,667	974	297	319	467	29,722	36,445

Group, SEK million	Patents and unpatented know-how	Trademarks	Licenses, renting rights and similar rights	Internally generated intangible assets	Goodwill	Total
Accumulated acquisition cost						
January 1, 2024	8,904	8,422	221	1,161	26,734	45,442
Investments	6	-	22	197	-	225
Sales/disposals	-2	0	-10	-44	-	-56
Translation difference	152	185	12	-1	674	1,023
December 31, 2024	9,061	8,607	245	1,313	27,408	46,634
Accumulated amortization						
January 1, 2024	-6,528	-6,984	-108	-535	-1,665	-15,820
Amortization for the year	-22	-2	-12	-131	-	-167
Amortization of step up values	-301	-314	-	-	-	-616
Sales/disposals	0	-	11	29	-	40
Reclassifications	-	0	0	-	-	0
Translation difference	-264	-135	-3	2	-113	-513
December 31, 2024	-7,115	-7,435	-112	-635	-1,778	-17,077
Carrying amounts, December 31, 2024	1,945	1,172	134	678	25,630	29,559

Internally generated intangible assets relate to capitalized IT costs and capitalized development costs associated with R&D.

Impairment testing

Impairment testing was performed as at the end of 2025, indicating that there is no need to write down goodwill.

Three of Alfa Laval's operating segments – the three business divisions Energy, Food & Water and Marine – have been identified as the cash-generating units within Alfa Laval. Technically, a newly acquired business can be tracked separately during an initial period, but acquired businesses are normally integrated into the divisions directly. This means that independent traceability is lost fairly soon, and a standalone measurement and impairment test is no longer feasible.

The recoverable amount of the cash-generating units is based on their value in use, which is established by calculating the net present value of future cash flows. The net present value is based on the projected EBITDA figures for the next five years, less projected investments and changes in operating capital during the same period and thereafter the perceived expected average industry growth rate.

This projection is based on the following components:

- The projection for 2026 is based on the Group's normal rolling 12-month Forecast reporting. This is based on a number of assumptions concerning the business cycle, volume growth, market initiatives, product mix, currency rates, cost development, cost structure, R&D, etc.

- The projection for the period 2027 till 2030 is based on management's general assumptions concerning the business cycle, volume growth, market initiatives, product mix, currency rates, cost development, cost structure, R&D, etc.
- The forecast for 2031 and onwards is based on the estimated expected long-term average growth rate in the industry of 2.25 (2.25) percent.

The assumptions used in the forecasts reflect past experiences or information from external sources. The discount rate applied is the pre-tax weighted average cost of capital (WACC) of 9.42 (9.64) percent. A sensitivity analysis has been performed showing that, if the WACC were to increase by 1 percent or if the terminal growth rate were reduced by 1 percent, the carrying amount would still exceed the recoverable amount.

Alfa Laval has no intangible assets with indefinite useful lives except for goodwill.

Goodwill has been allocated to the following cash-generating units:

Goodwill

Group, SEK million	2025	2024
Energy	8,902	3,544
Food & Water	4,652	5,135
Marine	16,167	16,951
Total	29,722	25,630

Note 12. Property, plant and equipment

Accounting policies

Property, plant and equipment are recognized at cost less accumulated depreciation. Depreciation is based on the cost of the assets and is calculated with regard to the estimated useful life. Depreciation is carried out using the straight-line method.

Useful lives:

Computer software, computers	3.3 years
Office equipment	4 years
Vehicles	5 years
Machinery and equipment	7-14 years
Land improvements	20 years
Buildings	25-33 years

Upon sales or disposal of property, plant and equipment, the gain or loss is calculated as the difference between the selling price and the carrying amount. The gain or loss is recognized in other operating income or other operating costs.

If there are any indications that the value of an item of property, plant and equipment with a definite useful life has decreased, an assessment is performed in order to determine whether an impairment is necessary. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in profit or loss. When assets are held for sale, a clear indication of the recoverable amount is obtained, which may result in an impairment.

Group, SEK million	Buildings and land	Machinery and other technical installations	Equipment, tools and installations	Assets under construction and advance payments	Total
Accumulated acquisition cost					
January 1, 2025	7,758	10,167	4,242	2,568	24,735
Investments	81	411	273	1,736	2,501
Acquisitions	244	435	176	17	872
Sales/disposals	-146	-193	-186	-2	-526
Reclassifications	806	1,367	-150	-2,040	-17
Reclassification to assets for sale	46	-	-	-	46
Translation difference	-675	-886	-298	-137	-1,996
December 31, 2025	8,115	11,301	4,058	2,141	25,616
Accumulated depreciation					
January 1, 2025	-3,911	-6,532	-2,678	-	-13,121
Depreciation for the year	-293	-579	-268	-	-1,141
Depreciation of step up values	-30	-	-	-	-30
Acquisitions	-82	-346	-129	-	-556
Sales/disposals	126	167	157	-	449
Reclassifications	-115	-31	162	-	16
Translation difference	308	549	193	-	1,050
December 31, 2025	-3,995	-6,772	-2,564	-	-13,331
Carrying amounts					
December 31, 2025	4,120	4,529	1,494	2,141	12,284

Group, SEK million	Buildings and land	Machinery and other technical installations	Equipment, tools and installations	Assets under construction and advance payments	Total
Accumulated acquisition cost					
January 1, 2024	6,950	8,631	3,626	2,090	21,297
Investments	375	534	503	1,675	3,087
Sales/disposals	-50	-202	-138	-17	-407
Reclassifications	247	866	142	-1,253	2
Translation difference	236	339	109	74	758
December 31, 2024	7,758	10,167	4,242	2,568	24,735
Accumulated depreciation					
January 1, 2024	-3,611	-5,897	-2,476	-	-11,984
Depreciation for the year	-231	-520	-281	-	-1,032
Depreciation of step up values	-38	-	-	-	-38
Sales/disposals	22	180	127	-	329
Reclassifications	37	-56	17	-	-2
Translation difference	-90	-240	-65	-	-395
December 31, 2024	-3,911	-6,532	-2,678	-	-13,121
Carrying amounts, December 31, 2024	3,847	3,635	1,563	2,568	11,613

Non-current assets held for sale

At Alfa Laval, these assets normally refer to properties. A property in the US is for sale and is expected to be sold within the next year. This has therefore been classified as assets held for sale amounting to SEK

1 (47) million. The fair value of the properties held for sale exceeds their carrying amount by approximately SEK 17 (282) million.

Note 13. Leasing**Accounting policies**

Alfa Laval applies practical expedients for leases with a lease term of 12 months or less, or where the leased asset is of low value. With reference to the materiality principle in accordance with IAS 8.8, IFRS 16 is applied to leases relating to buildings and land, company cars and other vehicles, forklifts, large servers and large printers. The present value of other leases is deemed to be not material, and these are expensed as incurred.

Leases may include both lease and service components. Alfa Laval has opted to exclude the service component from lease accounting in accordance with IFRS 16, and so this element is expensed directly.

Leased property, plant and equipment are recognized as right-of-use assets in the balance sheet, with a corresponding financial liability. The lease payment is allocated between financial expense, calculated as interest on the outstanding liability, and amortization of the liability. The useful life of right-of-use assets is determined on the basis of the term of the contract in question, and depreciation is applied using the straight-line method.

Notes

Group, SEK million	Right-of-use assets, property	Right-of-use assets, machinery	Right-of-use assets, equipment, tools and installations	Total
Accumulated acquisition cost				
January 1, 2025	4,017	86	487	4,590
New or modified leases	1,355	21	153	1,529
Acquisitions	101	0	28	129
Sales/disposals	-183	-9	-100	-292
Reclassifications	-127	20	117	10
Translation difference	-399	-10	-35	-444
December 31, 2025	4,764	108	649	5,521
Accumulated depreciation				
January 1, 2025	-1,438	-43	-233	-1,714
Depreciation for the year	-416	-21	-127	-564
Acquisitions	-68	0	-12	-80
Sales/disposals	126	16	80	222
Reclassifications	109	-11	-65	34
Translation difference	130	5	19	154
December 31, 2025	-1,557	-55	-338	-1,950
Carrying amounts				
December 31, 2025	3,206	54	312	3,572

Group, SEK million	Right-of-use assets, property	Right-of-use assets, machinery	Right-of-use assets, equipment, tools and installations	Total
Accumulated acquisition cost				
January 1, 2024	3,625	62	412	4,099
New or modified leases	797	27	146	970
Sales/disposals	-526	-8	-89	-623
Reclassifications	-5	-1	6	0
Translation difference	127	6	12	145
December 31, 2024	4,017	86	487	4,590
Accumulated depreciation				
January 1, 2024	-1,388	-36	-219	-1,643
Depreciation for the year	-464	-18	-83	-565
Sales/disposals	470	7	75	552
Reclassifications	-1	6	-5	0
Translation difference	-56	-3	0	-59
December 31, 2024	-1,438	-43	-233	-1,714
Carrying amounts,				
December 31, 2024	2,579	43	254	2,877

New or adjusted leases amount to SEK 1,529 (970) million. The lease terms are between 1 and 25 years. The latter figure relates to a very limited number of properties. The maximum lease term is normally 10 years for buildings and 3–5 years for other assets.

Other information on leasing

Group, SEK million	2025	2024
Lessee		
Income statement		
Depreciation	-564	-565
Interest costs on lease liabilities	-159	-109
Cost of short-term leases	-69	-76
Costs for leases of low-value assets not included in the line above	-24	-19
Costs for variable lease payments not included in lease liabilities	-6	-12
Cash flow		
Total cash flow for lease liabilities	-662	-893
Total cash flow for leases recognized in profit or loss	-99	-107
Lessor		
Financial position		
Financial lessor receivable	15	0
Income statement		
Interest income on finance lessor receivable	1	2
Income from subleasing of right-of-use assets	28	2
Lease income from operating leases	20	19

The weighted average incremental borrowing rate used to discount the value of lease liabilities amounts to 4.80 (4.23) percent.

Maturity analysis of lease liabilities and lease receivables

Group, SEK million	Lease payments by the lessee		Payments received by the lessor under finance leases		Payments received by the lessor under operating leases	
	2025	2024	2025	2024	2025	2024
Maturity during the year:						
2025	N/A	678	N/A	-	N/A	0
2026	733	617	2	-	0	0
2027	642	479	1	-	0	0
2028	579	368	1	-	0	0
2029	485	308	1	-	0	0
2030	393	N/A	2	N/A	0	N/A
Later	2,478	1,365	8	-	0	-
Total	5,311	3,816	15	-	2	2

Note 14. Shares in subsidiaries

The consolidated financial statements comprise Alfa Laval AB (publ) and all subsidiaries over which Alfa Laval has control, which means direct or indirect ownership of more than 50 percent of shares. Most subsidiaries are wholly owned by the Group. Only 6 (6) subsidiaries include non-controlling interests; see Note 24 for more information.

The subsidiaries are consolidated using the acquisition method and are presented in the table below. The equity interest presented in the table corresponds to the percentage of voting rights in each company.

Alfa Laval AB's direct holdings of shares and participations in subsidiaries

				2025			2024		
Country	Registered office	Company name	Swedish corp. reg. no.	Number of shares	Equity interest, %	Carrying amount, SEK million	Number of shares	Equity interest, %	Carrying amount, SEK million
Sweden	Lund	Alfa Laval Holding AB	556587-8062	8,191,000	100	4,461	8,191,000	100	4,461
Japan	Tokyo	Alfa Laval KK		1,200,000	100	208	1,200,000	100	208
Total						4,669			4,669

Alfa Laval AB's indirect holdings of shares in subsidiaries, %

Country	Registered office	Company name	Swedish corp. reg. no.	2025	2024
Sweden	Halmstad	WCR Sweden AB	556171-5359	100	100
Sweden	Lund	Alfa Laval Europe AB	556128-7847	100	100
Sweden	Lund	Alfa Laval International Engineering AB	556039-8934	100	100
Sweden	Lund	Alfa Laval Technologies AB	556016-8642	100	100
Sweden	Lund	Alfa Laval Treasury International (publ) AB	556432-2484	100	100
Sweden	Lund	NexInc Hub AB	559401-3517	100	100
Sweden	Lund	PHE Holding AB	556306-2404	100	100
Sweden	Lund	Multbran AB	556662-3988	100	100
Sweden	Lund	Breezwind AB	556773-6532	100	100
Sweden	Lund	Alfa Laval Corporate AB	556007-7785	100	100
Sweden	Stockholm	StormGeo AB	556761-9472	100	100
Sweden	Sjöbo	Scanjet Holding AB	556705-2286	-	100
Sweden	Sjöbo	Scanjet Marine & Systems AB	556291-2427	100	100
Sweden	Tumba	Alfa Laval Nordic AB	556243-2061	100	100
Sweden	Vänernsberg	Tranter International AB	556559-1764	100	100
Argentina	Buenos Aires	Desmet Argentina S.A.		100	100
Argentina	San Isidro	Alfa Laval S.A.		100	100
Australia	Homebush	Alfa Laval Australia Pty Ltd		100	100
Austria	Guntramsdorf	Tranter Wärmetauscher GmbH		100	100
Austria	Wiener Neudorf	Alfa Laval Mid Europe GmbH		100	100
Belgium	Brussels	Alfa Laval Benelux NV/SA		100	100
Belgium	Zaventem	N.V. Desmet Belgium S.A.		100	100
Brazil	Petrópolis	Alfa Laval Aalborg Indústria e Comércio Ltda		99.5	99.5
Brazil	Rio de Janeiro	Framo do Brasil Ltda		100	100
Brazil	Rio de Janeiro	StormGeo do Brasil Serviços Meteorológicos Ltda		100	100
Brazil	São Paulo	Agência Brasileira de Meteorologia Ltda		100	100
Brazil	São Paulo	Alfa Laval Ltda		100	100
Brazil	São Paulo	Climanet Serviços de Internet Ltda		100	100
Brazil	São Paulo	ClimaTempo Participacoes SA		-	100
Brazil	São Paulo	Desmet Brasil Ltda		100	100
Brazil	São Paulo	Southern Marine Weather Services Ltda		100	100
Brazil	São Paulo	Tranter Indústria e Comércio de Equipamentos Ltda		100	100
Bulgaria	Sofia	Alfa Laval EOOD		100	100
Bulgaria	Varna	Scanjet Service EOOD		100	100
Canada	Edmonton	Tranter Heat Exchangers Canada Inc.		100	100
Canada	Newmarket	Alfa Laval Inc.		100	100
Canada	Newmarket	Canada Inc.		100	100
Chile	Santiago	Alfa Laval SpA		100	100
China	Beijing	Definox (Beijing) Stainless Steel Equipment Ltd		100	100
China	Beijing	Tranter Heat Exchangers (Beijing) Co Ltd		100	100
China	Hong Kong	Alfa Laval (China) Ltd		100	100
China	Hong Kong	StormGeo Ltd		100	100
China	Jiang Yin	Alfa Laval (Jiangyin) Manufacturing Co Ltd		100	100
China	Jiang Yin	Wuxi MCD Gasket Co Ltd		100	100

Country	Registered office	Company name	Swedish corp. reg. no.	2025	2024
China	Jiangsu	Alfa Laval Flow Equipment (Kunshan) Co Ltd		100	100
China	Jiaozhou City	Alfa Laval Qingdao Ltd		100	100
China	Liyang City	Liyang Sifang Stainless Steel Products Co., Ltd		65	65
China	Shanghai	Alfa Laval (Shanghai) Technologies Co Ltd		100	100
China	Shanghai	Desmet Ballestra (Shanghai) Co, Ltd.		100	100
China	Shanghai	Framo Shanghai Ltd		100	100
China	Suzhou	Alfa Laval Suzhou Co. Ltd		100	-
China	Taicang City	Alfa Laval (Taicang) Technologies Co Ltd		100	100
China	Taipei	Alfa Laval Taiwan Ltd		100	100
Colombia	Bogotá	Alfa Laval S.A.		100	100
Cyprus	Nicosia	Alfa Laval Middle East Ltd		100	100
Czech Republic	Prague	Alfa Laval Spol S.R.O.		100	100
Denmark	Kolding	Alfa Laval Kolding A/S		100	100
Denmark	Nakskov	Alfa Laval Nakskov A/S		100	100
Denmark	Rødovre	Alfa Laval Nordic A/S		100	100
Denmark	Søborg	Alfa Laval Copenhagen A/S		100	100
Denmark	Søborg	StormGeo Denmark A/S		100	100
Denmark	Aalborg	Alfa Laval Aalborg A/S		100	100
Denmark	Aalborg	Alfa Laval Aalborg Header-coil A/S		51	51
Finland	Espoo	Alfa Laval Nordic OY		100	100
Finland	Rauma	Alfa Laval Aalborg Oy		100	100
France	Clisson	Definox SAS		100	100
France	Courbevoie	Alfa Laval Packinox SAS		100	100
France	Courbevoie	Ziepack SA		51	51
France	Elancourt	Alfa Laval Moatti SAS		100	100
France	Golbey	Alfa Laval Golbey SAS		100	-
France	Golbey	Alfa Laval RE Golbey		100	-
France	Grenoble	Alfa Laval Vicarb SAS		100	100
France	Grenoble	SCI du Companil		100	100
France	Guny	MCD SAS		100	100
France	Nanterre	Tranter SAS		100	100
France	Nevers	Alfa Laval Spiral SAS		100	100
France	Saint-Priest	Alfa Laval Holding SAS		100	100
France	Saint-Priest	Alfa Laval France & North West Africa SAS		100	100
France	Wailly Beaucamp	Desmet Stolz France SAS		100	100
Germany	Ahrensburg	Soteco International GmbH		100	100
Germany	Artern	Tranter GmbH		100	100
Germany	Buchdorf	WCR Deutschland GmbH		100	100
Germany	Eversen	Desmet Rosedowns GmbH		80	80
Germany	Frechen	Alfa Laval Heat Exchanger Service GmbH		100	100
Germany	Glinda	Alfa Laval Holding GmbH		100	100
Germany	Hamburg	StormGeo GmbH		100	100
Greece	Koropi	Alfa Laval Single Member SA		100	100
Hungary	Budapest	Alfa Laval Kft		100	100
India	Bangalore	Desmet Ballestra Rosedowns India Private Limited		100	100
India	Bangalore	Desmet Engineering Center Private Limited		100	100
India	Bangalore	Desmet India Corporation Private Limited		100	100
India	Pune	Alfa Laval India Pvt Ltd		100	100
India	Pune	Tranter India Pvt Ltd		100	100
Indonesia	Batam	PT Scanjet Production		100	100
Indonesia	Jakarta	PT Alfa Laval Indonesia		100	100
Italy	Genua	Soteco International S.r.l.		100	100
Italy	Genua	Lupi S.r.l.		100	100
Italy	Milan	Alfa Laval Italy Srl		100	100
Italy	Santiago	Alfa Laval SpA		100	100
Italy	Suisio	Alfa Laval Olmi SpA		100	100
Japan	Tokyo	Alfa Laval KK		100	100
Japan	Tokyo	Framo Nippon KK		100	100
Japan	Tokyo	StormGeo Japan KK		100	100
Latvia	Riga	Alfa Laval SIA		100	100
Lithuania	Vilnius	UAB StormGeo		100	100
Malaysia	Shah Alam	Desmet Malaysia Sdn. Bhd.		100	100

Notes

Country	Registered office	Company name	Swedish corp. reg. no.	2025	2024
Malaysia	Shah Alam	Alfa Laval Malaysia Sdn Bhd		100	100
Mexico	Mexico City	Desmet Mexico Technologies S.A. de C.V.		100	100
Mexico	Tlalnepantla	Alfa Laval S.A. DE C.V.		100	100
Netherlands	Maarssen	Alfa Laval NV		100	100
Netherlands	Maarssen	Alfa Laval Benelux BV		100	100
Netherlands	Nijmegen	Alfa Laval Nijmegen BV		100	100
Netherlands	Rotterdam	Alfa Laval Rotterdam BV		100	100
Netherlands	Rotterdam	Scanjet Benelux BV		100	100
Netherlands	Spijkennisse	Framo Nederland BV		100	100
Netherlands	Veenendahl	WCR Benelux BV		100	100
New Zealand	Hamilton	Alfa Laval New Zealand Pty Ltd		100	100
Norway	Bergen	StormGeo AS		100	100
Norway	Frekhaug	Framo Holsnøy AS		100	100
Norway	Frekhaug	Framo Flatøy AS		100	100
Norway	Fusa	Framo Fusa AS		100	100
Norway	Nesttun	Framo AS		100	100
Norway	Nesttun	Framo Services AS		100	100
Norway	Oslo	Alfa Laval Nordic AS		100	100
Norway	Porsgrunn	Scanjet Ariston AS		100	100
Peru	Lima	Alfa Laval S.A.		100	100
Philippines	Makati City	Alfa Laval Philippines Inc.		100	100
Philippines	Makati City	StormGeo PH Inc		100	100
Poland	Kraków	Alfa Laval Kraków Sp.z.o.o.		100	100
Poland	Łobez	Scanjet Production sp z oo		100	100
Poland	Skawina	WSK International Sp. z o.o.		100	100
Poland	Warsaw	Alfa Laval Polska Sp.z.o.o.		100	100
Portugal	Linda-a-Velha	Alfa Laval (Portugal) Ltd		100	100
Qatar	Doha	Alfa Laval Service Operations Qatar LLC*		49	49
Romania	Bucharest	Alfa Laval SRL		100	100
Russia	Korolev	AO Alfa Laval Potok		99,9995	99,9995
Russia	Moscow	Desmet Rus LLC		100	100
Saudi Arabia	Jubail	Alfa Laval Arabia for Maintenance Company LLC		100	100
Saudi Arabia	Saudi Arabia	Alfa Laval Regional Headquarters LLC		100	100
Singapore	Singapore	Alfa Laval Singapore Pte Ltd		100	100
Singapore	Singapore	Desmet Singapore Pte. Ltd.		100	100
Singapore	Singapore	Desmet Stolz Singapore Pte. Ltd.		100	100
Singapore	Singapore	Framo Singapore PTE Ltd		100	100
Singapore	Singapore	NRG Marine General Trading LLC SPC		100	-
Singapore	Singapore	Scanjet Asia Pacific Pte Ltd		100	100
Singapore	Singapore	Soteco International Pte Ltd		100	100
Singapore	Singapore	StormGeo Pte Ltd		100	100
Slovakia	Bratislava	Alfa Laval Slovakia S.R.O.		100	100
Slovenia	Trzin	Alfa Laval d.o.o.		100	100
South Africa	South Africa	Desmet Africa (Pty) Ltd		100	100
South Africa	Isando	Alfa Laval (Pty) Ltd		100	100
South Africa	Isando	Alfa Laval SA (Pty) Ltd		100	100
South Korea	Busan	Framo Korea Ltd		100	100
South Korea	Pyeongtaek	Alfa Laval Korea Holding Company Ltd		100	100
South Korea	Daejeon	Alfa Laval Corhex Ltd		100	100
South Korea	Gimhae	LHE Co. Ltd		100	100
South Korea	Seoul	Alfa Laval Korea Ltd		100	100
South Korea	Seoul	StormGeo Inc		100	100
Spain	Barcelona	Laygo Gaskets SL		100	100
Spain	Madrid	Alfa Laval Iberia SA		100	100
Spain	Madrid	Desmet España Empresarial SA		100	100
Switzerland	Basel	Alfa Laval Switzerland AG		100	-
Switzerland	Dietlikon	Alfa Laval Mid Europe AG		100	100
Thailand	Bangkok	Alfa Laval (Thailand) Ltd		100	100
Turkey	Istanbul	Alfa Laval Makine Sanayii ve Ticaret Ltd Sti		100	100
Ukraine	Kyiv	Alfa Laval Ukraine		100	100
United Arab Emirates	Abu Dhabi	Alfa Laval Technologies Equipment and Service Solutions LLC		100	100

Country	Registered office	Company name	Swedish corp. reg. no.	2025	2024
United Arab Emirates	Abu Dhabi	NRG Electronics Pte. Ltd		100	–
United Arab Emirates	Dubai	StormGeo FZ LLC		100	100
United Kingdom	Aberdeenshire	StormGeo Ltd		100	100
United Kingdom	Camberley	Alfa Laval Holdings Ltd		100	100
United Kingdom	Camberley	Alfa Laval Ltd		100	100
United Kingdom	Coventry	Alfa Laval Ultrasonics UK Ltd.		100	–
United Kingdom	Doncaster	Tranter Ltd		100	100
United Kingdom	Eastbourne	Alfa Laval Eastbourne Ltd		–	100
United Kingdom	Haywards Heath	PSM Instrumentation Ltd		100	100
United Kingdom	Hull	Desmet Rosedowns Ltd		100	100
USA	California, Sunnyvale	StormGeo Corp. Inc		100	100
USA	Georgia, Marietta	Desmet USA Inc		100	100
USA	Minnesota, Indianapolis	Separators Inc.		100	100
USA	Ohio, Dayton	WCR Inc.		100	100
USA	Tennessee, Knoxville	PHE Gaskets LLC		100	–
USA	Texas, La Porte	Framo Houston Inc.		100	100
USA	Texas, Wichita Falls	Tranter Inc.		100	100
USA	Texas, Houston	Alfa Laval Texas Inc.		100	–
USA	Texas, Houston	StormGeo Holding Inc.		100	100
USA	Texas, Houston	StormGeo Inc		100	100
USA	Virginia, Bristow	AGC Heat Transfer Inc.		100	100
USA	Virginia, Richmond	Alfa Laval USA Inc.		100	100
USA	Virginia, Richmond	Alfa Laval US Holding Inc.		–	100
USA	Virginia, Richmond	Alfa Laval Inc.		100	100
USA	Virginia, Richmond	Alfa Laval U.S. Group Services Inc.		100	100
USA	Virginia, Richmond	MCD Gaskets Inc.		100	100
USA	Virginia, Richmond	Alfa Laval IC Disc Inc.		100	100
USA	Wisconsin, New Berlin	Definox Inc.		100	100
Vietnam	Ho Chi Minh City	Alfa Laval Vietnam LLC		100	100
Vietnam	Ho Chi Minh City	Desmet Stolz Vietnam LLC		100	100

* Despite the equity interest amounting to 49 percent, Alfa Laval has a controlling interest.

Note 15. Shares in joint ventures

Accounting policies

Holdings in joint ventures are recognized using the equity method. This means that the Group's share of the net profit of the jointly owned companies is recognized as a separate line item in the income statement, labelled 'Share of result in joint ventures'. The corresponding entry is an increase or decrease in the carrying amount of shares in joint ventures. Dividends received reduce the carrying amount of the shares.

As none of these joint ventures is of material significance to the Group, no specific disclosures are provided for individual holdings. Instead, aggregated disclosures are provided regarding the total carrying amount of Alfa Laval's interests in these individually immaterial joint ventures.

Alfa Laval owns 50 percent of the following five joint ventures:

- AlfaWall AB (partner: Wallenius)
- AlfaWall Oceanbird AB (partner: Wallenius)
- Alfdex AB (partner: Concentric)
- Stadion Laks AS (partner: Lingalaks AS)
- Rolls Laval Heat Exchangers Ltd (partner: Rolls Royce)

Alfdex AB also has two wholly owned subsidiaries: Alfdex Kunshan Co Ltd and Alfdex US LLC.

The risks associated with joint ventures are primarily commercial and do not differ materially from the risks relating to subsidiaries, with one exception. This exception relates to the risk of disagreement with the other joint venture partner in decisions regarding major investments, financing or the future strategic direction of market development and product development, for instance. Such disagreement may result in the operations not developing as intended. As Alfa Laval's joint ventures are of limited significance for the Group, this risk is considered low. The table below presents changes in holdings in joint ventures.

Change in holdings in joint ventures

Group, SEK million	2025	2024
Opening balance	248	262
Capital injections	48	–
Impairment losses	-24	–
Net income for the year	21	33
Dividends received	–	-47
Translation difference	0	0
Total	294	248

Notes

The equity interest presented in the table below corresponds to the percentage of voting rights.

Specification of shares in joint ventures

Land	Registered office	Company name	Swedish corp. reg. no.	2025		2024	
				Equity interest, %	Carrying amount, SEK million	Equity interest, %	Carrying amount, SEK million
Sweden	Botkyrka	AlfaWall AB	556723-6715	50	17	50	14
Sweden	Botkyrka	AlfaWall Oceanbird AB	559333-0003	50	28	50	62
Sweden	Landskrona	Alfdex AB	556647-7278	50	248	50	147
Norway	Norheimsund	Stadion Laks AS		50	0	50	24
United Kingdom	Wolverhampton	Rolls Laval Heat Exchangers Ltd		50	0	50	0
Total					294		248

Note 16. Business combinations

Accounting policies

The consolidated financial statements are prepared using the acquisition method. Subsidiaries are included in the consolidated financial statements with effect from the date on which control passes to the Group.

Changes in ownership interests in subsidiaries where the majority owner does not lose control are recognized directly in equity. The transaction results in a transfer between the parent company's owners and non-controlling interests within equity.

A negative non-controlling interest is recognized if a non-controlling interest's share of recognized losses exceeds its recognized share of equity.

In the case of step acquisitions, goodwill is calculated and measured when the acquiring company obtains control of the acquired company. Upon acquisition, transaction costs are recognized as administration costs. If the value of a contingent consideration changes, the adjustment is recognized in other operating income or other operating costs.

During 2025

On January 1, 2025, Alfa Laval acquired 100 percent of a small US-based service company. The purchase price amounted to SEK 82 million, of which SEK 70 million was paid in cash and SEK 12 million was withheld. Acquisition costs amounted to SEK 3 million. The company has about 18 employees and an annual turnover of about SEK 35 million. The acquisition forms part of the Energy division and has been included in the consolidation from the beginning of the year. As of the acquisition date, the company has contributed SEK 20 million in net sales and SEK 8 million in adjusted EBITA.

On 2 April 2025, Alfa Laval acquired 100 percent of NRG Marine Ltd. The purchase price amounted to SEK 499 million, of which SEK 476 million was paid in cash and SEK 23 million was withheld. Acquisition costs amounted to SEK 2 million. The company has about 30 employees and an annual turnover of about SEK 200 million. NRG Marine forms part of the Marine division and has been included in the consolidation from the second quarter. As of the acquisition date, the company has contributed SEK 53 million in net sales and SEK 6 million in adjusted EBITA. If the company had been acquired on January 1, 2025, the corresponding figures would have been SEK 66 million and SEK 4 million, respectively.

The acquisition of the business unit Fives Cryogenics, part of the Fives Group, was completed on 7 July 2025. The purchase price amounted to SEK 9,210 million. Transaction costs amounted to SEK 80 million. Fives Cryogenics has 714 employees and an annual turnover of about EUR 200 million. During 2025, Fives Cryogenics constituted a new business unit within the Energy division and has been included in the consolidation from the third quarter. As of the acquisition date, the company has contributed SEK 1,135 million in net sales and SEK 191 million in adjusted EBITA. If the company had been acquired on January 1, 2025, the corresponding figures would have been SEK 2,250 million and SEK 421 million, respectively.

All acquired assets and liabilities were reported in accordance with IFRS at the time of the acquisitions. Step up values relating to intangible assets are amortized over 10–15 years. Goodwill relates primarily to expected future synergies. The purchase price allocations for the two most recent acquisitions are still preliminary, so identified assets and liabilities may be subject to change.

During 2024

No new acquisitions were completed in 2024, although certain withheld amounts were settled. On 14 March 2024, Alfa Laval acquired the remaining 10.3 percent of StormGeo's subsidiary Climatempo in Brazil from the minority shareholders. Alfa Laval's ownership thereby increased from 89.7 percent to 100 percent. The purchase consideration amounted to SEK 27 million and was paid in cash. The transaction was recognized as a change within equity.

In 2021, Alfa Laval acquired a 16.5 percent minority interest in Marine Performance Systems (MPS), based in the Netherlands, with an option to acquire the remaining shares of the company at a later stage. Alfa Laval exercised this option in 2023 to complete the acquisition and now owns 100 percent of MPS. The acquisition was completed on 21 March 2023. The purchase consideration initially amounted to SEK 141 million, of which SEK 24 million was paid in cash and SEK 117 million was withheld for a period of 3 years. The withheld portion of the purchase consideration is conditional upon certain profitability and liquidity targets being met. In 2024, the withheld portion of the purchase consideration was assessed to amount to 0. The value that was previously allocated to patents and goodwill was written down accordingly.

On 31 August 2022, Alfa Laval announced that the company had completed the acquisition of Scanjet. The purchase consideration amounted to SEK 314 million, of which SEK 268 million was paid in cash and SEK 46 million was withheld for a period of 12–18 months. The remaining SEK 23 million withheld was paid in cash on 29 February 2024.

Business combinations

SEK million	2025			2024
	Fives Cryogenics	Smaller acquisitions	Total	Total
Patents and unpatented know-how	3,077	274	3,351	-
Customer relations	321	-	321	-
Trademarks	-	45	45	-
Licenses, renting rights and similar rights	19	-	19	-
Property, plant and equipment and right-of-use assets	352	12	364	-
Other non-current assets	29	-	29	-
Inventories	344	14	357	-
Accounts receivable	244	18	262	-
Other receivables	368	1	369	-
Cash and cash equivalents	327	17	343	-
Provisions	-16	-	-16	-
Deferred tax liabilities	-864	-80	-943	-
Liabilities to credit institutions	-3	-	-3	-
Lease liabilities	-47	-	-47	-
Contract liabilities	-317	-	-317	-
Accounts payable	-272	-4	-275	-
Other liabilities	-263	-21	-284	-
Net assets acquired	3,299	275	3,575	-
Goodwill	5,911	305	6,216	-
Purchase price	-9,210	-581	-9,791	-
Withheld portion of purchase price	-	35	35	-
Cash and cash equivalents in acquired companies	327	17	343	-
Payment of amounts withheld in previous years	-	-	-	-50
Total effect on cash flow	-8,883	-529	-9,412	-50

Note 17. Inventories**Accounting policies**

The Group's inventories have been reported after deduction for unrealized inter-company profits. Inventories have been measured using the 'First-In, First-Out' (FIFO) method at the lower of cost and net realizable value, taking into account any obsolete items. This means that raw materials and purchased semi-finished goods are normally measured at cost unless market prices have fallen. Work in progress is measured at the sum of direct material costs and direct

labour costs, with a mark up of the product's share of production overheads and other indirect manufacturing costs, based on a forecasted assumption regarding the factory's capacity utilization. Finished goods are normally measured at dispatch value (that is, at accumulated cost) from the factory when delivery is imminent. Spare parts that may remain in inventory for a longer period are normally measured at net realizable value.

Type of inventory

Group, SEK million	2025	2024
Raw materials and consumables	5,075	4,453
Work in progress	4,337	4,597
Finished goods and goods for resale	5,360	5,363
Advances to suppliers	775	1,161
Total	15,548	15,574

Inventory obsolescence amounts to and has changed as follows:

Group, SEK million	2025	2024
Opening balance	-1,869	-1,761
Acquisitions	-17	-
Write-downs	-276	-218
Reversal of previous write-downs	226	176
Translation difference	161	-67
Closing balance	-1,775	-1,869

The Group's inventories are reported after deduction of unrealized inter-company profits in inventory arising from intra-group deliveries. The unrealized profit reserve at the end of 2025 amounts to SEK 766 (757) million.

Note 18. Accounts receivable

Accounting policies

Accounts receivable belong to the category of financial assets measured at amortized cost. An allowance for expected credit losses is recognized at each reporting date in order to reflect the credit risk associated with the company's outstanding receivables. The assessment of the size of the allowance is based on a combination of an individual assessment of larger or particularly high-risk receivables and standardized percentages for other accounts receivable. These percentages are determined on the basis of historical outcomes and current judgements of future credit losses. Expected credit losses relating to accounts receivable are recognized in the income statement under cost of goods sold. Accounts receivable are recognized net of the allowance for doubtful debts.

At every balance sheet date, the credit risk relating to accounts receivable is evaluated and the allowance is adjusted as necessary to reflect changes in the risk profile; if there are indications of payment difficulties or financial uncertainty or if the receivable is past due, for example.

If there is objective evidence to indicate that it will not be possible to recover an accounts receivable, the receivable is written down and derecognized from the balance sheet.

Group, SEK million	2025	2024
Accounts receivable before allowance	10,399	10,807
Allowance for doubtful debts	-450	-549
Total accounts receivable	9,949	10,258

Of total accounts receivable, SEK 9,949 million relate to contracts with external customers. See Note 3 regarding contracts with external customers.

For Alfa Laval, credit risk primarily involves a risk of customers failing to pay their invoices. The size of the accounts receivable that have fallen due provides an indication of the company's exposure to doubtful receivables.

Ageing analysis of accounts receivable before allowance, and allowance for doubtful accounts receivable

Group, SEK million	2025		2024	
	Accounts receivable before allowance	Allowance for doubtful debts	Accounts receivable before allowance	Allowance for doubtful debts
Not due	8,185	-75	8,395	-37
Past due 1-30 days	988	-5	959	-4
Past due 31-60 days	329	-6	545	-11
Past due 61-90 days	205	-10	180	-13
Past due 91-365 days	436	-185	503	-200
Past due more than 365 days	257	-170	225	-283
Total	10,399	-450	10,807	-549

Change in allowance for doubtful accounts receivable

Group, SEK million	2025	2024
Opening balance	-549	-470
Acquisitions	0	-
Allowance for expected credit losses	-182	-250
Amounts utilized	124	82
Unused allowances reversed	96	91
Translation differences	61	-2
Closing balance	-450	-549

Note 19. Other receivables

Group, SEK million	2025	2024
VAT receivables	615	573
Other receivables	1,983	2,007
Total	2,598	2,581

Other receivables include receivables from governments in respect of export incentives, receivables from employees, rental receivables and advances to suppliers.

Note 20. Prepaid costs and accrued income

Group, SEK million	2025	2024
Prepaid costs	685	552
Accrued income	252	83
Total	937	635

Note 21. Other current deposits

Group, SEK million	2025	2024
Deposits with banks	496	198
Bonds and other securities	206	245
Other deposits	6	6
Total	707	450

Note 22. Cash and cash equivalents

The item cash and cash equivalents in the statement of financial position and the cash flow statement consists of cash on hand and bank balances.

Note 23. Share capital and proposed appropriation of profits

There have been no changes to the number of shares or the share capital during the year. At the beginning and end of the year, the share capital of SEK 1,116,719,930 was divided into 413,326,315 shares. The quota value of the shares as at December 31, 2025 is SEK 2.70 per share.

The company has issued only one class of shares, and all shares carry equal rights.

The number of shares has developed as follows:

Specification of number of shares

Number	
Number of shares as at January 1, 2025	413,326,315
Movement during the year	–
Number of shares as at December 31, 2025	413,326,315

The unrestricted equity in Alfa Laval AB (publ) amounts to SEK:

Retained earnings	4,059,460,168
Repaid dividend	31,035
Net income for the year	2,707,549,026
	6,767,040,230

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

A dividend of SEK 9.00 per share will be distributed to shareholders, in total	3,719,936,835
To be carried forward	3,047,103,395
Total, SEK	6,767,040,230

In the opinion of the Board of Directors, the proposed dividend is consistent with the requirements placed on the company by the nature and scope of its operations, the associated risks, capital needs, liquidity and financial position.

Note 24. Non-controlling interests

Alfa Laval has the following subsidiaries with non-controlling interests. None of these non-controlling interests is material.

Specification of subsidiaries with non-controlling interests

SEK million, unless stated otherwise	Country of domicile	Non-controlling interests, %		Attributable to non-controlling interests			
				Net income		Equity	
		2025	2024	2025	2024	2025	2024
Company name							
Alfa Laval Aalborg Indústria e Comércio Ltda	Brazil	0.5	0.5	0	0	1	1
Liyang Sifang Stainless Steel Products Co., Ltd.	China	35	35	50	51	319	341
Alfa Laval Aalborg Header-coil A/S	Denmark	49	49	-3	-7	20	26
Ziepack SA	France	49	49	3	-3	5	2
Desmet Rosedowns GmbH	Germany	20	20	0	0	0	0
AO Alfa Laval Potok	Russia	0.0005	0.0005	0	0	0	0
Total				50	41	344	369

Note 25. Pension plans

Accounting policies

The present value of obligations under defined benefit pension plans is determined through annual actuarial valuations performed by independent actuaries. Plan assets are measured at fair value at the balance sheet date. The recognized net liability or net asset consists of the present value of the obligations less the fair value of the plan assets. If the calculation results in a net asset, this asset is recognized at the lower of the calculated amount and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions (the asset ceiling).

Costs relating to the earning of defined benefit pensions, gains and losses on settlement of pension obligations, and the plan's net financial income or expense are recognized in the income statement. Costs for past service are recognized in the income statement when the plan is amended.

Actuarial gains and losses and changes in obligations resulting from revised actuarial assumptions are recognized in other comprehensive income and never affect operating income. The return on plan

assets is calculated using the same rate as the discount rate. The difference between actual return and calculated interest income is recognized in other comprehensive income. The discount rate is determined on the basis of the market yield on high-quality corporate bonds with a maturity corresponding to that of the obligations. If there is no such market, government bonds are used.

The classification of benefits as a current or non-current liability or asset is based on when the obligation in question is expected to be settled. Termination benefits are recognized at the earlier of the following two points in time: when the offer of benefits can no longer be withdrawn, or when a provision is to be recognized in accordance with IAS 37 in connection with restructuring operations, for example.

For Swedish entities, actuarial calculations also include future special payroll tax. Tax on returns from pension funds is recognized on an ongoing basis as an expense in profit or loss and is not included in the liability calculation for defined benefit pension plans.

The Group has defined benefit commitments to employees and former employees and their dependants. These benefits relate to retirement pensions, survivor pensions, disability pensions, healthcare and severance pay.

The defined benefit plans are in place in Austria, Belgium, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Netherlands, Norway, the Philippines, South Africa, Sweden, Switzerland, Taiwan, the United Kingdom and the United States. Most of the plans have been closed to new entrants and replaced with defined contribution plans for new employees.

Risks

The cost of defined benefit obligations is impacted by several factors outside the company's control, such as the discount rate, the return on plan assets, future salary increases, developments in life expectancy and the incidence of claims in healthcare plans. The magnitude and development of these costs are therefore difficult to predict. Under IAS 19, all such remeasurements are recognized in other comprehensive income.

The following table shows how the defined benefit net obligation is derived as the present value of the various defined benefit plans, less the fair value of plan assets.

Net defined benefit liability

Group, SEK million	2025	2024
Present value of defined benefit obligations, unfunded	-802	-781
Present value of defined benefit obligations, funded	-3,933	-4,339
Present value of defined benefit obligations at year-end	-4,735	-5,120
Fair value of plan assets	3,973	4,476
Net defined benefit liability	-763	-644
Less non-qualifying assets resulting from the asset ceiling	-41	-31
(-) liability / (+) asset at year-end	-804	-675

The net cost of the defined benefit plans describes the various cost components of the plans. The net cost is recognized in the consolidated income statement within the lines where personnel costs are presented. The interest cost/income is not part of net financial items: it is merely a way of categorizing the components of the net cost. All remeasurements are recognized in other comprehensive income and will never be reclassified to profit or loss.

Group, SEK million	2025	2024
Total plan cost		
Net plan cost		
Current year service costs	-40	-47
Net interest cost/income	-23	-26
Less interest income on non-qualifying assets due to the asset ceiling	-3	-1
Past service cost arising from plan amendments and curtailments and gains and losses from settlements	-18	147
Net plan (-) cost / (+) income	-84	73
Revaluations		
Actuarial losses/gains from changes in demographic assumptions	-19	8
Actuarial losses/gains from changes in financial assumptions	72	208
Actuarial losses/gains from experience adjustments	-51	45
Return on plan assets excluding interest on plan assets	-102	-296
Change in non-qualifying assets due to the asset ceiling	-11	7
Other comprehensive income (OCI)	-111	-28
Total plan cost	-195	45

The following table shows how the present value of the defined benefit obligations has changed during the year and lists the various components of the change.

Present value of defined benefit obligations		
Group, SEK million	2025	2024
Present value of obligations at the beginning of the year	-5,120	-5,283
Reclassification/adjustment for previous year	-116	-
Translation difference	474	-273
Current year service costs	-40	-47
Interest costs	-202	-209
Employee contributions	-1	-1
Actuarial losses/gains from changes in demographic assumptions	-19	8
Actuarial losses/gains from changes in financial assumptions	72	208
Actuarial losses/gains from experience adjustments	-51	45
Past service cost/income arising from plan amendments and curtailments and gains and losses from settlements	-18	147
Benefits paid	284	284
Settlements paid	1	1
(-) liability at year-end	-4,736	-5,120

The liability has the following duration and maturity profile:

Duration and maturity		
Group	2025	2024
Weighted average duration of the defined benefit obligation (years)	8	8
Maturity analysis of benefit payments (undiscounted amounts) SEK million		
maturity ≤ 1 year	303	302
maturity > 1 ≤ 5 years	1,184	1,272
maturity > 5 ≤ 10 years	1,602	1,732
maturity > 10 ≤ 20 years	2,893	3,180
maturity > 20 years	3,238	3,782

The following table shows how the fair value of plan assets has changed during the year and lists the components of the change.

Fair value of plan assets		
Group, SEK million	2025	2024
Fair value of plan assets at the beginning of the year	4,476	4,438
Translation difference	-381	250
Employer contributions	36	125
Employee contributions	1	1
Interest on plan assets	179	183
Return on plan assets excluding interest on plan assets	-102	-296
Benefits paid	-236	-225
(+) asset at year-end	3,973	4,476

The plan assets are allocated to the following categories of assets:

Allocation of plan assets		
Group, SEK million	2025	2024
Cash and cash equivalents	44	51
Equity instruments	19	19
Debt instruments	2,315	2,622
Real estate	11	11
Investment funds	1,584	1,773
Fair value at year-end	3,973	4,476

The plan assets are, in all material respects, measured at quoted market prices in active markets.

The table below shows how the net defined benefit liability/asset has changed and the factors driving the change.

Net defined benefit liability/asset		
Group, SEK million	2025	2024
Defined benefit liability/asset at the beginning of the year	-675	-851
Reclassification/adjustment for previous year	-116	-
Translation difference	99	-55
Net costs	-85	73
Employer contributions	36	125
Remeasurements (other comprehensive income)	-111	-28
Benefits paid, unfunded plans	48	59
Settlements paid, unfunded plans	1	1
(-) liability / (+) asset at year-end	-804	-675

The gross plan assets and gross defined benefit obligations for each plan must be reported on a net basis. The following table shows how the net asset and net liability are calculated.

Gross defined benefit liability/asset		
Group, SEK million	2025	2024
Assets		
Fair value of plan assets	3,973	4,476
Less non-qualifying assets resulting from the asset ceiling	-41	-31
	3,932	4,445
Netting	-3,752	-4,176
Assets in the statement of financial position	180	269
Liabilities		
Present value of defined benefit obligations at year-end	-4,736	-5,120
Netting	3,752	4,176
Liabilities in statement of financial position	-984	-945

The weighted averages of the more significant actuarial assumptions used at the balance sheet date include:

Actuarial assumptions		
Group, SEK million	2025	2024
Discount rate (%)	4.59	4.50
Expected average retirement age (years)	64	64
Life expectancy for a 45-year-old man (years)	83	83
Life expectancy for a 45-year-old woman (years)	86	86
Claims ratio in healthcare plans (%)	5	5
Expected salary growth (%)	3	4
Change in healthcare costs (%)	5	5
Index for future benefit increases (%)	2	2

Sensitivity analysis*

Group, SEK million	2025
The discount rate decreased by 1 percentage point	-672
The expected useful life increased by 1 year	-164
The expected average retirement age decreased by 1 year	-12
Loss experience in healthcare plans increased by 1 percentage point	0
The expected salary increase rate increased by 1 percentage point	-150
Healthcare costs increased by 1 percentage point	-6
The index for future increases in benefits increased by 1 percentage point	-159

*The table shows how much the present value of the defined benefit obligation as at December 31 would change if different parameters were amended (and all other aspects remained unchanged).

Future contributions

Group, SEK million	2026
Expected employer contributions to the plan for the next calendar year	-85
Expected employer contributions for the next calendar year to multi-employer plans recognized as defined contribution plans	-77

Note 26. Provisions

Accounting policies

The Group recognizes provisions when there is a legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. A provision is reversed when it is no longer probable that the Group

will be required to incur an outflow to settle the obligation. A provision is used only for the purpose for which it was originally recognized. Provisions are not recognized for future operating losses. However, an expectation of future operating losses is an indication that certain assets in the business may need to be tested for impairment. If a contract is onerous, a provision is recognized for the obligation under the contract, after the assets used to fulfil the contract have been tested for impairment.

Movement during the year

Group, SEK million	January 1	Translation difference	Acquired	New and increased provisions	Amounts utilized	Reversed unutilized amounts	December 31
2025							
Claims	1,039	-78	49	622	-457	-90	1,084
Deferred costs	187	-9	34	311	-149	-14	360
Restructuring	211	26	0	70	-103	-11	193
Onerous contracts	122	-8	4	217	-105	-10	220
Environment	64	0	0	86	0	0	150
Litigations	160	1	7	34	-65	-12	125
Other	508	-45	18	459	-411	-143	386
Total	2,291	-113	111	1,799	-1,291	-279	2,518
Of which:							
current	1,858						1,936
non-current	434						582
2024							
Claims	1,045	41	-	524	-454	-118	1,039
Deferred costs	220	7	-	179	-188	-31	187
Restructuring	214	-1	-	78	-75	-4	211
Onerous contracts	51	1	-	124	-42	-13	122
Environment	50	-	-	14	-	-	64
Litigations	171	-3	-	61	-62	-7	160
Other	342	25	-	396	-225	-30	508
Total	2,094	71	-	1,417	-1,087	-203	2,291
Of which:							
current	1,757						1,858
non-current	337						434

Unutilized amounts reversed relate to aspects such as reclassifications and the reversal of provisions recognized in prior years that were not utilized.

Claims relate to customer claims under the terms of issued warranties. The claims concern technical issues with delivered products or failure to achieve promised performance.

Deferred costs related to sales orders include costs that are known but not yet invoiced and costs that are expected but uncertain in terms of timing or amount. The provision for deferred costs is recognized in cost of goods sold.

Restructuring provisions generally relate to the closure of facilities or the closure or relocation of production lines, operations, functions, etc., or to reductions in the workforce in connection with an economic downturn.

The provision for onerous contracts relates to orders for which a negative gross margin is expected. A provision is recognized as soon as a final loss on the order can be anticipated. In exceptional cases, this may occur as early as at the time the order is received. Normally, this provision relates to larger and more complex orders where the final margin is more uncertain.

The provision for litigations relates to ongoing or anticipated legal disputes. The provision covers expected legal costs and expected amounts for damages or settlements.

Other items relate to various provisions that do not fall under any of the categories above.

Note 27. Classification of financial assets and liabilities

Accounting policies

Financial assets and liabilities are classified into three categories in accordance with IFRS 9:

- Measured at fair value through profit or loss
- Measured at fair value through other comprehensive income
- Measured at amortized cost.

This classification determines both how the instruments are measured (fair value or amortized cost) and where changes in value are recognized (profit or loss or other comprehensive income). Amortized cost is defined as the amount recognized at the date of acquisition, adjusted for repayments and the effective interest rate.

Recognition of derivatives

Derivatives are recognized at fair value as separate items (derivative assets/derivative liabilities) in the balance sheet. For derivatives that are not subject to hedge accounting, changes in value are recognized in profit or loss, either in cost of goods sold or in net financial items.

Hedge accounting

Cash flow hedges

Alfa Laval applies cash flow hedging and has implemented the documentation requirements required to qualify for hedge accounting. Changes in value of derivatives used for cash flow hedges are recognized in other comprehensive income as long as the underlying transaction has not yet been realized. The effect is reclassified to profit or loss when the underlying transaction is realized. To apply hedge accounting, the derivative must be appropriate and expected to be effective in relation to the identified risks.

Hedges of net investments in foreign operations

To achieve an effective hedge of net investments in foreign operations, Alfa Laval seeks – where possible – to raise loans in the same currency as the relevant net investment. These loans are used as hedging instruments to offset currency risks related to investments in foreign operations. The exchange differences arising on these loans are recognized in other comprehensive income.

Financial assets and liabilities by valuation category

Group, SEK million	Level	2025			Total carrying amount
		Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	
Financial assets					
<i>Non-current assets</i>					
Shares in other companies	1 and 2	–	12	–	12
Derivative assets	2	44	122	–	166
<i>Current assets</i>					
Accounts receivable	*	–	–	9,949	9,949
Other receivables	*	–	–	2,598	2,598
Accrued income	*	–	–	252	252
Derivative assets	2	40	511	–	551
Deposits with banks	*	–	–	496	496
Bonds and other securities	1	206	–	0	206
Other deposits	*	–	–	6	6
Cash and cash equivalents	*	–	–	7,124	7,124
Total financial assets		290	645	20,425	21,360
Financial liabilities					
<i>Non-current liabilities</i>					
Liabilities to credit institutions, etc.	*	–	–	9,626	9,626
Lease liabilities	*	–	–	3,333	3,333
Derivative liabilities	2	46	14	–	60
<i>Current liabilities</i>					
Liabilities to credit institutions, etc.	*	–	–	7,590	7,590
Accounts payable	*	–	–	5,444	5,444
Lease liabilities	*	–	–	462	462
Other liabilities	*	–	–	3,194	3,194
Accrued costs	*	–	–	3,595	3,595
Derivative liabilities	2	48	85	–	133
Total financial liabilities		94	99	33,245	33,438

* Measured at amortized cost.

Notes

Financial assets and liabilities by valuation category

Group, SEK million	Level	2024			Total carrying amount
		Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	
Financial assets					
<i>Non-current assets</i>					
Shares in other companies	1 and 2	–	184	–	184
Derivative assets	2	6	35	–	41
<i>Current assets</i>					
Accounts receivable	*	–	–	10,258	10,258
Other receivables	*	–	–	2,580	2,580
Accrued income	*	–	–	83	83
Derivative assets	2	32	121	–	153
Deposits with banks	*	–	–	198	198
Bonds and other securities	1	245	–	0	245
Other deposits	*	–	–	6	6
Cash and cash equivalents	*	–	–	7,369	7,369
Total financial assets		284	340	20,496	21,118
Financial liabilities					
<i>Non-current liabilities</i>					
Liabilities to credit institutions, etc.	*	–	–	9,172	9,172
Lease liabilities	*	–	–	1,805	1,805
Derivative liabilities	2	24	295	–	320
<i>Current liabilities</i>					
Liabilities to credit institutions, etc.	*	–	–	1,102	1,102
Accounts payable	*	–	–	5,676	5,676
Lease liabilities	*	–	–	1,233	1,233
Other liabilities	*	–	–	3,791	3,791
Accrued costs	*	–	–	2,721	2,721
Derivative liabilities	2	28	626	–	654
Total financial liabilities		53	921	25,501	26,475

* Measured at amortized cost.

Fair value is determined according to a hierarchy consisting of the following three levels:

1. Quoted prices in active markets
2. Inputs other than quoted prices that are directly observable (prices) or indirectly observable (derived from prices)
3. Unobservable market data

The fair value of bond holdings is determined using market prices classified as Level 1. The effect of the fair value measurement is recognized in profit or loss. The fair value adjustment of these instruments is reflected directly in the line item Bonds in the statement of financial position.

The fair value of shares in external companies is determined using market prices classified as Level 1 or other inputs classified as Level 2. The effect of the fair value measurement is recognized in other comprehensive income. The fair value measurement of these instruments is reflected directly in the line item Shares in other companies in the balance sheet.

The fair value of the Group's forward foreign exchange contracts, currency options, interest rate swaps, metal futures and electricity derivatives is determined using market prices classified as Level 2. The change in fair value is determined by comparing the terms of the derivative entered into with the market price of the same instrument at the balance sheet date with the same maturity. The effect of the fair value measurement is recognized in other comprehensive income if the derivative constitutes an effective cash flow hedge, and otherwise in the income statement. The fair value adjustment of these instruments is recognized as derivative assets or derivative liabilities in the balance sheet.

Derivative assets and derivative liabilities are divided into a current and a non-current portion depending on when the derivatives mature.

Derivatives measured through other comprehensive income relate only to cash flow hedges.

All of the above financial instruments either sum directly to the corresponding line item in the balance sheet, or to the line item specified in the notes to which the balance sheet refers. The risks associated with these financial instruments, including any concentrations of risk, are presented in Note 32.

Result of financial instruments

The result for bonds and other short-term and long-term securities measured at fair value through profit or loss is presented in Note 8 as change in fair value of securities.

The result for financial assets measured at amortized cost is presented in Note 8 under other interest income, which relates to deposits with banks, other deposits and cash and cash equivalents. Other financial assets measured at amortized cost do not generate any gain or loss, but merely involve repayment of the nominal amount at maturity.

The result for financial liabilities measured at amortized cost is presented in Note 8 under other interest costs, which relates to liabilities to credit institutions. Other financial liabilities measured at amortized cost do not generate any gain or loss, but merely involve repayment of the nominal amount at maturity.

The effect of derivative instruments affecting profit or loss is presented below:

Impact of derivatives on profit or loss

Group, SEK million	2025	2024
Reported in cost of goods sold, relating to:		
Currency forward contracts	340	-420
Metal forward contracts	-148	-221
Electricity derivatives	5	-7
Total	198	-648
Reported in net financial items, relating to:		
Exchange rate gains		
Currency options	16	1
Other derivatives, not subject to hedge accounting	-	17
Exchange rate losses		
Currency options	-10	-17
Other derivatives, not subject to hedge accounting	-33	-
Total	-27	1
Total, income statement	171	-647

The result for derivative assets and derivative liabilities measured at fair value through other comprehensive income is recognized in the Group's statement of comprehensive income.

Note 28. Fair value of financial instruments

The change in fair value of shares in external companies is recognized in other comprehensive income and amounts to SEK -138 (-125) million, as shown in the Group's statement of comprehensive income. The change in fair value of listed securities is recognized in net financial items and amounts to SEK 11 (3) million.

The net amount of derivative assets and derivative liabilities in the consolidated balance sheet is a net asset/liability of SEK 524 (-779) million, which is specified below.

Fair value of derivatives

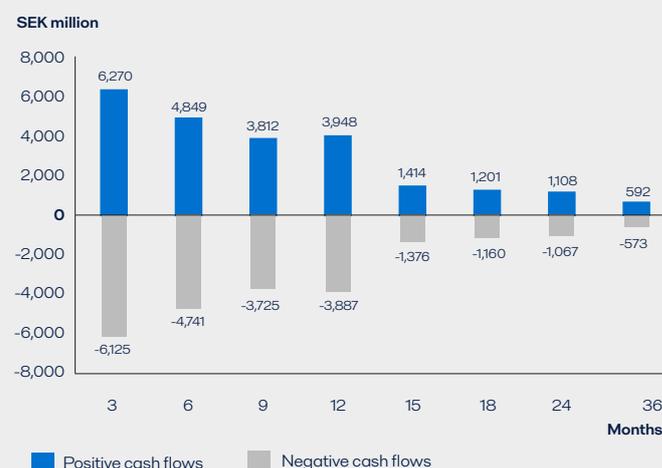
Group, SEK million	Currency pairs	Market value	
		2025	2024
Derivative assets/derivative liabilities			
Forward contracts in foreign currencies:			
	EUR USD	38	-81
	EUR SEK	81	-1
	EUR CNY	-48	54
	USD DKK	24	-31
	NOK USD	285	-617
	JPY NOK	112	25
	Other	-1	-36
Total		494	-687
Interest rate swaps		4	-
Currency options		-	10
Metal forward contracts		25	-98
Electricity derivatives		1	-4
Net derivative asset (+) or liability (-)		524	-779

Hedge accounting has not been applied for currency options and electricity derivatives. For forward contracts in foreign currencies and metal forward contracts, hedge accounting has been applied when the conditions for hedge accounting have been met. See Note 27 for information on derivatives.

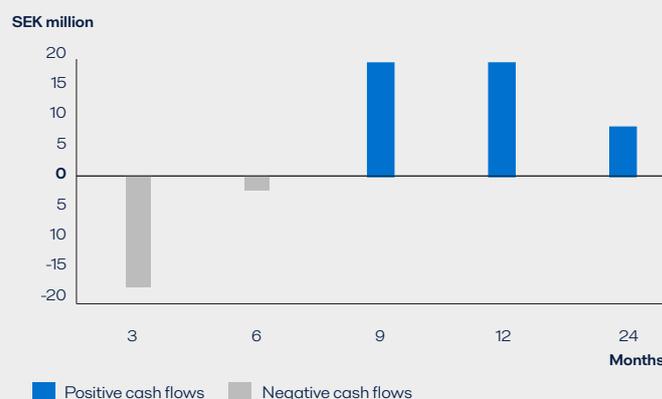
Note 29. Maturity analysis of derivatives

The future undiscounted cash flows for the different types of derivatives are shown in the following three charts:

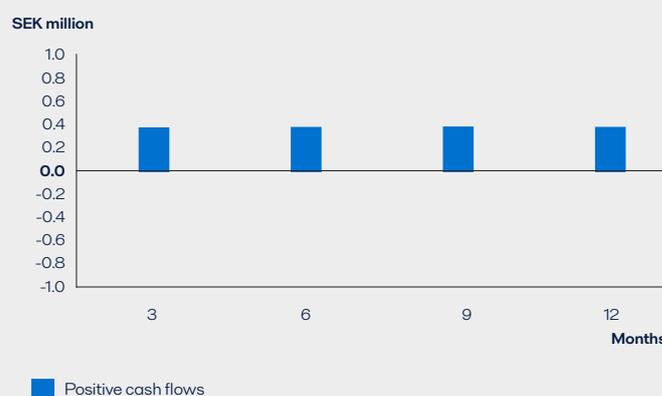
Maturity analysis for currency derivatives



Maturity analysis for metal derivatives



Maturity analysis for electricity derivatives



Note 30. Borrowings and net debt

Net debt

Group, SEK million	2025	2024
Credit institutions	38	115
Swedish Export Credit Corporation	2,160	2,292
Bilateral loans	4,324	-
Corporate bonds	10,695	7,867
Total borrowings*	17,216	10,274
Cash and cash equivalents and current deposits	-7,832	-7,818
Net debt excluding lease liabilities***	9,384	2,455
Lease liabilities**	3,795	3,038
Net debt including lease liabilities***	13,179	5,493

* The total of current and non-current liabilities to credit institutions, etc. in the Group's balance sheet.

** The total of current and non-current lease liabilities in the Group's balance sheet.

*** Alternative performance measure.

The changes in loans during the year are explained in the following table:

Loans

Group, SEK million	2025	2024
January 1	10,274	13,273
Cash flows	7,715	-3,186
Exchange rate effects	-773	187
December 31	17,216	10,274

Lease liabilities are presented separately in the Group's balance sheet and in Note 13.

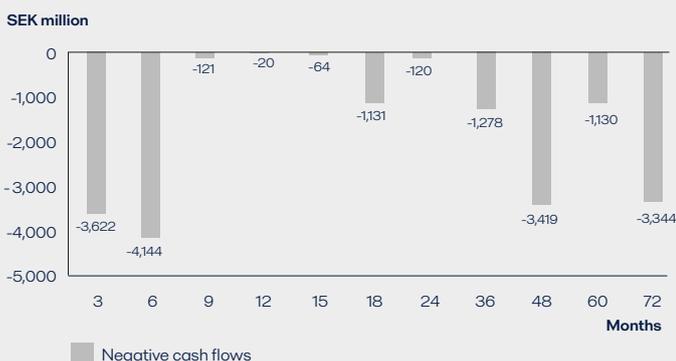
The loans are allocated by currency as follows:

Loan maturities by currency

Group, SEK million	Current		Non-current		Total	
	2025	2024	2025	2024	2025	2024
Currency:						
BRL	4	23	-	-	4	23
CAD	2	3	-	-	2	3
DKK	8	9	-	-	8	9
EUR	7,572	7	8,628	9,172	16,200	9,179
GBP	-	15	-	-	-	15
INR	-	5	-	-	-	5
PLN	4	41	-	-	4	41
SEK	-	1,000	998	-	998	1,000
Total	7,590	1,102	9,626	9,172	17,216	10,274
Of which due after five years:			3	-	3	-

The maturity structure of borrowings is presented in Note 32.

Maturity analysis for borrowings



Loans with floating interest rate

Bilateral loans

Alfa Laval has two loans, each of EUR 100 million, from the Swedish Export Credit Corporation, maturing in 2027 and 2028, respectively. Two new bilateral loans of EUR 200 million each were raised from SEB and Nordea during the year, and these will mature in April 2026. All bilateral loans carry floating interest rates based on EURIBOR plus a margin.

The average interest rate on the floating rate loans was 2.62 (3.72) percent at the end of 2025. The Group has chosen not to hedge the loans into fixed-rate exposure.

Loans with fixed interest rate

Loans from credit institutions

Alfa Laval has a revolving credit facility with a bank syndicate amounting to EUR 700 million (equivalent to SEK 7,566 million) as of December 31, 2025. The facility runs for five years from April 2023 and includes an option to increase it by a further EUR 200 million. The facility was unutilized as at December 31, 2025.

At year-end, the commitment fee on the undrawn facility was 14.0 (14.0) basis points.

Corporate bonds

The company's Euro Medium Term Note (EMTN) programme amounts to EUR 2,000 million. Under the programme, Alfa Laval has five corporate bonds listed on the Irish Stock Exchange. Three of the facilities amount to EUR 300 million each and mature in February 2026, February 2029 and September 2031. The other two, amounting to SEK 600 million and SEK 400 million, mature in June 2030.

At the end of 2025, the loans carried interest rates in the range of 0.875 percent – 3.125 percent (0.875 percent – 4.235 percent). The average interest rate at year-end was 1.91 (1.52) percent.

Commercial paper

The company's commercial paper programme amounts to SEK 4,000 million. It was unused as of December 31, 2025.

Transaction costs

Transaction costs incurred in connection with loan origination or bond issuance have been capitalized and amortized over the terms of the respective borrowings. At year-end, the capitalized amount totalled SEK 35 (12) million. The amortized cost for the year was SEK -14 (-9) million.

Average interest duration period

The average interest duration period for all borrowings was 24 (23) months at the end of 2025.

Financial covenants

None of the loans are linked to any financial covenants that must be fulfilled during the term of the loans. However, the loan with the bank syndicate and the corporate bonds include conditions giving lenders the right to demand immediate repayment if control of the company changes as a result of someone acquiring more than 50 and 30 percent, respectively, of the total number of shares. However, it must be noted that this option will enter into force only if a rating downgrade takes place in connection with the change of control; that is, if the company's credit rating falls below BBB- during the period in which the change of control takes place.

Note 31. Capital management

Alfa Laval defines capital under management as the sum of the Group's net debt and equity, including the portion attributable to non-controlling interests. At the end of 2025, capital under management amounted to SEK 56,932 (47,775) million.

The Group's objective in managing capital is to ensure its ability to continue as a going concern and evolve as a business while generating a

relevant return for shareholders and benefits for other stakeholders. The targets were adjusted during 2025 for invoicing growth (from 5 percent to 7 percent) and adjusted EBITA margin (from 15 percent to 17 percent). The target relating to return on capital employed has been left unchanged.

In managing capital, the Group monitors several measures, including:

Measure	Goal	Target values	Target values not set	Outcome		Average over recent years		
				2025	2024	3 years	5 years	8 years
				Invoicing growth per year	≥7%*			4.1%
Adjusted EBITA margin**	17%*			17.7%	16.6%	16.8%	16.7%	16.8%
Return on capital employed**	≥20%			23.9%	23.2%	22.7%	21.1%	21.2%
Net debt/EBITDA ratio**		≤2.0		0.92	0.43	0.73	0.91	0.85
Cash flow from operating activities including investments in non-current assets***		10%		9.3%	14.1%	11.6%	9.9%	10.5%
Investments***			X	3.8%	5.0%	4.2%	3.8%	3.6%
Return on equity			X	19.6%	18.8%	18.7%	17.1%	17.4%
Equity/assets ratio			X	44.6%	47.6%	45.9%	46.4%	45.4%
Debt/equity ratio**			X	0.30	0.13	23.4%	25.8%	25.1%
Interest coverage ratio**			X	25.0	26.2	24.7	28.1	30.0
Credit rating			X	BBB+	BBB+			

* Average over a business cycle. ** Alternative performance measures. *** As a percentage of revenue. Historical and average values have been adjusted following changes to the structure of the cash flow statement.

To maintain an appropriate capital structure, the Group may, for instance, raise new loans or repay existing borrowings, adjust dividend levels, return capital to shareholders, repurchase its own shares, issue new shares or divest assets.

Alfa Laval has a strong credit rating. To maintain a strong capital structure, the Group ensures there is a good balance between indebtedness and the liquidity buffer from unused credit facilities and cash.

To support its capital structure, the Group has secured access to the international capital markets by establishing:

- A Euro Medium Term Note (EMTN) programme (bond loan) of EUR 2 billion for medium- to long-term financing.
- A commercial paper programme of SEK 4 billion for short-term financing with maturities of up to 12 months.
- A revolving credit facility of EUR 700 million with a bank syndicate.
- Cooperation with a number of credit institutions providing bilateral loans and credit facilities.

It is important for the Group, and for flexibility in the debt markets, to have a variety of financing options across different markets and with different maturities and currencies.

The financial covenants applicable to the Group's borrowings are described in Note 30.

Note 32. Financial risks

Alfa Laval is exposed to several financial risks through its operations. The management of these risks is governed by a finance policy, which defines the allocation of responsibilities, acceptable risk levels and risk management methods. The policy is adopted by the Board of Directors and forms the basis of the Group's financial risk management. The central treasury function (Group Treasury) is responsible for overall management and monitoring, while subsidiaries identify and hedge risks in their operations. The policy includes aspects such as which financial instruments may be used, requirements for risk limitation, reporting and follow-up, and internal control procedures.

Alfa Laval manages various financial instruments such as cash and cash equivalents, deposits, accounts receivable, borrowings from credit institutions, accounts payable, and derivatives used primarily to hedge foreign exchange rates, interest rates and commodity prices. The derivatives used include foreign exchange forwards, currency and interest rate options, metal forwards and electricity derivatives. Hedge accounting is applied for derivatives that are used to manage risks in cash flows and net assets.

The material risks identified are described below.

32.1 Market risk

Market risk includes currency risk, interest rate risk and other price risks.

32.1.1 Currency risk

Currency risk refers to the risk of the value of financial instruments being affected by changes in exchange rates. The Group is exposed to currency risks due to the Group's international operations and geographical spread. In turn, these are divided into transaction exposure and translation exposure, which are described in further detail below.

Transaction exposure

Transaction exposure refers to the currency risks arising from exchange rate movements that affect the currency flows generated by business operations. In 2025, Alfa Laval's sales to countries outside Sweden amounted to 97.9 (98.2) percent of total sales. Currency contracts for projected flows are entered into on an ongoing basis throughout the year. For contract-based flows, the objective is for derivatives to match the maturity of the underlying contract.

Notes

Risk Management

Alfa Laval's local sales companies normally sell in the local currency to local end customers and have their local cost base in the same currency. Exports from manufacturing and logistics centres to other Group companies are invoiced in the exporting companies' local currencies, except for Sweden, Denmark and the United Kingdom, where exports are invoiced in EUR. The Group is principally exposed to currency risk arising from potential changes in contracted and projected flows of payments and receipts. The objective of currency risk management is to reduce the impact of foreign exchange movements on the Group's income and financial position.

The Group normally has natural risk coverage as revenues and costs arise in a local currency. The financial policy states that the local companies are responsible for identifying and hedging currency exposures on all commercial flows via Group Treasury. Transaction exposure from contract-based orders must be hedged to 100 percent when the value of the net exposure exceeds KEUR 200. In certain specific cases, companies may also hedge the net exposure for the coming 12 months relating to all projected and contract-based flows. Total hedging must never exceed 100 percent. Longer hedging contracts of 13–24 months for projected flows require special approval. Group Treasury may increase or decrease the total hedging initiated by the local companies for currencies where Alfa Laval has a commercial exposure, up to but not exceeding 100 percent and down to but not below 50 percent of the commercial exposure for each currency over a given period.

The table below shows the transaction exposure for the coming 12 months by main currency pair.

Transaction exposure per currency pair for the coming 12 months

Group, SEK million	Before hedging	After hedging
USD/NOK	6,259	1,198
EUR/SEK	5,113	998
EUR/DKK	4,185	3,212
EUR/CNY	2,097	1,223
JPY/NOK	430	6
USD/DKK	401	37
EUR/USD	-2,247	-540
EUR/NOK	-1,251	-581
EUR/JPY	-244	-71
Other	134	53

The Group's largest exposure relating to exports (positive amounts) relates to subsidiaries in Norway exporting mainly in USD, subsidiaries in Sweden and Denmark exporting in EUR, and subsidiaries in China exporting in EUR. The Group's largest exposure relating to imports (negative amounts) relates to subsidiaries in the US and Norway importing in EUR.

The table below shows a sensitivity analysis of the impact of exchange rate changes on operating income.

Impact on operating income of exchange rate movements excluding hedging measures

Group, SEK million	2025		2024	
	+10%	-10%	+10%	-10%
Exchange rate movements against SEK				
USD	818	-818	968	-968
EUR	692	-692	790	-790
CNY	-128	128	-239	239
NOK	-549	549	-534	534
DKK	-471	471	-576	576
JPY	66	-66	54	-54
Other	74	-74	80	-80
Total	502	-502	543	-543

The table below shows the foreign exchange forward and currency option contracts outstanding at the end of the year.

Outstanding currency forward contracts and currency options

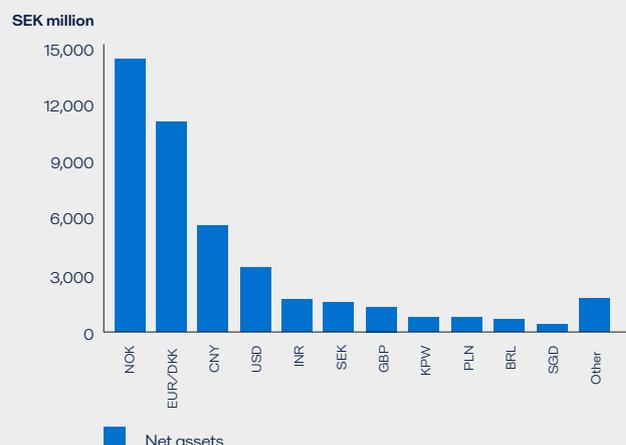
Group, millions	2025		2024	
	Original currency	SEK	Original currency	SEK
Outflows:				
USD	-1,073	-9,876	-1,286	-14,163
EUR	-857	-9,259	-856	-9,821
JPY	-19,509	-1,148	-13,267	-934
SEK	-241	-241	-176	-176
NOK	-1,466	-1,342	-1,182	-1,150
DKK	-90	-131	-434	-667
CAD	-39	-264	-52	-398
CNY	-183	-241	-193	-291
SGD	-18	-131	-3	-23
Other	-	-21	-	-
Total		-22,653		-27,695

	2025		2024	
	Original currency	SEK	Original currency	SEK
Inflows:				
NOK	9,942	9,103	11,544	11,228
SEK	4,629	4,629	4,667	4,667
EUR	394	4,261	385	4,410
CNY	1,847	2,433	2,242	3,385
DKK	1,057	1,530	1,483	2,280
USD	84	778	62	682
GBP	5	61	3	48
JPY	3,181	187	1,554	109
CAD	4	29	16	124
SGD	23	162	2	17
Other	-	22	-	42
Total		23,195		26,992

Translation exposure

This relates to foreign exchange risks arising from the translation of subsidiaries' financial statements from local currency into SEK. Translation differences are recognised in other comprehensive income and present a risk of affecting total comprehensive income, especially for currencies where the Group has significant net assets. The Group's net assets by currency are presented below.

Net assets by currency



Risk Management

Translation differences are managed centrally partly by allocating borrowings across different currencies based on the net assets in each currency, and partly through currency swaps. Borrowings raised in the same currency in which the Group has net assets reduce those net assets, thereby reducing translation exposure.

Exchange gains and losses on borrowings in foreign currency that finance the acquisition of foreign subsidiaries are recognized in other comprehensive income to the extent that the borrowings function as a hedge of the acquired net assets. Thus, these offset the translation difference that arises during the consolidation of the foreign subsidiaries. In the Group, recognized exchange differences amounting to net SEK 765 (-184) million relating to liabilities in foreign currencies have been reclassified to other comprehensive income as hedges of net investments in foreign operations. The loans that hedge net investments in foreign operations are denominated in EUR, as this foreign currency has the greatest impact on the statement of financial position.

32.1.2 Interest rate risk

Interest rate risk refers to how changes in market interest rates affect the value of financial instruments. At December 31, 2025, the total debt portfolio of SEK 17,216 (10,274) million was split on loans with fixed interest of SEK 10,695 (7,867) and loans with floating interest rates of SEK 6,521 (2,407) million. The Group has chosen not to hedge its floating rate borrowings into fixed rate.

The average interest rate for all loans was 2.18 (2.02) percent in 2025. The average interest fixing period for all borrowings was 24 (23) months at the end of 2025.

Based on a general increase in market interest rates of 100 basis points (1 percentage point), the Group's net interest income for 2025 would remain unchanged (SEK 42 million) as the Group's cash holdings fully offset borrowings with floating interest rates. During 2024, borrowings with floating interest rates were lower than cash holdings.

Risk Management

The Group manages interest rate risk by seeking to maintain a balance between floating and fixed interest rates in the loan portfolio and using financial derivatives such as interest rate swaps. The finance policy stipulates that interest rate risk is measured separately for each main currency and for the total debt, and that the average interest fixing period for the total loan portfolio should be between 6 and 36 months.

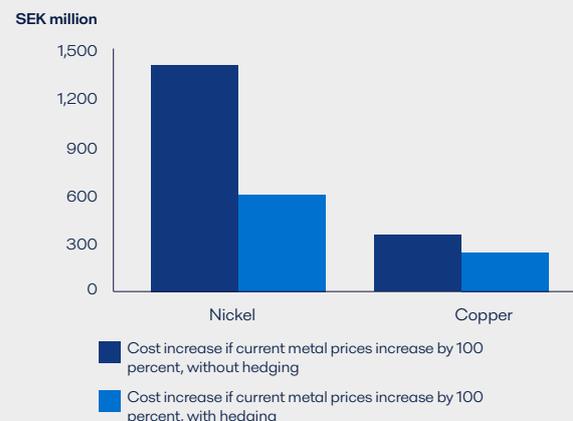
32.1.3 Other price risks

Other price risks to which the Group is exposed include risks relating to changes in commodity prices and changes in the value of financial equity-related instruments.

Risk of changes in commodity prices

The Group is reliant on supplies of stainless steel, castings, copper, titanium and other materials, as well as electricity, for the manufacture of its products. Prices in some of these markets are volatile, and shortages have occurred in the past. The number of potential suppliers of titanium is limited. The risk of sharply increased prices or insufficient supply poses serious risks to the business. The ability to pass higher input prices on to end customers varies over time and between markets depending on the competitive situation. In 2025, purchases of nickel and copper were hedged to 54 percent and 42 percent, respectively. Expected purchases of nickel and copper during 2026 that were hedged at the end of 2025 amounted to 42 percent and 31 percent, respectively. The graph below shows how much the Group's costs for these purchases in 2026 would be affected if prices were to double from the level as at December 31, 2025.

Sensitivity analysis and hedging of metal prices



Risk Management

The Group addresses this risk by securing long-term supply commitments and fixed prices from suppliers for 6 to 12 months, and through derivatives for metals and electricity.

For metals, exposure for the expected flows for the coming 12 months is hedged between 30 and 70 percent. In certain situations, exposure beyond 12 months may also be hedged. For electricity, exposure relating to expected flows over the next 12 months is hedged between 30 and 90 percent, and exposure for the following 13–24 months may be hedged up to 80 percent. During periods of sharp price increases, customer pricing for titanium products has been linked to Alfa Laval's purchase prices for titanium. The Group has at times experienced significant price fluctuations for many raw materials, but in particular for stainless steel, castings, copper and titanium. The Group uses metal forward contracts to hedge the price of strategic metals.

Risks relating to equity-related instruments

This risk includes the risk of changes in the value of a financial instrument depending on changes in market prices and relates only to financial instruments that are listed or otherwise traded. For Alfa Laval, this relates to bonds and other securities as well as other long-term holdings of securities totalling SEK 218 (430) million. The price risk relating to these instruments is deemed to be low, and no specific measures are taken.

32.2 Liquidity risk

Description

This risk is defined as the risk of the Group being unable to meet its financial obligations when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring major losses or otherwise harming the Group.

The maturity structure of the Group's borrowings is shown in the table below.

Maturity structure of the Group's borrowings

Year	Corporate bonds and other loans	Undrawn long-term credit facilities
2026	7,569	-
2027	1,081	-
2028	1,081	7,566
2029	3,243	-
2030	1,000	-
2031 or later	3,243	-
Total	17,216	7,566

Risk Management

Group Treasury is responsible for ensuring that the Group has a sufficient liquidity reserve in the form of cash and cash equivalents, current deposits and unused committed credit facilities, that not too large a proportion of outstanding borrowings fall due within the coming twelve-month period, and that the remaining average maturity of the total loan portfolio is not too short. The Group's borrowings are mainly long-term and mature only at the end of their agreed terms. Refinancing risk is reduced by spreading maturities over time.

Note 30 provides a description of the Group's indebtedness and how it has changed during the year.

32.3 Credit risk

Credit risk refers to the risk of counterparties being unable to fulfil their payment obligations. The risk includes the company's financial assets and obligations to grant credit. Primarily, this involves the risk of customers being unable to pay for delivered products due to financial difficulties. The level of overdue accounts receivable is an indication of the risk the company faces of ultimately ending up with doubtful receivables. Bank guarantees received and letters of credit transfer the credit risk from the customer to the bank, but may still contain credit risk, but now towards the bank instead.

The Group's costs for credit losses amounted to SEK 86 (159) million in 2025. The proportion of doubtful accounts receivable as a percentage of total accounts receivable amounted to 4.3 (5.1) percent. More information on the Group's accounts receivable can be found in Note 18.

Risk Management

Alfa Laval has established a Group Credit Policy to manage and limit credit risk. The Group sells to a large number of customers in countries across the world. It is normal for some of these customers to occasionally experience payment problems or go bankrupt. No one customer represents more than 10 percent of revenue and therefore represents a limited risk. Alfa Laval routinely obtains credit reports on new customers, and also on existing customers, when necessary. Previous payment history influences whether new orders are accepted. Credit insurance solutions are sought in markets with political or economic risks.

Accounts receivable are the single largest financial asset. In light of the above, the company is of the opinion that there is no significant concentration of risks in this financial asset.

The Group has a banking strategy aimed at establishing, maintaining and developing strong banking relationships at Group level. The purpose of this is to provide the Group with long-term banking support, a relevant range of products and geographical coverage.

The Group holds cash and short and long-term investments with various financial institutions approved by the Group. These financial institutions are located in major countries around the world, and the Group's policy is designed to limit the risk with any single institution. The risk that a counterparty failing to meet its obligations is limited by selecting creditworthy counterparties and by limiting exposure to any one counterparty. The Group regularly evaluates the creditworthiness of the financial institutions included in its investment strategy. The Group does not require collateral for these financial instruments.

The Group is exposed to credit risk if any counterparty to derivative instruments fails to fulfil its commitments. The Group limits this exposure by diversifying among highly rated counterparties and by restricting transaction volumes with each counterparty. Furthermore, the Group has entered into ISDA agreements (International Swaps and Derivatives Association) with its counterparties to allow netting of receivables and liabilities in the event of counterparty default.

Note 33. Other liabilities

Group, SEK million	2025	2024
VAT liabilities and employee withholding tax	695	209
Other non-interest bearing current liabilities	2,499	3,582
Total	3,194	3,791

In addition to liabilities for uninvoiced goods, other non-interest-bearing liabilities include bonuses, service tax, audit fees, customs duties and deposits.

Note 34. Accrued costs and deferred income

Group, SEK million	2025	2024
Accrued social security contributions	251	347
Accrued severance costs	44	43
Accrued interest costs	145	90
Other accrued costs	3,155	2,242
Deferred income	112	71
Total	3,707	2,792

Note 35. Pledged assets and contingent liabilities

Breakdown by type and maturity

Group, SEK million	2025	2024
Pledged assets		
Other pledged collateral	2	2
Total	2	2
Contingent liabilities		
Performance and product guarantees	2,132	2,002
Other contingent liabilities	690	1,414
Total	2,822	3,416

Other contingent liabilities include letters of credit related to imports, discounted bills of exchange with recourse, tender guarantees and payment guarantees to suppliers.

Note 36. Related party transactions

Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer, representing 7.5 (6.7) percent of net sales. In June 1999, Tetra Pak entered into a purchasing agreement with Alfa Laval governing distribution, research and development, marketing and sales information, and the use of trademarks and intellectual property rights. The following areas are to be agreed on an ongoing basis between representatives of the parties: products covered by the agreement, prices and discounts for these products, geographical areas and product segments where Tetra Pak is Alfa Laval's primary distributor, Tetra Pak's right to place its trademark on Alfa Laval products, sales targets for Tetra Pak in specified geographical areas, products and technologies subject to joint research and development and the rights to the research results, as well as the use of marketing and sales information. The agreement focuses on applications in the field of liquid food where Tetra Pak has a natural market presence through deliveries of packaging equipment and packaging material.

The agreement may be terminated with 12 months' notice. The prices received by Tetra Pak are not lower than those Alfa Laval could have obtained in sales to a comparable third party. Prices are set on a calendar year basis.

The Board of Directors of Alfa Laval AB (publ) includes two directors, Finn Rausing and Jörn Rausing, who also serve as directors of the Board of the Tetra Laval Group.

At year-end, the Alfa Laval Group had the following balance sheet items with companies within the Tetra Laval Group (Tetra Pak and DeLaval).

Receivables from/liabilities to related parties

Group, SEK million	2025	2024
Accounts receivable	268	171
Accounts payable	10	6

Alfa Laval has had the following transactions with companies within the Tetra Laval group (Tetra Pak and DeLaval).

Revenue from related parties

Group, SEK million	2025	2024
Net sales	5,198	4,504

Note 37. Government grants

Accounting policies

Government grants are recognized in profit or loss over the same periods as the costs the grants are intended to compensate. The grants are recognized in the income statement as a deduction from these costs.

Alfa Laval received SEK 21 (37) million in government grants during 2025, of which SEK 6 (21) million related to employment or corporate support, SEK 2 (0) million to energy support, and SEK 13 (16) million to investment support. Most of this relates to China and Italy.

Note 38. Events after the balance sheet date

No significant events have occurred since the balance sheet date.

Note 39. Cash-flow reclassification bridge

Consolidated cash flow statement

SEK million	Jan-Dec 2024		
	Earlier	Details	Retranslated
Operating activities			
Operating income	10,435	-	10,435
Adjustment for depreciation and amortization	2,418	-	2,418
Adjustment for change in provisions ¹⁾	-	-103	-103
Adjustment for other non-cash items	78	-	78
Operating cash surplus	12,931	-103	12,828
Taxes paid	-2,359	-	-2,359
Cash flow from operating activities before changes in working capital	10,572	-103	10,469
Change in working capital:			
Increase (-) / decrease (+) in receivables	-593	-	-593
Increase (-) / decrease (+) in inventories	16	-	16
Increase (+) / decrease (-) in liabilities ²⁾	2,267	619	2,886
Increase (+) / decrease (-) in provisions ¹⁾	-103	103	-
Increase (-) / decrease (+) in working capital	1,587	722	2,309
Cash flow from operating activities	12,159	619	12,778
Investing activities			
Investments in non-current assets	-3,336	-	-3,336
Disposal of non-current assets	105	-	105
Acquisition of businesses	-50	-	-50
Cash flow from investing activities	-3,281	-	-3,281
Financing activities			
Interest and dividends received ³⁾	183	-183	-
Interest paid ³⁾	-520	520	-
Interest paid and received ³⁾	-	-337	-337
Realized financial exchange gains ⁴⁾	50	-50	-
Realized financial exchange losses ⁴⁾	-221	221	-
Dividends to owners of the parent	-3,100	-	-3,100
Dividends to non-controlling interests	-33	-	-33
Amortization of lease liability ²⁾	-	-619	-619
Increase (-) in financial assets ⁴⁾	-453	453	-
Decrease (+) in financial assets ⁴⁾	542	-542	-
Increase in loans	1,664	-	1,664
Amortization of loans	-4,850	-	-4,850
Other cash flows from financing activities ⁴⁾	-	-82	-82
Cash flow from financing activities	-6,738	-619	-7,357
Cash flow for the period	2,140	-	2,140
Cash and cash equivalents at start of period	5,135	-	5,135
Translation differences in cash and cash equivalents	94	-	94
Cash and cash equivalents at end of period	7,369	-	7,369
Free cash flow per share (SEK) ⁵⁾	21.60	1.50	23.10
Investments in relation to net sales	5.0%	-	5.0%

¹⁾ Change in provisions has been moved to Operating cash surplus.

²⁾ Amortization of lease liability is moved to Financing activities.

³⁾ Interest and dividends received and Interest paid are reported net as Interest paid and received.

⁴⁾ Realized financial gains and losses and changes in financial assets have been netted and reported as Other cash flows from financing activities.

⁵⁾ Free cash flow per share has been affected by the changes in Operating activities. The average number of shares amounts to 413,326,315 for all periods.

Declaration by the Board of Directors and the CEO

The undersigned certify that the annual report for the Group and the parent company has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and with generally accepted accounting principles, respectively, and that it gives a true and fair view of the Group's and the parent company's financial position and earnings. The certification also confirms that the Board of Directors' Report provides a true and fair overview of the development of the Group's and the parent company's operations, financial position and results, and describes the material risks and uncertainties facing the Group's companies. The Board of Directors and the CEO also certify that the annual report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the specifications adopted pursuant to the EU Taxonomy Regulation. The contents of this annual report were determined on 3 March 2026.

Lund, 23 March 2026

Tom Erixon
President and CEO

Dennis Jönsson
Chairman

Ulf Wiinberg
Director

Henrik Lange
Director

Finn Rausing
Director

Jörn Rausing
Director

Nadine Crauwels
Director

Ray Mauritsson
Director

Lilian Fossum Biner
Director

Annica Bresky
Director

Anna Müller
Director

Anders Jansson
Employee representative

Johan Ranhög
Employee representative

Henrik Nielsen
Employee representative

Our auditor's report regarding the annual report and the consolidated financial statements was issued on 24 March 2026.

Our audit report regarding the statutory sustainability report was issued on 24 March 2026.

Andreas Troberg
Authorized Public Accountant

Hanna Fehland
Authorized Public Accountant

Auditor's Reports

Auditor's report

To the general meeting of the shareholders of Alfa Laval AB (publ),
corporate identity number 556587-8054

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Alfa Laval AB (publ) except for the sustainability statement on pages 16-69 and the corporate governance statement on pages 70-89 for the year 2025. The annual accounts and consolidated accounts of the company are included on pages 9-139 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability statement on pages 16-69 and the corporate governance statement on pages 70-89. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill	
<p>Description</p> <p>Book value of goodwill amounts to 29 722 MSEK per 31st December 2025 which corresponds to 30% of the group's total assets. The company evaluates whether the book value of goodwill exceeds its recoverable amount on an annual basis or upon indications of declining value. The recoverable amount is determined for each cash-generating unit through means of a calculation of the present net value of future cash flows. Future cash flows are based on management's business plans and forecasts and include various assumptions such as development in earnings, growth, investment needs and discount rates. If a decision is made to wind up or dispose of a business, a separate impairment test is performed and a write down is recorded if the recoverable amount is lower than the recorded value for the business.</p> <p>Changes to the assumptions could have a major impact on the calculation of the recoverable amount and the assumptions applied by the company are thus important to the assessment as to whether an impairment is present. We have thus determined valuation of goodwill to represent a key audit matter for the group.</p> <p>A description of goodwill and the impairment tests is included in note 11.</p>	<p>How our audit addressed this key audit matter</p> <p>During our audit we have evaluated and tested the company's process for the impairment test, for example by evaluating historic growth and current forecasts. We have also benchmarked with peer companies in order to evaluate the reasonableness of the valuation and, through support of our valuation specialists, evaluated the chosen discount rate and assumptions on long-term growth. We have also evaluated the company's model and method for executing the impairment test and made sensitivity analyses.</p> <p>In our audit we have also examined whether the disclosures in the annual report are appropriate and in accordance with the assumptions applied by group management.</p>

Other provisions	
<p>Description</p> <p>Book value of other provisions in the group amounts to 2 518 MSEK per 31st December 2025. The provisions amongst other relates to provision for expected expenses for warranties, litigation, restructuring and deferred costs, as expressed in note 26 Other provisions.</p> <p>The provisions include assumptions about future outcome, primarily as it relates to amount, timing and magnitude of the final settlement. Provisions for this type of expenses are uncertain and are based on various assumptions made by the company. Changes to the assumptions upon which the provisions are based could have a major impact on the reported earnings.</p>	<p>How our audit addressed this key audit matter</p> <p>We have obtained the group's documentation of the provisions. We have evaluated the provisions recorded and discussed the assumptions and risk assessments made by the company for each major provision in order to establish that the provisions are in compliance with applicable accounting standards. We have also followed up the provisions with legal assessments, documented decisions and historic outcome.</p> <p>In our audit we have also examined whether the disclosures in the annual report are appropriate.</p>

Acquisition of Fives Energy Cryogenics	
<p>Description</p> <p>In July 2025, the company completed the acquisition of Fives Energy Cryogenics for a purchase consideration of 9 210 MSEK. The purchase price allocation is performed by identifying the acquired assets and liabilities and measuring them at fair value based on valuation models applicable to each asset or liability. The purchase price allocation for the acquisition is presented in Note 16. After allocating the purchase consideration to the identifiable assets and liabilities, the remaining amount has been recognized as goodwill. Given that the identification and valuation of assets and liabilities in a purchase price allocation involves significant judgment and the use of complex valuation models, we have determined this to be a key audit matter. Disclosures related to the company's accounting policies, significant estimates, and judgments are provided in Note 1.</p>	<p>How our audit addressed this key audit matter</p> <p>As part of our audit, we have evaluated the company's process for accounting for business combinations. We have reviewed the purchase price allocation and agreed the underlying data to supporting documentation. We have involved valuation specialists to assess the valuation models applied as well as the significant assumptions used in the accounting for the business combination. We have assessed the valuation models used to be consistent with established valuation techniques commonly applied in purchase price allocations.</p> <p>In our audit we have also examined whether the disclosures in the annual report are appropriate.</p>

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 1-8, 16-69 and 148-155. The other information also includes the remuneration report and report that we obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going

concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on

the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Alfa Laval AB (publ) for the 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 and the Managing Director be discharged from liability for the financial year.

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Alfa Laval AB (publ) for the financial year 2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Alfa Laval AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 70-89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Andreas Troberg, Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Alfa Laval AB (publ) by the general meeting of the shareholders on the 29th of April 2025 and has been the company's auditor since the 25th of April 2023.

Hanna Fehland, Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Alfa Laval AB (publ) by the general meeting of the shareholders on the 29th of April 2025 and has been the company's auditor since the 25th of April 2024.

Lund 24th March 2026

Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

Hanna Fehland
Authorized Public Accountant

Auditor's limited assurance report on Alfa Laval AB's sustainability statement

This is the translation of the auditor's report in Swedish.

To the General Meeting of the shareholders Alfa Laval AB,
corporate identity number 556587-8054

Conclusion

We have conducted a limited assurance engagement of the sustainability statement prepared by Alfa Laval AB (the company) for the financial year 2025. The sustainability statement is included on pages 16–69 of this document.

Based on our limited assurance engagement as described in the section Auditor's Responsibility, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects, prepared in accordance with the Swedish Annual Accounts Act, which includes:

- Whether the sustainability statement meets the requirements of ESRS
- Whether the process carried out by the company to identify reported sustainability information has been conducted as described in the sustainability statement; and
- Compliance with the reporting requirements in Article 8 of the EU's Green Taxonomy Regulation.

Basis for Conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 – *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. Our responsibility under this recommendation is described in more detail in the section Auditor's Responsibility.

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

Other Information than the sustainability statement

This document also contains other information than the sustainability statement, found on pages 2–15 and 70–155 with exception for information on pages 141–146. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information, and we do not express any conclusion with assurance regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

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

Other matter

The disclosures in the sustainability statement regarding the previous financial year have, in certain cases, been subject to a limited assurance engagement in accordance with *ISAE 3000 (Revised)*, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, applied together with *RevR 6 Assurance of Sustainability Information* in accordance with the assurance report issued March 28, 2025. Other comparative figures in the sustainability statement for the year 2025 have not been subject to a review.

Responsibilities of the Board of directors and Managing Director

The Board of Directors, and the Managing Director, are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion whether the sustainability statement is prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our limited assurance engagement.

The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have

been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement, and manage a quality management system including guidelines or procedures regarding compliance with ethical requirements, standards of professional practice, and applicable laws and regulations.

We are independent of Alfa Laval AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

A 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 statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

Our review procedures regarding the process the company have undertaken to identify sustainability information to report included, but were not limited to the following:

- Obtaining an understanding of the process by conducting inquiries to understand the sources of the information used by management (e.g., stakeholder dialogues, business plans, and strategy documents), and
- Reviewing the company's internal documentation of its process; and
- Evaluating whether the information obtained from our procedures regarding the process implemented by the company aligns with the description of the process on pages 19-21 in the sustainability statement.

Our review procedures regarding the sustainability statement included, but were not limited to the following:

- Through inquiries, obtaining a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability statement.
- Evaluating whether information identified as material through the process the company has undertaken to identify the content of the sustainability statement is also included.
- Evaluating whether the structure and presentation of the sustainability statements are consistent with the requirements of ESRS;

- Conducting inquiries with relevant personnel and analytical review procedures regarding selected disclosures in the sustainability statements;
- Performing substantive review procedures of selected disclosures in the sustainability statements;
- Obtain, through inquiries and analytical review procedures, support for the methods used for preparing material estimates and forward-looking information and on how these methods were applied;

Our review procedures regarding the taxonomy disclosures included, but were not limited to the following:

- Obtaining an understanding of the process for identifying economic activities that are covered by and are consistent with the EU Green Taxonomy and the corresponding disclosures in the sustainability statement.
- Conducting inquiries to relevant personnel and analytical review procedures on the taxonomy disclosures;
- Conducting inquiries to understand the sources of the information used in the taxonomy disclosures;
- Evaluating whether the presentation of the taxonomy disclosures is consistent with the requirements of the EU Taxonomy Regulation.

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the board and management of Alfa Laval AB must prepare forward-looking information based on specified assumptions about events that may occur in the future and possible future activities of Alfa Laval AB. Actual outcomes are likely to differ, as expected events often do not occur as anticipated.

Stockholm, 24 March 2026

Ernst & Young AB

Andreas Troberg
Authorized Public
Accountant

Hanna Fehland
Authorized Public
Accountant

Other

Alfa Laval's share in 2025

In 2025, Alfa Laval's share showed stable development but increased more slowly than the benchmark index. The share price was recorded at SEK 465.70 (464.60) at the close of the last trading day of the year, representing an increase of SEK 3.10 since the start of the year. This is equivalent to growth of 0.67 percent, which is comparable with OMX Stockholm Industrials, the industry index for industrial shares in which Alfa Laval is included, which was up 9.40 percent in 2025. The Stockholm Stock Exchange as a whole (OMXSPI) increased by 9.54 percent. The year's highest closing price for Alfa Laval's share, SEK 495.70, was recorded on 31 January. The year's lowest closing price, SEK 372.80, was recorded on 9 April. At the end of the year, Alfa Laval's market capitalisation amounted to SEK 192.49 billion (191.2). The Alfa Laval share is listed on Nasdaq Stockholm and is included in the Large Cap segment of the Stockholm and Nordic stock exchanges, as well as OMXS30, which includes the 30 most traded shares in Stockholm.

Long-term total return

Since Alfa Laval was listed on the Stockholm Stock Exchange on 17 May 2002, the share, including reinvested dividends, has returned 3,123 percent. Measured over the listing period, this gives an average annual effective return of 15.90 percent. This can be compared to an effective annual return of 10.54 percent for the Stockholm Stock Exchange during the same period (SIX Return Index).

The share's turnover

During the year, Alfa Laval's share was traded not only on Nasdaq Stockholm but also on the Chicago Board Options Exchange (CBOE) Global Markets, the London Stock Exchange and Tradeweb APA, to name but a few of the major alternative stock exchanges. In 2025, the Stockholm Stock Exchange accounted for 20.82 percent (25.78) of all trading in the share. Trading on CBOE Global Markets was greatest, at 59.97 percent (53.57). The turnover of Alfa Laval's share

increased in 2025, amounting to 715 million shares (543). This meant that the share turnover rate increased in 2025, to 1.73 times the number of outstanding shares (1.31). In 2025, the average number of trades in Alfa Laval's share also increased to 2.87 million shares per trading day (2.16), which includes all trading venues. Trading in the share represented a total transaction value of SEK 309.30 billion (239.40).

Dividend policy

The objective of the Board of Directors is to regularly propose a dividend that reflects the Group's performance and financial status, as well as current and anticipated capital requirements. Taking into account the Group's cash-generating capacity, the objective is to pay dividends equivalent to 40 to 50 percent of net income over a business cycle. For 2025, the Board of Directors therefore proposes a dividend of SEK 9.00 per share (8.50). The proposed dividend is equivalent to 42.65 percent of profit per share (44.5), adjusted for surplus values.

Share capital

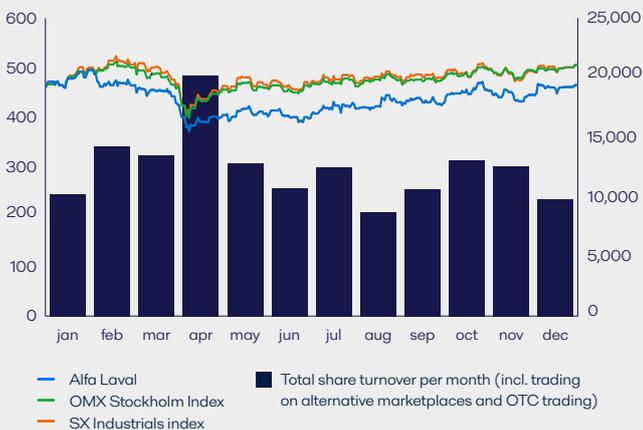
The quotient value amounted to SEK 2.70 (2.70) per share at the end of the year. All shares have equal voting rights and provide the same entitlement to the company's assets. There are no outstanding options or other instruments that could result in dilution for shareholders. The total number of shares at the end of the year amounted to 413,326,315, the same as at the start of the year.

Shareholders

At the end of 2025, Alfa Laval had 64,660 shareholders (56,542), representing an increase of 8,118 shareholders (2,444) compared to the previous year. The ten biggest shareholders controlled 60.47 percent of shares (60.72). Winder Holding AG is the biggest shareholder. Seven of the ten biggest owners were the same as last year, while three new owners joined the list of the ten biggest. These were Swedbank Robur Fonder, SEB Investment Management and Carnegie Fonder.

Price trend, January 1 – December 31, 2025

Source: Bloomberg



Total return, May 17, 2002 – December 31, 2025

Source: Bloomberg



Ownership distribution by size at December 31, 2025

	No. Of shareholders	No. Of shareholders, %	No. Of shares	Holding, %
1-500	55,027	85.10%	5,498,004	1.33%
501-1,000	4,440	6.87%	3,509,013	0.85%
1,001-5,000	3,918	6.06%	8,622,282	2.09%
5,001-10,000	506	0.78%	3,752,331	0.91%
10,001-20,000	173	0.27%	2,132,992	0.52%
20,001-50,000	94	0.15%	1,689,676	0.41%
50,001-	502	0.78%	388,122,017	93.90%
Total	64,660	100.00%	413,326,315	100.00%

Source: Euroclear

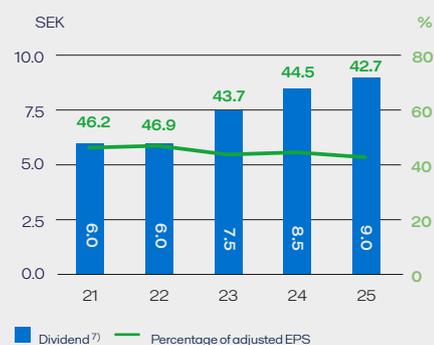
Data per share

	2025	2024	2023	2022	2021
Share price at year-end, SEK	465.7	464.6	403.3	301.10	364.40
Highest paid, SEK	495.5	494.7	405.4	382.70	388.80
Lowest paid, SEK	372.8	366.8	304	234.80	219.60
Shareholders' equity, SEK	105.86	102.30	90.43	86.27	77.11
Earnings per share	20.01	17.88	15.31	10.89	11.38
Dividend, SEK ¹⁾	9.00	8.50	7.50	6.00	6.00
Free cash flow, SEK ²⁾	16.12	23.1	16.50	-5.38	0.57
Price change during the year, %	0.67	14.68	33.98	-17.40	61.00
Dividend as % of EPS, %	44.98	47.54	48.99	55.10	52.72
Direct return, % ³⁾	1.93	1.83	1.86	1.99	1.65
Share price/shareholders' equity, multiple	4.40	4.54	4.46	3.49	4.73
P/E ratio ⁴⁾	23.27	25.98	26.34	27.65	32.02
No. of shareholders	64,660	56,542	54,098	54,245	44,136

Source: Bloomberg, Euroclear, Alfa Laval

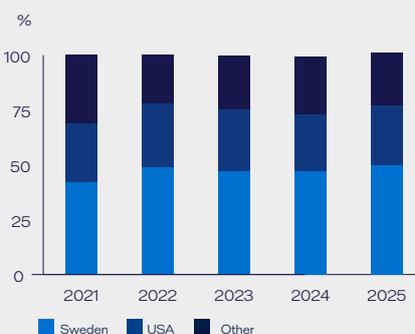
¹⁾ Board motion to the Annual General Meeting.²⁾ Free cash flow is the sum of cash flow from operating and investing activities.³⁾ Measured as the proposed dividend in relation to closing price on the last trading day. The direct return for 2025 is calculated based on the board's proposal to the general meeting.⁴⁾ Closing price on the last trading day in relation to earnings per share.

Dividend and percentage of adjusted EPS ⁶⁾

⁶⁾ Adjusted for step up amortization net of taxes.⁷⁾ Board motion to the Annual General Meeting.

Source: Alfa Laval

Geographic distribution of the free float, % of capital and voting rights ⁸⁾

⁸⁾ Excluding Winder Holding (Switzerland 29.5%).

Source: Euroclear

Ownership categories at December 31, 2025

	No. of shares	Holding, %
Financial companies	96,122,517	23.26%
Other financial companies	780,171	0.19%
Social insurance funds	11,434,185	2.77%
Government	1,369,468	0.33%
Municipal sector	77,300	0.02%
Trade organizations	4,561,888	1.10%
Other Swedish legal entities	8,905,152	2.15%
Uncategorized legal entities	96,173	0.02%
Shareholders domiciled abroad (legal entities and individuals)	267,215,685	64.65%
Swedish individuals	22,763,776	5.51%
Total	413,326,315	100.00%

Source: Euroclear

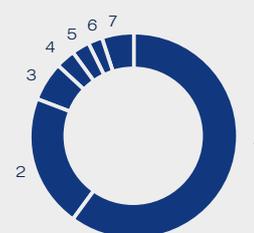
Ten largest shareholders at December 31, 2025 ⁵⁾

	No. of shares	Capital/ voting rights, %	Change in holding in 2025, percentage points
Winder Holding AG	122,037,736	29.53	0.00
State Street Bank and Trust Company	29,388,801	7.11	-0.25
BNY Mellon	18,286,266	4.42	-2.00
Northern Trust Company	14,144,558	3.42	-0.38
AMF Tjänstepension	13,845,587	3.35	1.78
JP Morgan Chase	12,826,568	3.10	-0.31
Swedbank Robur Fonder	11,937,721	2.89	1.92
Alecta Tjänstepension	10,394,389	2.51	-2.44
SEB Investment Management	9,778,511	2.37	2.37
Carnegie Fonder	7,292,900	1.76	0.86
Total ten largest shareholders	249,933,037	60.47	-0.25

Source: Euroclear

⁵⁾ The table is adjusted for nominee-registered shares.

Share turnover on various marketplaces 2024



1	CBOE Global Markets	60%
2	Nasdaq OMX	21%
3	London SE	6%
4	Tradeweb APA	3%
5	TradEcho EU APA	3%
6	Aquis Exchange - EU	2%
7	Other	5%

Source: Bloomberg

Ten-year overview

Group, SEK million unless otherwise stated	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Income statement										
Net sales	69,674	66,954	63,598	52,135	40,911	41,468	46,517	40,666	35,314	35,634
Items affecting comparability	-	-	-	-767	-192	-796	189	151	-	-1,500
Operating income	11,749	10,435	9,256	6,519	6,126	5,580	7,198	5,831	4,589	2,989
Net financial items	-551	-439	-606	-340	16	-603	23	65	-218	336
Result after financial items	11,198	9,996	8,650	6,179	6,142	4,977	7,221	5,896	4,371	3,325
Tax	-2,875	-2,564	-2,269	-1,610	-1,341	-1,397	-1,713	-1,359	-1,383	-1,013
Net income for the year	8,322	7,432	6,381	4,569	4,801	3,580	5,508	4,537	2,988	2,312
Balance sheet										
Goodwill	29,722	25,630	25,069	26,258	22,480	19,080	21,112	20,537	19,775	20,436
Intangible assets	6,723	3,929	4,553	5,159	3,441	2,204	3,134	3,873	4,692	5,946
Property, plant and equipment	15,856	14,490	11,769	10,710	9,075	8,321	8,943	5,732	4,851	4,940
Other non-current assets	2,895	2,684	2,668	2,666	3,216	3,633	2,081	1,958	1,654	2,100
Inventories	15,548	15,574	14,950	14,775	10,525	9,223	10,077	9,253	8,424	7,831
Current receivables	19,585	18,678	17,416	17,018	11,977	10,631	12,582	11,807	8,808	8,431
Current deposits	707	450	728	311	291	2,618	873	617	1,208	1,075
Cash and cash equivalents	7,124	7,369	5,135	4,352	3,356	5,150	5,594	4,295	3,137	2,619
TOTAL ASSETS	98,161	88,803	82,288	81,249	64,361	60,860	64,396	58,072	52,549	53,378
Equity	43,753	42,282	37,378	35,704	32,344	29,071	27,747	23,599	20,500	20,276
Pension liability	984	945	1,090	1,192	1,907	2,494	2,321	2,118	2,297	2,425
Deferred tax liabilities	3,458	2,392	2,372	2,293	1,838	1,553	1,662	1,945	2,100	2,722
Other non-current liabilities	3,975	2,559	1,863	2,139	1,928	2,259	2,571	802	677	636
Long-term loans	9,626	9,172	9,829	13,362	3,059	8,043	10,600	8,540	11,092	12,169
Current liabilities	36,365	31,454	29,756	26,559	23,285	17,440	19,495	21,068	15,883	15,150
TOTAL EQUITY AND LIABILITIES	98,161	88,803	82,288	81,249	64,361	60,860	64,396	58,072	52,549	53,378

Changes in accounting standards

Readers of the ten-year overview should note that accounting standards have changed during this period. The most significant change relates to IFRS 16 on leasing, which began to be applied from 2019.

Group, SEK million unless otherwise stated	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Key ratios										
Order intake	66,742	74,592	70,742	58,645	45,718	39,833	44,119	45,005	36,628	32,060
Order book at year-end	48,259	52,319	45,325	37,020	22,954	18,969	21,551	23,168	18,289	16,870
EBITA	12,334	11,089	10,221	7,462	6,922	6,435	8,178	6,869	5,610	4,680
EBITDA	14,252	12,853	11,780	8,911	8,113	7,569	9,251	7,495	6,239	5,323
EBITA margin, %	17.7%	16.6%	16.1%	14.3%	16.9%	15.5%	17.6%	16.9%	15.9%	13.1%
EBITDA margin, %	20.5%	19.2%	18.5%	17.1%	19.8%	18.3%	19.9%	18.4%	17.7%	14.9%
Adjusted EBITA	12,334	11,089	10,221	8,229	7,114	7,231	7,989	6,718	5,610	5,553
Adjusted EBITDA	14,252	12,853	11,780	9,678	8,305	8,365	9,062	7,344	6,239	6,196
Adjusted EBITA margin, %	17.7%	16.6%	16.1%	15.8%	17.4%	17.4%	17.2%	16.5%	15.9%	15.6%
Adjusted EBITDA margin, %	20.5%	19.2%	18.5%	18.6%	20.3%	20.2%	19.5%	18.1%	17.7%	17.4%
Profit margin, %	16.1%	14.9%	13.6%	11.9%	15.0%	12.0%	15.5%	14.5%	12.4%	9.3%
Excluding goodwill and step up values:										
Capital turnover rate, times	3.4	3.5	3.4	3.5	3.8	3.9	4.4	7.4	5.7	8.6
Capital employed	20,287	18,884	18,509	15,087	10,839	10,751	10,649	5,474	6,201	4,146
Return on capital employed %	60.8%	58.7%	55.2%	49.5%	63.9%	59.9%	76.8%	125.5%	90.5%	112.9%
Including goodwill and step up values:										
Capital turnover rate, times	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.3	1.1	1.2
Capital employed	51,501	47,859	48,753	43,060	34,677	33,678	35,550	30,729	31,698	30,663
Return on capital employed %	23.9%	23.2%	21.0%	17.3%	20.0%	19.1%	23.0%	22.4%	17.7%	15.3%
Return on equity, %	19.6%	18.8%	17.6%	13.5%	15.8%	12.7%	21.3%	20.3%	13.9%	11.8%
Equity/assets ratio, %	44.6%	47.6%	45.4%	43.9%	50.3%	47.8%	43.1%	40.6%	39.0%	38.0%
Net debt *	13,179	5,493	10,011	13,070	7,024	3,635	8,175	6,985	8,200	9,619
Net debt/EBITDA ratio *	0.92	0.43	0.85	1.47	0.87	0.48	0.88	0.93	1.31	1.81
Debt/equity ratio *	0.30	0.13	0.27	0.37	0.22	0.13	0.29	0.30	0.40	0.47
Interest coverage ratio	25.0	26.2	23.1	27.9	38.4	27.3	32.8	39.3	28.4	24.5
Cash flow from:										
operating activities ***	9,166	12,778	9,694	3,737	5,658	8,154	5,784	4,883	4,463	4,979
investing activities	-11,913	-3,281	-2,687	-5,518	-5,025	-1,058	-1,027	-1,293	-721	-795
financing activities ***	2,915	-7,357	-6,068	2,647	-2,475	-7,348	-3,506	-2,445	-3,159	-3,566
Investments	2,660	3,336	2,440	1,853	1,229	1,232	1,337	1,490	675	617
Average number of employees	23,140	21,910	20,803	19,002	17,419	17,160	17,387	16,785	16,521	17,305
Earnings per share, SEK	20.01	17.88	15.31	10.89	11.38	8.47	13.08	10.77	7.09	5.46
Free cash flow per share, SEK **/***	16.12	23.10	17.77	4.60	10.65	16.79	10.62	8.38	9.09	10.49

* Lease liabilities increased by SEK 2,766 million from 2019 as a result of the initial application of IFRS 16 Leases.

** Free cash flow is the sum of cash flows from operating activities, investments and disposals of non-current assets.

*** All periods have been restated in accordance with the new cash flow structure.

Please note that some financial measures above are alternative performance measures.

Alternative performance measures

Alfa Laval follows the guidelines for alternative performance measures issued by ESMA (European Securities and Markets Authority). An alternative performance measure is a financial measure of historical financial performance, financial position or cash flows that is not defined or specified in the financial reporting framework.

The following alternative performance measures have been used in the annual report.

Performance measures to achieve full comparability over time

All of these relate to the impact of amortization of step up values in particular, both over time and in comparison with external companies. For the same reason, adjustments are also made for items affecting comparability. How these are calculated is shown in the table Performance analysis on page 93, except for the last item.

- **EBITA**, or 'Earnings Before Interest, Taxes and Amortization', is defined as operating income before amortization of step up values. This performance measure is fully comparable over time, irrespective of items affecting comparability, financing costs and amortization of step up values.
- **EBITA margin (%)** is defined as EBITA in relation to net sales and expressed as a percentage.
- **EBITDA**, or 'Earnings Before Interest, Taxes, Depreciation and Amortization', is defined as operating income before depreciation. This performance measure is fully comparable over time, irrespective of items affecting comparability, financing costs and amortization.
- **EBITDA margin (%)** is defined as EBITDA in relation to net sales and expressed as a percentage.
- **Adjusted EBITA**, or 'Adjusted Earnings Before Interest, Taxes and Amortization', is defined as operating income before amortization of step up values and adjusted for items affecting comparability. This performance measure is fully comparable over time, irrespective of items affecting comparability, financing costs and amortization of step up values.
- **Adjusted EBITA margin (%)** is defined as Adjusted EBITA in relation to net sales and expressed as a percentage.
- **Adjusted EBITDA**, or 'Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization', is defined as operating income before depreciation and adjusted for items affecting comparability. This performance measure is fully comparable over time, irrespective of items affecting comparability, financing costs and amortization.
- **Adjusted EBITDA margin (%)** is defined as Adjusted EBITDA in relation to net sales and expressed as a percentage.
- **Adjusted gross profit** is defined as gross profit excluding amortization of step up values. This performance measure is fully comparable over time, irrespective of amortization of step up values.

- **Adjusted gross margin (%)** is defined as Adjusted gross profit in relation to net sales and expressed as a percentage.
- **Earnings per share, excluding amortization of step up values and corresponding tax** is defined as profit attributable to the Parent Company's shareholders, excluding amortization of step up values and the corresponding tax, divided by the weighted average number of shares. This performance measure is fully comparable over time, irrespective of amortization of step up values.

Income analysis

SEK million	2025	2024
Net sales	69,674	66,954
Cost of goods sold	-44,476	-43,747
Gross profit	25,198	23,207
Add-back of amortization of step up values	585	654
Adjusted gross profit*	25,783	23,860
- adjusted gross margin*	37.0%	35.6%
Costs	-11,531	-11,008
- as a percentage of net sales	16.5%	16.4%
Adjusted EBITDA*	14,252	12,853
- adjusted EBITDA margin*	20.5%	19.2%
Depreciation	-1,918	-1,764
Adjusted EBITA*	12,334	11,089
- adjusted EBITA margin*	17.7%	16.6%
Amortization of step up values	-585	-654
Operating income	11,749	10,435

Alternative performance measures.

Performance measures showing how the Group is financed and manages its capital

- **Return on capital employed (%)** is defined as EBITA in relation to average capital employed, calculated on a rolling 12-month basis and expressed as a percentage. Capital employed is defined as total assets less cash and cash equivalents, other long-term securities holdings, accrued interest income, operating liabilities and other non-interest-bearing liabilities, including tax and deferred tax but excluding accrued interest costs. This measure shows how effectively the capital used in ongoing operations is managed.
- **Free cash flow per share** is the sum of cash flow from operating activities, investments and the sale of non-current assets during the year, divided by the average number of shares. This represents the cash flow available for interest payments, business acquisitions and dividends to investors.
- **Net debt** is defined as interest-bearing liabilities and lease liabilities less cash and cash equivalents and current deposits. The calculation of net debt is shown in the table Net debt in Note 30. This performance measure shows the Group's net financial indebtedness.

- **Net debt/EBITDA ratio** is defined as net debt in relation to EBITDA, calculated on a rolling 12-month basis and expressed as a multiple of EBITDA. This is an important performance measure for assessing the proposed dividend. EBITDA, or 'Earnings Before Interest, Taxes, Depreciation and Amortization', is defined as operating income before depreciation of step up values.
- **Interest coverage ratio, times** is defined as EBITDA plus net financial items adjusted for interest costs, in relation to interest costs. Expressed as the number of times that profit before interest expense exceeds interest expense. Indicates the Group's ability to pay interest. EBITDA is used as the starting point because it forms the basis for a cash flow perspective on the ability to service interest payments. Financial items classified as items affecting comparability are excluded from the calculation.
- **Debt/equity ratio** is defined as net debt in relation to equity at the end of the period, expressed as a multiple of equity. It is a further measure of how the Group is financed.

Definitions of other performance measures

Return on equity, %

Net income for the year in relation to average equity, expressed as a percentage.

Investments

Investments represent an important component of the Group's cash flow. The level of investment over several consecutive years provides an indication of the Group's capacity expansion.

Items affecting comparability

Items not directly related to the Group's regular activities or of a non-recurring nature, where recognition together with other items in the Group's comprehensive income would have had an impact on comparability that would have made it more difficult to assess the development of the regular activities. Items affecting comparability are reported gross on the lines in the income statement to which they relate and specified in a note.

Capital turnover rate, times

Net sales in relation to average capital employed, expressed in multiples. Presented both excluding and including goodwill, step up values and the corresponding deferred tax liability.

Cash flow from operating activities

Shows the group's cash flow from operating activities; that is, the cash generated by the day-to-day business operations.

Cash flow from investing activities

Shows the Group's cash flow from investing activities; that is, the cash effects primarily from the Group's investments in non-current assets, disposals and acquisitions of businesses and the sale of properties.

Cash flow from financing activities

Shows the Group's cash flow from financing activities; that is, primarily dividends, borrowing, repayment of loans, and the cash-flow components of net financial items.

Average number of employees

The average number of employees is reported as full-time equivalents and is calculated on the basis of the number of employees (FTEs) at the end of the last four quarters. Staff costs represent a significant proportion of the Group's total costs. Therefore, the development of the average number of employees over time, in relation to the development of net sales, provides an indication of the Group's cost efficiency.

Net sales

Revenue from the sale of goods and the rendering of services included in the Group's normal operations, net of discounts, value added tax and other taxes directly related to revenue.

Order intake

Order intake during the calendar year, calculated in the same way as net sales. Order intake provides an indication of current demand for the Group's products and services, which will appear in net sales with varying time lags.

Order book at year-end

Order intake but not yet invoiced, translated at the current closing rate. The order book at year-end equals the order book at the beginning of the year plus order intake during the year minus net sales during the year. Provides an indication of how net sales may be expected to develop going forward.

Earnings per share

Net net income for the year attributable to the Parent Company's shareholders, divided by the average number of shares.

Equity/assets ratio, %

Equity in relation to total assets, expressed as a percentage.

Capital employed

Average total assets less cash and cash equivalents, other long-term securities holdings, accrued interest income, operating liabilities and other non-interest-bearing liabilities, including tax and deferred tax but excluding accrued interest costs. Presented both excluding and including goodwill and step up values, and the corresponding deferred tax. Shows the capital used in ongoing operations. Capital employed for the Group differs from the net capital for the operating segments with regard to taxes, deferred taxes and pensions.

Profit margin, %

Result after financial items in relation to net sales, expressed as a percentage.

Other information

Alfa Laval uses several channels to provide information about the company's operations and financial development. The website – www.alfalaval.com/investors – is updated regularly with annual reports, interim reports, press releases and presentations. The annual report is also sent to shareholders who have indicated that they wish to receive it. Conference calls for analysts, investors and the press are arranged in connection with the publication of the company's interim reports. A Capital Markets Day is arranged once a year, at which representatives of the financial markets are offered in-depth informa-

tion about the company's operations. In addition, representatives of Group Management meet analysts, investors and journalists on an ongoing basis to ensure that they have correct and up-to-date information. In accordance with the agreement with Nasdaq OMX Stockholm, price-sensitive information that is not already in the public domain is never disclosed at such meetings or contacts. Alfa Laval applies a silent period covering the three weeks prior to the publication of an interim report. The CEO and Chief Financial Officer do not meet or speak to representatives of the financial markets during this period.

Financial information in 2026

Alfa Laval will publish interim reports on the following dates in 2026:

Report for the first quarter:
22 April 2026
Report for the second quarter:
21 July 2026
Report for the third quarter:
27 October 2026
Year-end report:
3 February 2027

Shareholder information

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Analysts following Alfa Laval

ABG Sundal Collier

Anders Idborg

Alphavalue

Kulwinder Rajpal

Bank of America

Uma Samlin

Barclays Capital

Vlad Sergievskii

Citi Investment Research

Klas Bergelind

Danske Bank

Viktor Trollsten

Deutsche Bank

John Kim

DnB Carnegie

Carl Deijenberg

Exane BNP Paribas

Andreas Koski

Goldman Sachs International

Daniela Costa

Handelsbanken

Gustav Schwerin

JP Morgan

Akash Gupta

Morgan Stanley

Max Yates

Morningstar

Matthew Donen

Nordea

Magnus Kruber

Pareto Securities AB

Tom Guinchard

RBC Capital

Sebastian Kuenne

Redburn

James Moore

SB1

Johan Eliason

SEB

Fredrik Agardh

UBS

Sven Weier

Annual General Meeting 2026

The Annual General Meeting of Alfa Laval AB (publ) will be held at 16:00 on 22 April 2026 at Stadshallen, Stortorget 9, Lund. Notice of the Annual General Meeting is published as an announcement in Post- och Inrikes Tidningar and on the company's website not earlier than six weeks and not later than four weeks before the Meeting. An advertisement stating that notice has been given is placed in Dagens Nyheter. Documentation for the resolutions is published on Alfa Laval's website prior to the Meeting. Copies of the documents are also sent to any shareholder who requests them and provides their postal address. The following information regarding the Annual General Meeting does not constitute a legal notice.

Notice of attendance

Any shareholder wishing to participate in the Annual General Meeting must be registered as a shareholder in the share register maintained by Euroclear Sweden AB as of 14 April 2026 and must notify the company of their intention to attend as follows:

- Any shareholder wishing to participate in the Annual General Meeting by advance voting (postal voting) must submit their advance vote so that it is received by Euroclear Sweden AB no later than 16 April 2026.
- Any shareholder wishing to participate in the Meeting in person or by proxy at the Meeting venue must notify Euroclear Sweden AB no later than 16 April 2026, either by telephone on +46 (0)8 402 91 98, 09:00–16:00 Monday–Friday, or via <https://www.euroclear.com/sweden/generalmeetings/>.

The advance voting form is available on the Alfa Laval website. The completed form may be sent either by email to GeneralMeetingService@euroclear.com or by post to *Alfa Laval AB, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm*. Shareholders may also cast their advance vote electronically by signing with Bank-ID. Further information on the voting procedure is provided in the notice.

To be entitled to participate in the Annual General Meeting, a shareholder whose shares are held in nominee form must, in addition to notifying the company of their intention to attend, temporarily register the shares in their own name so that the shareholder is entered in the share register as at 14 April 2026. Such registration may be temporary (known as voting rights registration) and is requested from the nominee in accordance with the nominee's procedures in such time as the nominee determines. Voting rights registrations completed no later than the second banking day after 14 April 2026 will be considered when preparing the share register.

Dividend

The Board of Directors and the CEO propose that a dividend of SEK 9.00 be paid to shareholders. The proposed record date for entitlement to the dividend is 24 April 2026. If the Meeting resolves in accordance with the proposal, the dividend is expected to be distributed through Euroclear Sweden AB on 29 April 2026.



This is Alfa Laval

Alfa Laval is active in the areas of Energy, Marine, and Food & Water, offering its expertise, products, and service to a wide range of industries in some 100 countries. The company is committed to optimizing processes, creating responsible growth, and driving progress – always going the extra mile to support customers in achieving their business goals and sustainability targets.

Alfa Laval's innovative technologies are dedicated to purifying, refining, and reusing materials, promoting more responsible use of natural resources. They contribute to improved energy efficiency and heat recovery, better water treatment, and reduced emissions. Thereby, Alfa Laval is not only accelerating success for its customers, but also for people and the planet. Making the world better, every day. It's all about Advancing better™.

How to contact Alfa Laval

Up-to-date Alfa Laval contact details for all countries are always available on our website at www.alfalaval.com