SKF

Annual and Sustainability Report

2025

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REMUNERATION REPORT 156

What has happened to the front-end section?

We have streamlined the front-end section of our 2025 annual report. Instead of a broad introduction and company description, we now present an extended CEO's letter covering our financial development, strategy and value creation. For more information about SKF and our business, please visit our website.

www.skf.com/group/investors

SKF Group's formal Annual Report is presented on pages 14–29, 31–95, 98–144 and 148–150. It has been audited by SKF's external auditors. See the Auditor's Report on pages 145–146.

The Administration Report is presented on pages 14–18, 31–95 and 148–150.

What we do

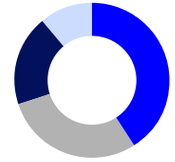
With hands-on experience in over 20 industries, we provide a comprehensive portfolio and knowledge built on our core technology platforms: bearings, seals, lubrication systems, intelligent solutions (such as condition monitoring) and services. By integrating these platforms, we deliver customized solutions to meet each customer's unique needs.

>20

SKF operates across a wide range of industries, with a strong focus on sectors where reliability and efficiency are critical. Key industries include aerospace, railway, automotive, high-speed machinery and electrical drives, heavy industries, agriculture, food and beverage.

Where we operate

SKF is a trusted and leading global industrial brand with a presence in around 130 countries. We operate across four regions, to serve customers with speed and responsiveness.

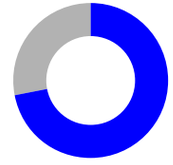


Share of Group net sales

- Europe, Middle East and Africa, 41%
- The Americas, 29%
- China and Northeast Asia, 19%
- India and Southeast Asia, 11%

How we are organized

SKF operates through Industrial and Automotive, with Industrial being the largest. In 2026, we plan to separate Automotive and create two sharper, independent businesses, enabling each to focus on its markets and growth opportunities while unlocking additional shareholder value.



Share of Group net sales

- Industrial, 72%
- Automotive, 28%

Read more about the separation on pages 12–13

"WE CONTINUE TO UNLOCK LONG-TERM VALUE"

PRESIDENT'S LETTER

Creating two even sharper businesses

For more than a century, SKF has built its reputation as a global leader in bearing technology and solutions, grounded in deep engineering expertise, a trusted brand, and strong customer relations. In 2025, we continued to strengthen these foundations, enabling sharper customer focus and enhanced long-term value creation.

Despite challenging market conditions and continued geopolitical uncertainty, I am pleased to conclude that we delivered resilient results. We also continued to execute on our strategy, including the ongoing separation of our Automotive business, and we are now creating two independent and, even stronger fit-for-purpose businesses. By transforming SKF into a more focused organization, we are positioning ourselves well for accelerated, profitable growth.

Challenging market conditions

For the full year, organic sales declined by –0.4% compared with 2024, reflecting challenging market conditions, not least in the Automotive business in Europe and the Americas. Our Industrial business grew 1.2%, while organic sales in our Automotive business declined –4.3%. Overall, market conditions in 2025 remained unchanged from the previous year, with generally weak demand across many industries.

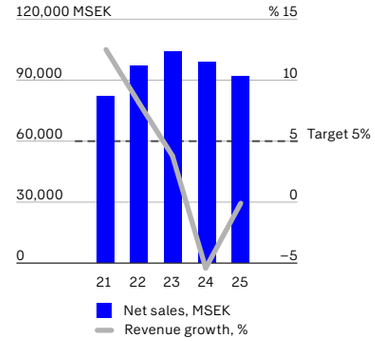
Looking at our main geographical regions, demand in Europe remained challenging throughout the year, resulting in an organic sales decline. However, our businesses within the newly established Specialized Industrial Solutions, such as aerospace, performed well. In China, organic growth was positive, mainly driven by a somewhat improved business sentiment and timing effects in the wind business. Demand related to electrical vehicles continued to perform well. The Americas and India reported relatively flat organic sales for the full year. In the Americas, an active commercial agenda, including tariff-related price increases, largely offset weaker demand. In India, the main contributing industries were railway, food value chain and commercial vehicles.

Resilient and improved margins

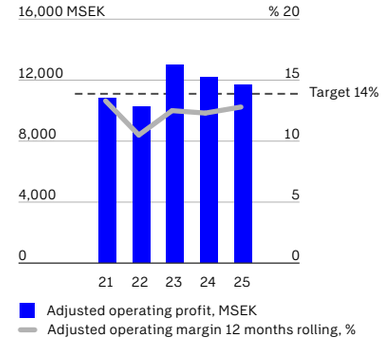
It is encouraging that we once again delivered resilient profitability in this weak demand environment, particularly given the significant currency headwinds faced during the year. The adjusted operating margin of 12.7% improved compared to last year. The adjusted operating margin in our Industrial business was strong and increased to 16.1%, while the Automotive business performed relatively well, considering the challenging market conditions, with a margin of 4.1%.

Long-term targets[1)]

Net sales and revenue growth[2)]



Adjusted operating profit and adjusted operating margin



1) Targets to be achieved over a business cycle.
2) Sales excluding effects of currency and divested businesses.

Market performance

The global bearing market, valued at approximately BSEK 500, is a critical segment of the machinery industry. Geographically, Asia-Pacific is the largest and fastest growing region.

The market is led by SKF, along with other major international players like Schaeffler, Timken, NSK, NTN and JTEKT. These top six manufacturers account for more than half of the global rolling bearing market. Given the market's consolidation, global brand recognition and high-quality standards are key differentiators.

The global bearing market is experiencing steady long-term growth driven by megatrends, which require more advanced technical expertise, products and solutions. In 2025, the market is estimated to have grown somewhat, driven by growth in the industrial bearing market, primarily in China. The automotive market was relatively flat compared to last year, with growth in China.

Read more on www.skf.com/group/investors

Our focus on commercial excellence yielded strong results. I would like to highlight our pricing actions, where we have established stronger capabilities to capture the full customer value that our offerings bring. Price adjustments have also been an important lever in mitigating the impact of U.S.-imposed tariff costs. Another area to highlight is portfolio management where our focus on industries with the most attractive profitable growth profile for SKF has contributed to our earnings.

Our corporate culture embeds a mindset of continuous improvement, ensuring resilience and competitiveness, well beyond manufacturing. As an example, we successfully redesigned existing products using new technologies to improve efficiency, which resulted in less usage of different materials. This mindset contributed to this year's solid cost control. The World Class Manufacturing programme, focusing on automation and regionalization of our manufacturing footprint, was completed on time and delivered the targeted business benefit of BSEK 5 in 2025 compared to 2019.

To further enhance competitiveness after the separation of the Automotive business, we initiated a rightsizing of our Industrial business in 2025, primarily impacting staff positions in Europe. Estimated savings of approximately BSEK 2 are expected to more than offset the negative synergies related to the Automotive separation.

The costs related to the rightsizing program as well as separating the Automotive business, for example related to IT, manufacturing, and setting up new legal entities, explain the substantial increase in items affecting comparability compared to last year. However, we firmly believe that two separated and focused businesses will further enhance customer relevance and long-term value creation in both businesses.

Strong financial position

I'm pleased to say that we have a strong capital structure and balance sheet which has enabled us to repay loans. This has resulted in a decreased net debt[2]/equity to 10.2% in 2025. It is also satisfying to conclude that our liquidity remains strong.

We have had a stable adjusted ROCE of around 14% in 2025. To improve, we continue to focus on having more efficient working capital management through a more digitalized and regionalized value chain.

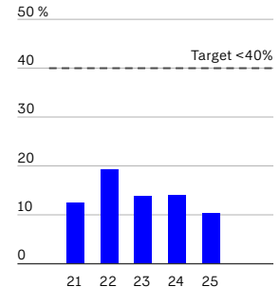
The five-year average for our dividend pay-out ratio is 59% which is above our target. The Board has proposed to the Annual General Meeting a dividend of SEK 7.75 per share.

Leading the way in sustainability

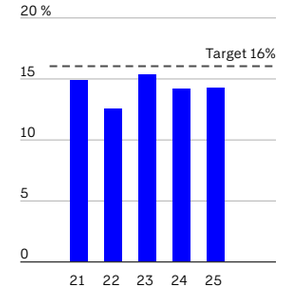
Sustainability is an integral part of our strategy and a priority for long-term profitable growth. We aim to dramatically cut emissions by 2030 and achieve net-zero greenhouse gas emissions in our supply chain by 2050. Both targets have been approved by the Science Based Targets Initiative. We also continue to support the UN Global Compact initiative, its principles and the Global Goals for 2030.

Long-term targets[1] cont.

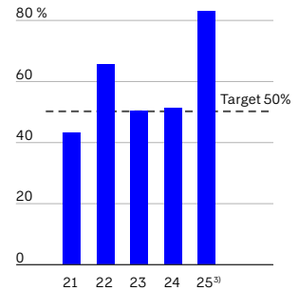
Net debt[2]/equity



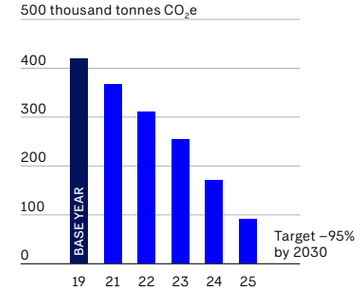
Adjusted ROCE



Dividend pay-out ratio



Decarbonized operations[4] by 2030



1) Targets to be achieved over a business cycle.
2) Excluding pension liabilities.
3) According to the Board's proposal for the year 2025.
4) Target 95% reduction in scope 1 and 2 emissions by 2030 vs. 2019.

Our target is to have decarbonized operations by 2030. In 2025, we reached a 79% reduction vs 2019 base year. This is well ahead of our 2030 goal trajectory which shows that our focus is paying off. I'm also very pleased that six additional factories were declared decarbonized in 2025. We have also made significant strides in increasing our use of electricity from renewable sources that reached 91% in 2025. In addition, we have continued to improve our energy efficiency.

Throughout the year, we have persistently continued to work towards our mission to create safe and healthy workplaces across all SKF operations. Our unwavering commitment to achieving zero accidents is a cornerstone in our strategic approach to employee wellbeing and operational excellence. I am pleased to report an improvement in 2025 compared to last year.

Equally, we have stood firm in fostering an inclusive and respectful work environment to ensure equal opportunities for all. These principles are deeply embedded in our culture and drive the way we work every day.

We are driving responsible sourcing by ensuring that all suppliers and sub-contractors uphold fair working conditions, prevent work-related injuries, and respect human rights throughout SKF's upstream value chain.

In 2025, we also received an A rating from CDP for Climate, including the highest rating for supplier engagement, placing us in the top 3% of all evaluated companies. This recognition reflects our deep commitment to decarbonizing our own operations but also the broader value chain.

Our strategy for value creation

Looking beyond our financial performance, what makes me truly confident about SKF's future is how we create long-term value. For more than a century, we have combined engineering excellence with strong customer relationships and a trusted global brand. This combination has allowed us to adapt through many industrial transformations, and it is the same philosophy that guides us today.

Our strategy builds on these strengths, focusing on creating significant customer value in targeted markets to drive both sales growth and margin expansion. This is supported by our leading innovation capabilities, as well as our strengthened operational and commercial excellence. With a clear strategic direction and a robust balance sheet, we are paving the way for sustainable, long-term value creation.

Focusing on attractive markets

SKF serves more than 20 industries worldwide. We are increasingly concentrating on those where our knowledge and technology create the greatest value, and where long-term megatrends point to structural growth. By focusing our resources, we can build strong positions and develop solutions that meet specific customer needs.

Laying the foundation for long-term value creation

In short, our strategy is designed to deliver our financial targets, driving long-term profitable growth.

Innovation

Accelerating technology development for sustained innovation leadership

Commercial and operational efficiency

Essential to succeed in our targeted segments

Targeted markets

Increased focus and shifting exposure to attractive markets leveraging megatrends

Financial targets

The financial targets for the SKF Group, including the Automotive business, are to be achieved over a business cycle.

14% Adjusted operating margin

5% Revenue growth, excl. currency effects and divestment

Megatrends driving growth

By combining deep technical and application expertise, a trusted global brand and strengthened operational and commercial excellence, SKF is well-positioned to capture the opportunities created by the megatrends reshaping our industries.

Digitalization and automation
Drives demand for connected, efficient solutions that improve reliability.

Decarbonization and electrification
Reshaping demand toward energy-efficient solutions for industries and mobility.

Urbanization
Driving growth in transportation and food supply chains.

Infrastructure and defence
Increasing the need for durable, high-performance, long-life solutions.

A clear example is aerospace, where, during the year, we have sharpened our focus on core offerings in aeroengine and aerostructure applications, while divesting non-core operations. This allows us to strengthen our profitability, reinforce our core applications and improve our ability to grow in one of the world's most demanding industries.

Capturing the opportunities of global megatrends

One of the reasons SKF remains relevant after more than 100 years is because we are aligned with the big shifts shaping industries and societies. Today, megatrends such as digitalization, automation, decarbonization, electrification, urbanization, as well as an emerging focus on infrastructure and defence, are creating significant opportunities for our business.

Electrification is transforming transportation and many other industries. Our advanced hybrid ceramic bearings are already helping train manufacturers reduce downtime and energy use, lowering both costs and emissions. In electric vehicles, our solutions address challenges such as electrical insulation and durability at high speeds, areas where SKF has a competitive edge and scale. The global transition to a greener economy also plays to our strengths. Energy-efficient systems for heating, cooling and renewable power all require high-performance bearings. Demand is growing for the raw materials that enable renewable energy and battery production, which further increases the need for durable, efficient equipment. SKF solutions are at the heart of these demanding operations.

Demographic changes and urbanization are driving growth in infrastructure, logistics, transportation and food supply chains. From supporting agricultural machinery to ensuring conveyor systems run reliably in food and beverage plants, SKF helps essential industries improve efficiency.

As manufacturing is being more automated and data-driven, our intelligent solutions and super-precision bearings are central in machine tools. These provide the accuracy and speed modern factories depend on. Here, our ability to combine technology, application know-how and customer partnerships makes SKF a natural choice.

Rising geopolitical tensions are making infrastructure and defence a growing priority for many countries. This is driving demand for reliable, high-performance rotating solutions, from defence platforms to heavy-duty machinery used in modernization projects. With deep engineering expertise and a strong global presence, SKF is well positioned to support this growing need and strengthen the resilience of critical systems.

By understanding and facilitating these megatrends, we secure our relevance and position SKF to deliver profitable growth in the markets shaping the decades ahead.

Strengthening our aftermarket and service offering

A key strength of SKF is our ability to support our customers from the initial design through every stage of their equipment's lifecycle. By strengthening our aftermarket and service offerings, these have become an increasingly important contributor to our value creation.

Every machine eventually needs maintenance, repair or optimization. That is where our global network of approximately 17,000 distributors plays a key role. Many of these partners have worked with us for decades, providing unmatched local

access to SKF products. For a farmer needing a replacement bearing, seals or other critical parts during harvest season, or a factory manager aiming to minimize downtime, this fast and reliable availability of genuine SKF components and expertise is essential.

But today, we are much more than a parts supplier. Our service offering extends across predictive maintenance, reliability solutions, condition monitoring, and remanufacturing. A good example is our long-term collaboration with LKAB in northern Sweden, where we provide advanced condition monitoring across critical equipment such as mills, conveyors, pumps and fans. When I visit customers like LKAB, I see first-hand how our technologies and know-how make a real difference, keeping critical industries running more reliably and sustainably.

This type of service creates great value for customers and strengthens our recurring revenue base. It makes SKF less dependent on the economic cycle and more closely integrated into our customers' daily operations. In short, the aftermarket is both a stabilizing force and a growth engine for SKF.

Innovation at the core of our strategy

If there is one constant in SKF's history, it is innovation. From the very beginning, new ideas and new technologies have been the engine of our success. Today, we continue that tradition by investing in innovation that drives our growth and sets new standards for our industry.

Our strategic innovation spans three areas. Firstly, we lead in research and technology, drawing on deep expertise in material science, tribology and digital tools. These capabilities take decades to develop and are difficult to replicate, which gives us a unique advantage. Secondly, we turn that research into new products and solutions that improve performance, extend life and reduce costs for our customers. Thirdly, we have around 600 application engineers with deep industry expertise, working directly with customers to design equipment that is more reliable and efficient.

Digitalization is accelerating this journey. By integrating sensors, AI and connected technologies into our products, we enable predictive maintenance and help customers to avoid costly downtime. Digital twins allow them to simulate the performance of our products before production begins, reducing time-to-market and improving reliability.

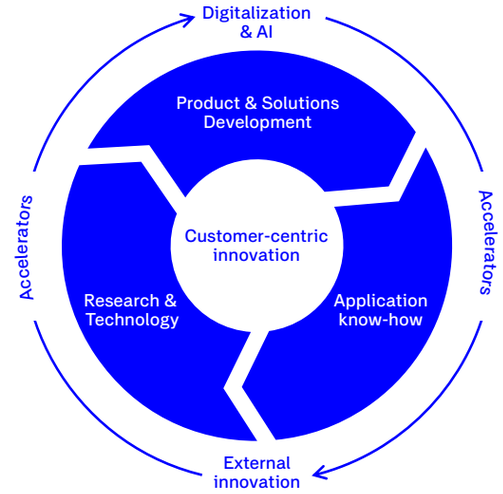
Collaboration adds new dimensions to innovation. We partner with universities and start-ups, etc. to tap into expertise beyond our own. This open approach enables us to explore adjacent fields, such as AI, as well as to fast-track development and bring solutions to market faster.

Projects that deliver results

More than 90% of our R&D projects are now focused on our key industries, the very industries where megatrends such as electrification, urbanization and digitalization are driving long-term demand. Each of these projects targets margins well above our 14% Group target, making innovation not just about technology leadership but a contributor for profitable growth.

A strong R&D foundation

We take a full value chain approach built on three core pillars: Research & Technology, Product & Solutions Development and Application know-how. These are powered by Digitalization & AI to accelerate innovation. In addition, we leverage external innovation and collaborative ecosystems with partners to maximize customer value.



Innovation in the metals industry

The metals industry is tough, with high loads and temperatures above 1,000°C. SKF works closely with steel mills to reduce downtime and improve reliability. New bearing designs in combination with advanced material and heat treatment technologies extend lifespan and boost performance in these harsh conditions. With increased dynamic load ratings and robustness, these solutions lower costs, increase reliability and strengthen customer loyalty.

In 2025, our innovation efforts have turned into practical solutions for customers in several industries. We introduced a new range of cutting-edge bearing solutions and intelligent service models, designed for heavy industries, energy and manufacturing applications. These solutions reduce friction, save energy, cut CO_2 emissions and extend asset lifecycles, helping our customers run their operations more reliably and sustainably. In the railway industry, our new low friction bearing solutions have demonstrated up to 14% lower energy consumption, giving operators tangible savings. In the food industry, we launched a bearing unit that requires no relubrication, improving safety while also saving water, energy and maintenance resources.

What excites me most is seeing these advancements not as abstract ideas but real, field-tested solutions that help customers succeed while driving profitable growth for us.

Super-precision, Made in Italy

In 2025, SKF opened its new centre of excellence for Super-precision bearings in Airasca, Italy, as the global hub for high-performance bearings. By combining manufacturing, R&D, engineering and business support in one automated, digitally-connected site, SKF has increased capacity by 30% and cut headcount and throughput time by 30% respectively. The result is faster innovation, higher precision and more reliable solutions for demanding industries.

Driving a more agile and efficient SKF

Innovation alone is not enough. To maximize the value we create, we must also operate with greater speed and efficiency across the entire value chain. This is why we are reshaping our organization to be faster, simpler and closer to our customers.

A more decentralized organization gives our teams greater responsibility and allows us to respond faster to customer needs. Investments in automation and regionalization mean we are producing closer to our customers, reducing lead times and improving service levels. For example, in China, regionalization has already cut lead times by 20% and reduced manufacturing cost. Our new global Super-precision centre shows how we combine advanced automation and digital tools to boost efficiency and deliver greater customer value.

Strengthening execution and streamlining operations

In parallel, we are enhancing our commercial execution and operational performance to support long-term growth.

We are simplifying our portfolio and reducing complexity. By focusing on core businesses, we direct resources where they matter the most. The divestment of our non-core aerospace business mentioned earlier is a good example of this. We are also streamlining supply chains and procurement, strengthening resilience while lowering costs.

Another important area is pricing. Through advanced analytics and digital tools, we are building stronger capabilities to capture the full value our products and services bring. This helps us unlock the full potential of our offering.

Becoming more agile and effective is about giving our people the right tools and mandate to serve customers better.

A strong foundation for the future

Over the past few years, we have reshaped SKF into a stronger and more focused company. We have sharpened our portfolio, exited contracts that did not meet our profitability requirements, accelerated regionalization and automation of our manufacturing footprint, and focused our innovation efforts on the key industries where we see the strongest structural growth. We have also shifted from a centralized functional setup to a regional model, bringing decisions closer to our customers and giving the business shorter decision paths and clearer accountability.

These changes have been implemented during a prolonged period of muted market demand, and yet they have strengthened our competitiveness and improved our underlying profitability. Importantly, they have made the company more resilient and created a solid base for the next major step in SKF's evolution.

Two focused businesses

We are now in the process of separating our Automotive business to create two strong and independent businesses–Automotive and Industrial. Each has distinct business logic, with its own customer dynamics, technology cycles and long-term value drivers. Clear mandates and governance will allow each business to operate independently, with tailored strategies, performance measures and capital allocation priorities.

For Industrial, independence strengthens our competitiveness which reinforces our position as the global leader in industrial bearings. We can concentrate our resources on attractive industries such as industrial mobility, defence, high-speed machinery, electrical, and heavy industries. A key priority is to grow a large aftermarket and service business, providing recurring revenue and closer customer relationships.

For Automotive, a standalone setup means a leaner organization and a value chain designed for automotive customers. This supports faster decisions, closer collaboration with OEMs and a sharper focus on electric vehicles, commercial vehicles and the aftermarket, where we see attractive opportunities for profitable growth.

The separation is a complex program that affects structures, systems, governance and product flows. We plan to list the Automotive business at Nasdaq Stockholm during Q4 2026, subject to the Board of Directors proposing a listing and shareholders' approval. There is no doubt in my mind that it is the right step for SKF. It will lead to clearer strategies, faster decision-making and business models that better reflect the realities of each market.

Looking ahead, I am confident that the actions we are taking today will secure long-term value creation, strengthening SKF's role in shaping the industries of tomorrow and ensuring we remain a trusted partner for the next century, as we have been for the past one.

Rickard Gustafson
President and CEO

A separation that unlocks long-term value

A separation of Automotive will create two more focused businesses with clearer strategies. Moreover, by allowing each business to follow its own market logic and value drivers, the separation strengthens long-term value creation. This is reflected in the new long-term targets and indicative objectives valid post separation for the Industrial and Automotive businesses respectively. In 2025, the Industrial and Automotive segments reported sales of BSEK 65.6 and BSEK 26.0, with adjusted operating margins of 16.1% and 4.1%.

SKF Group average 2020–2025

Organic growth
1.4%

Adjusted operating margin
12.3%

Adjusted ROCE
14.0%

Long-term financial targets/objectives post separation[1)]

Industrial[2)]

Organic growth[3)]
4%

Adjusted operating margin
>17% mid-term
>19% long-term

Adjusted ROCE[4)]
20%

Automotive

Organic growth
"Above market over a business cycle"

Adjusted operating margin
"High single digit"

Adjusted ROCE
To be revealed at Automotive CMD

1) Targets over a business cycle.
2) SKF Group post Automotive separation.
3) Defined as 1 p.p. growth over market over a business cycle, excluding Automotive contract manufacturing.
4) Defined as adjusted operating profit/loss plus interest income, as a percentage of 12 months rolling average of total assets less the average of non-interest bearing liabilities.

SKF Group post Automotive separation

Market and business dynamics

- Diversified market exposure, focus on accessibility and speed
- Manufacturing in smaller batches, more variants, agility and speed to market
- Diversified customer base with many local/ regional OEMs, end-users and distributors
- Dynamic and shorter sales cycle and lower volumes

Industrial enters the next phase from a strong starting position as the global leader in industrial bearings, supported by deep expertise across many industries. A global manufacturing footprint, a world-class distribution network and a large, recurring aftermarket, representing more than half of revenues, provide stability and long-term potential.

The business is well aligned with long-term megatrends such as digitalization, automation, decarbonization, stricter energy-efficiency requirements and significant investments in critical infrastructure. These dynamics support steady demand for reliable rotating equipment, and SKF is already growing fast in several attractive industries such as rail, defence and data centres.

To capture these opportunities, Industrial will focus on two segments: Bearing Solutions, representing around 75% of net sales, and Specialized Industrial Solutions, representing around 25% of net sales, including aerospace, lubrication lifetime solutions, sealing solutions and magnetic mechatronic solutions. Industrial's strategy, built on three pillars and seven levers, combines targeted growth, innovation leadership and a more efficient, business-driven value chain.

Value creation will be driven by targeted expansion in high-growth industries and geographies, growing services and intelligent solutions, improved performance in Specialized Industrial Solutions and selective bolt-on acquisitions. Innovation remains central, with close customer collaboration to deliver smarter, more efficient and lower-emission solutions. Operational excellence, modernized supply chains and regionalization will strengthen flexibility, efficiency and resilience across the business. To become an even more efficient company, we are optimizing our footprint through regionalization and automation, which will result in higher investments and one-off costs in next few years.

Industrial's long-term ambitions are clear: to grow ahead of the industrial bearing market, improve margins and reduce working capital, ultimately resulting in strong returns on capital. With a simpler, more focused operating model and exposure to markets with structural tailwinds, Industrial is well positioned to deliver sustainable growth and strengthen its technological leadership.

3 pillars and 7 levers for more progress

Reignite growth	Innovation leadership	Business-driven value chain
1 Leverage attractive high-growth industries and geographies	5 Differentiate through customer-centric innovation and AI	6 Finalize ongoing regionalization and footprint optimization
2 Scale recurring service and intelligent solution business		7 Optimize supply chain for a pure Industrial play
3 Accelerate Specialized Industrial Solutions		
4 Explore value accretive bolt-on M&A		

Automotive

Market and business dynamics

- Rapidly transforming industry, driven by electrification
- Manufacturing in larger batches, few variants, cost efficiency
- Customer base of a limited number of global OEMs
- Longer sales cycle with long-term contracts and high volumes

Automotive is preparing to operate as an independent business with the focus and agility required in a rapidly transforming industry Electrification, new driveline designs and changing mobility patterns are reshaping customer requirements, raising the bar on innovation, speed, commercial execution and collaboration with global OEMs.

The business rests on a solid foundation. It has global manufacturing, R&D and engineering capabilities and a product portfolio aligned with the shift toward electric and energy-efficient vehicle platforms. Automotive also benefits from a strong aftermarket position, which provides recurring revenues. Over the past few years, it has broadened its aftermarket offering in Europe and has the ambition to do the same in other geographical areas.

The strategy focuses on accelerating growth in high-potential areas where SKF already today has leading positions, such as electric vehicles and commercial vehicles, along with the repetitive and beneficial aftermarket business. This is supported by a lean, automotive-adapted value chain that increases speed and efficiency. Innovation will remain central, with dedicated teams working alongside customers to develop next-generation bearings that support emerging performance and sustainability requirements.

As a standalone business, Automotive will operate as a leaner, faster and more focused organization, able to make decisions closer to customers and respond more quickly to market shifts. Its long-term ambition is to grow faster than the overall automotive market and improve profitability, as it unlocks the value potential of its technology, customer relationships and global capabilities.

Five strategic levers

1	2	3	4	5
Continue to win in leading segments	Maintain and strengthen leadership in innovation	Expand addressable market	A lean company setup	Entire value chain is Automotive adapted
Accelerate growth			**Faster and more efficient**	

RISKS AND THE SHARE

Risk management

The SKF Group considers risk management to be essential and takes an integrated approach to risk mitigation through inclusion in strategy execution, business planning and operations. SKF operates in many different industries and geographical areas. As a result, the Group is exposed to various types of risks.

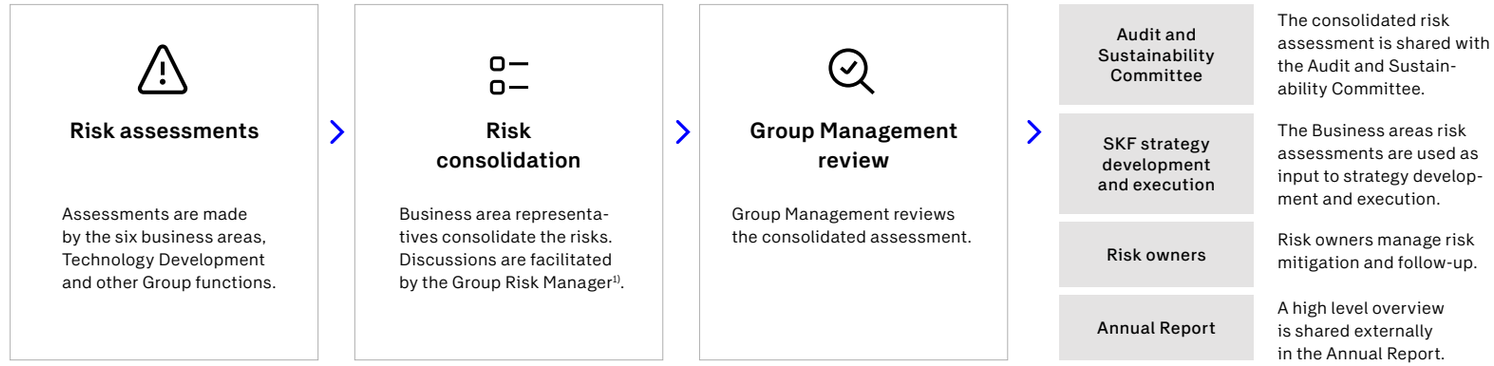
SKF appreciates that there are risks associated with the macro environment such as the geo-political landscape, the state of global markets and significant industry and technological shifts. There are also business risks including supply chain disruptions, information and cybersecurity threats, and challenges in attracting talent in a competitive labour market. Additionally, there are legal and compliance risks arising from the increased regulatory demands and internal governance and coordination within the Group as well as ongoing regulatory investigations and processes.

SKF has implemented an enterprise risk management (ERM) process that covers all parts of the Group, see illustration below. The risk impact includes impact on strategy, long term financial performance, as well as brand and reputation. To ensure effective, integrated risk management, the business operations are accountable for the identification, assessment and mitigation of their respective risks, while the Group functions facilitate the risk process, and oversee its implementation. The Group Risk Manager[1], who is part of the central group functions and reports to the CFO and to the Audit and Sustainability Committee, is overall responsible for the ERM process and consolidates the risks and the mitigating activities. The risks highlighted on the next page are the main risks identified during the 2025 Group ERM process. The main areas of opportunity are described in the previous section, on pages 5–13. For information about financial risks including currency risks, interest risks, liquidity risks and credit risks, see Note 26 on pages 132–134. For information about ongoing compliance related investigations, see Note 19 on pages 124–125.

As with other risks, SKF applies an integrated approach to the identification and management of risks related to sustainability. The sustainability risks have been identified through the double materiality assessment (DMA). More information on the DMA on pages 37, 39 and 40.

SKF Group ERM process

The result is shared yearly with Group Management and the Audit and Sustainability Committee. There is also a half-year internal assessment to monitor changes and make sure mitigation actions are in place and delivering expected result which is presented to Group Management.



1) Group Chief Accountant

Main risks

Risk	Trend	Mitigation
Geopolitical tensions Global conflicts and political tensions may lead to sanctions, tariffs, export controls, and trade disruptions. These developments increase uncertainty and pose risks to supply chains and international trade flows.		Accelerate regionalization and build more flexible, resilient supply chains. Continuously monitor threats and relevant risks for SKF's sales, operations and supply chain.
Information and cyber security Advanced information- and cyber security breaches and threats driven by financial and political motives and enabled by AI. Increasing compliance requirements related to cyber security such as NIST and TISAX.		Training and awareness. Implementation of a global ISMS based on ISO27001 and implementing required technical and organizational measures. Improving cyber defence and resilience of SKF's sites, critical digital solutions including supplier- and third-party deliveries.
Market competitiveness and pricing pressure Intensifying price competition as economic downturn continues to impact the global market pose risks to market share, growth targets, and operating margins.		Defend market pricing through improved sourcing strategies and cost competitiveness across the supply chain. Accelerate localization and cost optimization initiatives. Strengthen commercial capabilities, ensure differentiated and added value products and solutions to protect margins.
Supply chain competitiveness and effectiveness Risk of disruption, cost impact or increasing lead times due to supplier dependencies, complex flows and tariffs. Market demand uncertainties and limited forecasting capabilities may lead to reduced cost competitiveness and inventory management inefficiencies.		Continue to review commercial agreements, supplier localization and footprint, expand dual sourcing, and consolidate supply chain flows. Advance inventory optimization and digitalization efforts, supported by improved planning governance and cross-functional collaboration.
Automotive separation The Automotive separation and related organizational changes may lead to business disruption and distraction.		Ensure open communication and a structured change management approach. Secure balanced effort between core business priorities and separation.

Risk	Trend	Mitigation
Speed of digitalization and AI adoption Increasing opportunities for a connected value chain, digital customer experience and operational efficiency puts increasing demands on digitalization and AI implementation to maintain competitiveness.		Drive standardization and modernization of digital solutions, data and AI across the organization.
People and leadership The success of companies increasingly depends on their ability to attract, develop, and retain critical competences and capabilities.		Strengthen leadership capabilities and talent pipelines to secure critical competences and support long-term business success. Additionally, diversity and inclusion and a competitive reward structure are emphasized to attract a broader recruitment base and build a more dynamic workforce.
Legal compliance Regulatory requirements and increased complexity within trade compliance, export control and international sanctions. Antitrust risks in relation to distributors. Adherence to legal, regulatory and customer requirements of information and cyber security.		Ensure ownership and accountability of compliance in the business operations. Continuous monitoring, training and awareness in key risk areas. Perform yearly compliance risk assessment and third-party risk due diligence.
Speed of innovation Missing the introduction of disruptive and rapidly evolving technologies, leading to missed opportunities or delayed market response.		Closely monitor technology trends and regularly review investment plans to stay aligned with market shifts. Strengthen innovation capabilities through customer insights, sustainability integration, and targeted training. Reinforce stakeholder engagement and promote external collaboration to accelerate development and scaling.
Macro-economic uncertainty Unstable macroeconomic conditions–including inflation, currency devaluation, interest rate volatility, and prolonged weak demand. Sudden market shifts further increase uncertainty in financial business planning and operations.		Implement flexible cost structures and pricing strategies to manage financial exposure. Reduce reliance on imports in vulnerable markets and regularly review business performance in economically unstable regions.

The SKF share

SKF's A and B shares are listed on Nasdaq Stockholm in Sweden, included in the Large Cap segment, and part of several indices.

In 2025, the share price increased by 19.0% for the SKF A share and 18.4% for the SKF B share. The total number of SKF shares traded on Nasdaq Stockholm was 330,331,914. SKF's B shares are also traded on other markets outside Nasdaq Stockholm. The total number of shares traded on these marketplaces combined in 2025 was 859,709,180. (Source: Modular Finance AB). SKF's American Depositary Receipts (ADRs) are traded on the OTC market.

As per 31 December 2025, the Company's share capital amounted to SEK 1,138,377,670 and the total number of shares amounted to 28,930,824 shares of Series A and 426,420,244 shares of Series B. The number of votes in the Company amounted to 71,572,848. Rights associated with the different share types are further elaborated in the Corporate Governance Report on pages 19–29.

Share conversion

Owners of A shares have an option to convert these to B shares. In 2025, 53,175 shares were converted. As of 31 December 2025, A shares were 6.4% (6.4) of the total number of shares.

Dividend and total return

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 7.75 per share to be paid for 2025. For more information, see page 155. The total return from investing in the SKF A share over the past three years was 72.4% and for the SKF B share 71.9%. (Source: Modular Finance AB).

Ownership structure

As per 31 December 2025, SKF had 90,069 shareholders. Around 33.3% of the share capital was owned by foreign investors, around 48.3% by Swedish companies, institutions and mutual funds and around 9.2% by private Swedish investors (Source: Modular Finance AB). Most of the shares owned by foreign investors are registered through trustees, which means that the actual shareholders are not officially registered.

FAM AB, which is wholly owned by Wallenberg Investments AB, in its turn owned by the three largest Wallenberg Foundations, is the only shareholder with a shareholding representing more than 10% of the voting rights in SKF. Per 31 December 2025 the company owned none of its own shares.

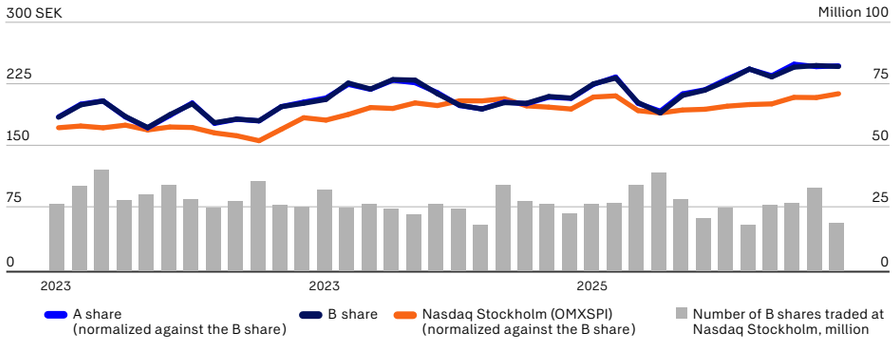
Information to shareholders

Financial reports and further information about the share can be found at skf.com/group/investors. A list of analysts covering SKF and the opportunity to subscribe to information from SKF is also available on the website.

Sustainability indexes

Based on the 2025 submission, SKF has been rated A within the CDP rating system which signifies that SKF is taking coordinated action on climate issues. SKF is also evaluated as Gold (in the top 3% of companies in its sector) via the EcoVadis supplier sustainability evaluation platform which is used by many of the Group's global customers to understand supplier sustainability performance.

Share development 2023–2025



Distribution of shareholding

Shareholding	Number of shareholders	%	Number of shares	%
1–1,000	80,898	89.82	16,055,423	3.53
1,001–10,000	8,328	9.25	21,891,565	4.81
10,001–	843	0.94	387,050,717	85.00
Anonymous ownership	n/a	n/a	30,353	6.67

Source: Modular Finance as of 31 December 2025.

Data per share[1)]

SEK per share unless otherwise stated	2025	2024
Earnings per share	8.62	14.22
Dividend per A and B share	7.75[2)]	7.75
Total dividends, MSEK	3,529[2)]	3,529
Purchase price of B shares at year-end on Nasdaq Stockholm	245.8	207.6
Equity per share	118	131
Yield (B), %	3.2[2)]	3.7
P/E ratio, B (share price/earnings per share)	28.5	14.6
Cash flow from operations, per share	18.43	23.7
Cash flow after investments before financing, per share	15.14	11.4

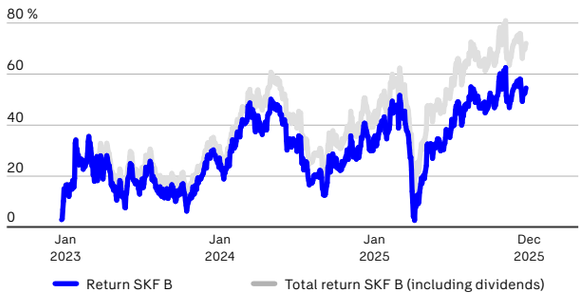
1) See page 154 for definitions.
2) According to the Board's proposal for the year 2025.

The ten largest shareholders sorted by voting rights

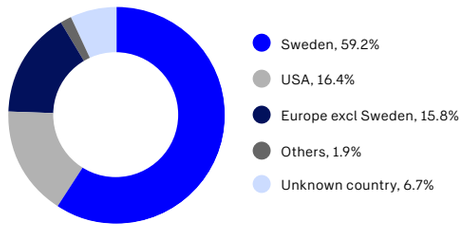
	Number of shares	Share capital, %	Voting rights, %
FAM AB	69,227,539	15.20	29.23
Cevian Capital	37,049,148	8.14	5.18
AFA Försäkring	4,137,038	0.91	4.01
Livförsäkringsbolaget Skandia	4,381,077	0.96	2.61
BlackRock	15,563,878	3.42	2.17
Vanguard	15,024,328	3.30	2.10
SEB Funds	14,596,906	3.21	2.04
SEB-Stiftelsen	1,450,000	0.32	1.77
Alecta Tjänstepension	11,295,048	2.48	1.58
Nordea Funds	10,205,024	2.24	1.43

Source: Modular Finance AB as of 31 December 2025.

Total return 2023–2025



Geographic ownership 2025



Source: Modular Finance AB as of 31 December 2025.

ADDITIONAL INFORMATION

There are no regulations under Swedish law or under the Articles of Association limiting the transferability of SKF shares. Furthermore, to the best of SKF's knowledge, no agreements exist between shareholders limiting the right to transfer SKF shares (e.g. by pre-emption or first refusal clauses). No restrictions exist limiting the number of votes that each shareholder may cast at a shareholders' meeting. There are no existing agreements between SKF and any board member or employee, allowing them to receive special compensation in the event of resignation, dismissal without cause, or termination of employment as a consequence of a public takeover bid for the shares in AB SKF.

CORPORATE GOVERNANCE REPORT

Introduction

SKF applies the principles of sound corporate governance as an instrument for increased competitiveness and to promote confidence in SKF among all stakeholders. Among other things, this means that the company maintains an efficient organisational structure with clear areas of responsibility and clear rules for delegation and decision making together with an accountability framework, that the financial and sustainability reporting is transparent and that processes governing such reporting is paved by a robust risk management and assurance framework and that the company in all respects maintains good corporate citizenship.

SKF is purposefully working to ensure sustainability, ethics and compliance to achieve a positive development over the short, medium and long term. More information is found on pages 32–34 in the Sustainability Report for the Group in the Annual Report 2025.

The principles of corporate governance applied by SKF are based on Swedish law, primarily the Swedish Companies Act and the Swedish Annual Accounts Act. SKF also complies with Nasdaq Stockholm's regulations as well as the Swedish Code of Corporate Governance (the "Code") issued by the Swedish Corporate Governance Board. In addition, the provisions of AB SKF's Articles of Association are applied.

Information under the Annual Accounts Act Chapter 6, § 6, sections 3–4, are found on pages 17–18 of the Administration Report for the Group in the Annual Report 2025.

Swedish Code of Corporate Governance

The Code was originally introduced on 1 July 2005 by the Swedish Corporate Governance Board. The Code has been revised several times since the introduction and the applicable Code is available on the Swedish Corporate Governance Board's website, www.corporategovernanceboard.se.

It is considered good stock exchange practice for Swedish companies, whose shares are admitted to trading on a Swedish regulated market, to apply the Code. SKF applies the Code, and this corporate governance Report has been prepared in accordance with its principles as well as the Swedish Annual Accounts Act. Furthermore, SKF has provided information on the company's website in line with the Code's requirements. The 2025 Annual General Meeting was also conducted in accordance with the Code's provisions. The auditor of the company has reviewed and performed a statutory examination of this Corporate Governance Report.

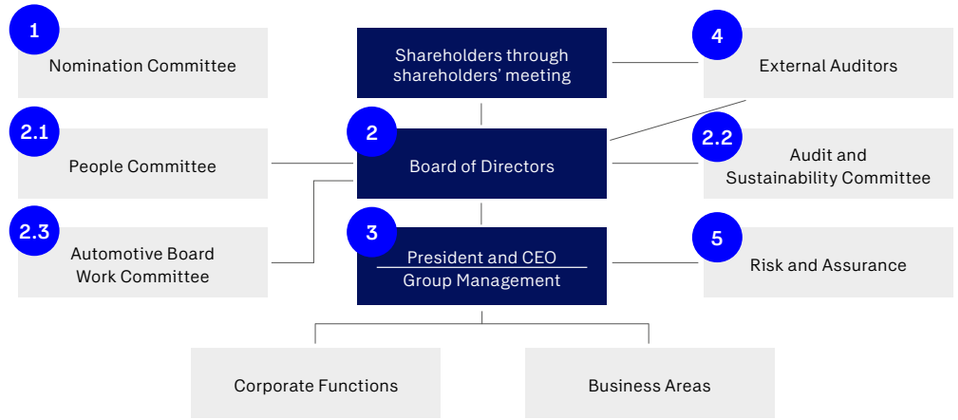
General information about how the company is managed

The shareholders' meeting is SKF's highest decision-making body. Annual General Meeting of shareholders shall be held annually and within six months after the end of the financial year. At the General Meeting the shareholders may exercise their voting rights to part take in decision making of the company. SKF has two classes of shares: A and B shares. At the General Meeting, each class A share entitles the holder to one vote, and each class B share entitles the holder to one-tenth of a vote. In all other aspects, SKF's class A and B shares have the same rights.

The Board of Directors is responsible for the company's organisation and for the oversight of the management of the company's affairs and is, together with the President and CEO and Group Management defining and continuously monitoring SKF's purpose, strategy, values, and drivers. The Board of Directors also continuously evaluates economic, environmental, social, and governance aspects of the SKF Group's performance. The Chair of the Board of Directors shall direct the work of the Board and monitor that the Board fulfils its obligations. The Board of Directors annually adopts written rules of procedure and instructions for its internal work. For more details on the rules of procedures and the written instructions, see below under the heading "Activities of the Board of Directors".

The President of the company, who is also the Chief Executive Officer, is appointed by the Board of Directors and handles the day-to-day management of the company's business in accordance with the guidelines and instructions from the Board. The approval of the Board of Directors is, for example, required in relation to investments and acquisitions above certain amounts, as well as for the appointment of certain senior managers. The President and CEO is supported by a Group Management team, see pages 27–28 in the Annual Report 2025.

SKF is structured in two reporting segments, the Industrial and Automotive businesses. The Automotive business is a global organisation while the Industrial business is organized in four industrial regions: (1) the Americas & Australia, (2) Europe & Africa, (3) India, Southeast Asia & the Middle East, and (4) China & Northeast Asia. The Industrial business also includes four independent global business units, collectively referred to as Specialized Industrial Solutions. All of the above mentioned business areas are respectively accountable for their own operational and financial performance. Further, there are five corporate functions: Commercial & Operations Development, Group Technology Development, Group Finance & Sustainability, Group Legal & Compliance and Group People Experience & Communication. The last three are defined as the Lean Corporate Centre where research and strategy are part. The management of SKF's operations is based on a decentralised operating model for the business areas achieving decision making close to the customer and the goal of serving customers with increased speed and responsiveness, however within a set of accountability frameworks ensuring compliance, risk management, and synergies across the SKF Group. The corporate functions govern these defined frameworks being fundamental requirements for the management of the SKF Group. Within these frameworks, defined processes, policies and instructions are in place to manage risk, strategically important matters, and ensure compliance. Furthermore, certain matters of high value or strategic importance are referred to the relevant decision-making bodies and ultimately the President and CEO and/or the Board of Directors.



1 Nomination Committee

The Annual General Meeting of AB SKF has resolved that the company shall have a Nomination Committee formed by one representative for each one of the four largest shareholders with regard to the number of votes held as well as the Chair of the Board of Directors. When constituting the Nomination Committee, the shareholdings per the last banking day in August each year shall determine which shareholders are the largest with regard to the number of votes held. The names of the four members shall be published as soon as they have been elected, however, not later than six months before the next Annual General Meeting. The Nomination Committee shall remain in office until a new Nomination Committee has been appointed.

In a press release on 9 September 2025, it was announced that a Nomination Committee consisting of the following members, together with the Chair of the Board of Directors, had been appointed in preparation of the Annual General Meeting 2026:

- Marcus Wallenberg, appointed by FAM
- Henning Elmberger, appointed by Cevian Capital
- Anders Algotsson, appointed by AFA Försäkring
- Anders Jonsson, appointed by Skandia

The Nomination Committee is to furnish proposals in the following matters to be presented to, and resolved by, the Annual General Meeting 2026:

- proposal for Chair of the Annual General Meeting
- proposal for Board of Directors
- proposal for Chair of the Board of Directors
- proposal for remuneration to the Board of Directors
- proposal for auditor
- proposal for remuneration to the auditor
- to the extent deemed necessary, proposal for new instructions for the Nomination Committee.

The Nomination Committee's proposal regarding the Board of Directors was published in a press release dated 30 January 2026. The Nomination Committee's remaining proposals will be published in connection with the notice to the Annual General Meeting 2026.

2 The Board of Directors

Composition and remuneration of the Board

The Board of Directors shall, in addition to specially appointed members and deputies, according to the Articles of Association of SKF, comprise a minimum of five and a maximum of twelve Board members, without deputies. The Board members are elected each year at the Annual General Meeting for the period up to the end of the next Annual General Meeting.

The Nomination Committee proposes decisions to the Annual General Meeting regarding electoral and remuneration issues, including proposals for the composition and remuneration of the Board of Directors. As reflected in the Nomination Committee's statement regarding the composition of the proposed Board of Directors and the proposed remuneration presented to the Annual General Meeting 2025, the Nomination Committee has applied the provisions in the Code as diversity policy. The objectives of the diversity policy is for the Board of Directors to have a composition appropriate to the company's operations, phase of development and other relevant circumstances, that the Board members elected by the shareholders' meeting collectively are to exhibit diversity and breadth of qualifications, experience and background, and that the company is to strive for gender balance on the Board. All Board members in office were proposed to be re-elected by the Annual General Meeting 2025, as they, according to the Nomination Committee, were assessed to represent a broad range of expertise and the necessary diversity, as well as to possess solid experience from the segments and markets where SKF operates, along with digitalisation and sustainability matters. To further strengthen the Board, the Nomination Committee also proposed Mats Rahmström as a new Board Member, based on his experience in areas such as international industrial operations, sustainability issues, separation processes, and spin-offs. The Annual General Meeting 2025 resolved to appoint Board members in accordance with the Nomination Committee's proposal.

Eleven Board members, including the Chair, were elected at AB SKF's Annual General Meeting held in the spring of 2025. In addition, the SKF labour unions have appointed two Board members and two deputy Board members. No Board member, except for the President and CEO, is included in the management of the company.

Information on the composition and remuneration of the Board members decided upon by the Annual General Meeting 2025 can be found in the Annual Report 2025, Consolidated Financial Statements, Note 23.

Independence requirements

The Nomination Committee has a responsibility to take independence into consideration in its proposal for Board of Directors. The Board of Directors has been considered to comply with the requirements of the Code regarding independence. The table below shows the Board members' independence according to the requirements of the Code in relation to the company and major shareholders[1].

Board members elected by the Annual General Meeting	Independence in relation to the company/senior management	Independence in relation to the major shareholders[1] of the company	Executive director	Female Board members
Hans Stråberg (Chair)	●	●		
Håkan Buskhe (Vice Chair)	●			
Mats Rahmström (Vice Chair)	●			
Hock Goh	●	●		
Geert Follens	●	●		
Susanna Schneeberger	●	●		●
Rickard Gustafson		●	●	
Beth Ferreira	●	●		●
Therese Friberg	●	●		●
Richard Nilsson	●			
Niko Pakalén	●	●		
Total	**10/11 (91%)**	**8/11 (73%)**	**1/11 (9%)**	**3/11 (27%)**

1) Major shareholders are, according to the Code, defined as those controlling 10% or more of the shares or votes in the company.

Activities of the Board of Directors

The Board of Directors held seven meetings in 2025. The Board members were present at the Board meetings as described in the table on the next page.

The Board of Directors adopts written rules of procedure annually for its internal work. These rules prescribe i.a.:

- the number of Board meetings and when they are to be held,
- the items normally included in the Board agenda, and
- the presentation to the Board of reports from the external auditors.

The Board of Directors has also issued written instructions on:

- when and how information required for the Board's assessment of the company's and the Group's financial position shall be collected and reported to the Board, and
- the allocation of the tasks between the Board and the President and CEO.

Issues dealt with by the Board of Directors in 2025 include i.a. strategy execution, market outlook, the geopolitical situation, cash flow and investment analysis, financial and sustainability reporting, capital structure, acquisitions and divestments of companies, the continued implementation of the decentralised operating model, including material organisational changes of the Group and management issues including the separation and listing preparation of the Automotive business.

The Board of Directors continuously evaluates economic, environmental, social, and governance aspects of the Group's activities and reviews specific issues such as greenhouse gas emissions and Code of Conduct adherence.

Each new Board member has to go through a general introduction training about the SKF Group, and the Board of Directors regularly visits different SKF sites in order to enhance its knowledge about the SKF Group.

Board Committee work

Certain topics of strategic importance for the company have, through the Board's written rules of procedure and Board Charters, been assigned to the Board Committees to prepare and give recommendations on to the wider Board of Directors before any decisions are made, for example matters relating to remuneration to the President and CEO, principles of remuneration for Group Management, sustainability strategy and management of material sustainability impacts, risks and opportunities, as well as financial and sustainability reporting and ethics and compliance.

The President and CEO is supported by the Group Management team and subject matter experts in preparation of materials and reports to the Board in specific topics.

2.1 People Committee

The Board of Directors of AB SKF has in accordance with the principles of the Code established a People Committee consisting of the Chair of the Board Hans Stråberg as Chair, Vice Chair of the Board Håkan Buskhe, and the Board members Susanna Schneeberger and Niko Pakalén.

The People Committee oversees people-related topics of the SKF Group, such as talent management, succession planning, and employee well-being, and also serves as a remuneration committee preparing the Board's decisions on guidelines for remuneration, compensation, and other terms of employment for the CEO and Group Management, and monitors and evaluates programmes for variable remuneration and the company's application of the guidelines for remuneration established by the Annual General Meeting. The principles of remuneration shall be submitted to the Board of Directors, which shall submit a proposal for such remuneration principles to the Annual General Meeting for approval at least every fourth year. The employment conditions for the President shall be approved by the Board of Directors.

The People Committee continuously monitors and evaluates the SKF Group's remuneration package for Group Management. No later than three weeks prior to the Annual General Meeting, the Board of Directors submits on the company's website, in accordance with the Swedish Companies Act and the principles in the Code, a remuneration report attached hereto on pages 156–162.

The People Committee held three meetings in 2025. The members of the committee were present at the meetings as shown in the table below.

2.2 Audit and Sustainability Committee

The Board of Directors of AB SKF has in accordance with the principles of the Swedish Companies Act and the Code appointed an Audit and Sustainability Committee. The Audit and Sustainability Committee consists of the Board member Richard Nilsson as Chair, the Chair of the Board Hans Stråberg, the Vice Chair of the Board Håkan Buskhe, and the Board members Geert Follens and Niko Pakalén.

The Audit and Sustainability Committee oversees the financial and sustainability reporting as well as the financial audit and the sustainability reporting review processes of the SKF Group, oversees the adecuacy of the Group's controls for compliance with laws and regulations, and reviews the Group's sustainability position and information security posture.

Presence during Board and Committee meetings

Name of the Board member	Presence Board meetings/ Total number of meetings[1]	Presence Audit and Sustainability Committee meetings/ Total number of meetings[1]	Presence People Committee meetings/ Total number of meetings[1]	Presence Automotive Board Work Committee meetings/ Total number of meetings[1]
Hans Stråberg (Chair)	7/7	6/6	(Chair) 3/3	—
Håkan Buskhe (Vice Chair)	7/7	6/6	3/3	(Chair) 2/2
Mats Rahmström (Vice Chair)	5/5	—	—	—
Hock Goh	7/7	—	—	2/2
Geert Follens	7/7	6/6	—	—
Susanna Schneeberger	7/7	—	3/3	—
Rickard Gustafson	7/7	6/6	3/3	2/2
Beth Ferreira	7/7	—	—	—
Therese Friberg	7/7	—	—	2/2
Richard Nilsson	7/7	(Chair) 6/6	—	—
Niko Pakalén	7/7	5/6	3/3	—
Jonny Hilbert (employee representative)	5/7	—	—	—
Zarko Djurovic (employee representative)	6/7	—	—	—
Total presence by Board members, %	**96.7%**	**97.2%**	**100%**	**100%**
Thomas Eliasson (deputy employee representative)	2/7	—	—	—
Steve Norrman (deputy employee representative)	1/7	—	—	—

1) Total number of meetings is dispalyed for each Board member, based on the number of Board meetings held during the time they were each elected during the year.

The Audit and Sustainability Committee held six meetings in 2025. The members of the committee were present at the meetings as shown in the table on the previous page.

2.3 Automotive Board Work Committee

As part of the preparations for the planned separation and separate listing of SKF's Automotive business, the Board of Directors of AB SKF appointed a special Automotive Board Work Committee. The Automotive Board Work Committee consists of the Vice Chair of the Board Håkan Buskhe as Chair, and Board members Hock Goh and Therese Friberg.

The Automotive Board Work Committee is, on behalf of AB SKF, leading the creation of a new board for the Automotive business, including establishing the board work structure, governance documents, and the establishment of its committees, all in preparation of the intended listing of the Automotive business on Nasdaq Stockholm in accordance with previous communications.

During 2025, the Automotive Board Work Committee has convened two times. The committee members have attended the meetings as shown in the table on the previous page.

Assessment

The members of the Board of Directors annually assess the representation of relevant competences amongst the members of the Board as well as the quality of the work of the Board through self-evaluation and following interviews. The results are prepared in a board evaluation report and then presented and discussed at a Board meeting. The Nomination Committee has been provided with the result of the assessment.

3 President and Chief Executive Officer

The Board of Directors has delegated the day-to-day management of AB SKF and the SKF Group's operations to the President and CEO, including an authorization to make decisions and govern issues that are not exclusively under the authority of the Board.

It is the President and CEO's responsibility to implement and ensure that the SKF strategy, purpose, long term financial targets and operational objectives determined by the Board of Directors are carried out and that effective governance and control is maintained.

The President and CEO is also responsible for preparing materials to the Board of Directors in front of the Board meetings and keeping the Board informed on SKF's financial position, development, risks, and opportunities.

The President and CEO's role, areas of responsibility and authorizations are described in more detail in the CEO instruction each year adopted by the Board of Directors. More information on SKF's President and CEO is found on page 27 in the Annual Report.

4 The auditor of the company

The task of the auditor is to audit, on behalf of the shareholders, the Annual Report including SKF's financial and sustainability reporting and reporting processes and also to audit the Board of Directors' and the President and CEO's management of the company.

SKF's Articles of Association states that the auditor shall be elected each year. AB SKF's Annual General Meeting 2025, elected Deloitte AB (Deloitte) as auditor for the time up to the closing of the Annual General Meeting in 2026. Hans Warén is the auditor in charge.

Hans Warén has many years of experience as auditor in a number of other listed companies, and is currently the lead auditor for Industrivärden, Mölnlycke Healthcare, and Atrium Ljungberg.

The auditor shall according to a resolution of the Annual General Meeting be remunerated in accordance with approved invoice. SKF has a procedure in place whereby all matters that are intended to be handled by the elected auditors are evaluated in relation to the independence requirements and are approved or, as the case may be, rejected, by the Audit and Sustainability Committee. Deloitte applies a similar procedure and issues annually, in addition thereto, a written statement to the Audit and Sustainability Committee stating that the audit firm is independent in relation to SKF.

Deloitte has during 2025 been involved in matters besides the audit assignment. These matters have primarily concerned tax and sustainability services and Automotive IPO readiness matters. The total fees for Deloitte's services besides auditing in 2025 amount to MSEK 6.

Financial and sustainability reporting

The Board of Directors is responsible for documenting how the quality of the financial and sustainability reporting is secured and how the company communicates with its auditor.

The Audit and Sustainability Committee assists the Board of Directors by preparatory work to secure the quality of the company's financial and sustainability reporting. This is, for example, achieved through the Audit and Sustainability Committee's review of the financial and sustainability information and SKF's internal financial controls.

The Board of Directors had one meeting with the auditors in 2025 and has been provided with the audit and its result. Within the scope of its work, which includes reviewing the extent of the external audit and evaluating the performance of the external auditors, the Audit and Sustainability Committee met with the auditors in connection with six Audit and Sustainability Committee meetings. In addition to that, the auditors gave both the Audit and Sustainability Committee and the Board of Directors information in writing regarding matters including the planning and implementation of the audit and an assessment of the risk position of the company.

The Board of Directors

Other assignments and shareholdings refer to the conditions as of 31 December 2025.

Hans Stråberg

Chair
Board member since 2018
Born 1957

Education
Master of Science in Engineering, Chalmers University of Technology, Gothenburg, Sweden.

Job experience
President and CEO of Electrolux AB 2002–2010. Several leading positions within the Electrolux Group in Sweden and USA since 1983. Former EU Co-Chair Trans-Atlantic Business Dialogue.

Other assignments
Chair of Atlas Copco AB, Roxtec AB, and Anocca AB. Board member of Investor AB. Member of the Royal Swedish Academy of Engineering Sciences.

Shareholding[1)]
73,000 SKF B shares and
4,786 synthetic SKF B shares.

Håkan Buskhe

Vice Chair
Board member since 2020
Born 1963

Education
Master of Science, Licentiate of Engineering, Chalmers University of Technology, Gothenburg, Sweden.

Job experience
CEO of FAM AB, owned by Wallenberg Investments AB. CEO of Saab AB 2010–2019. CEO of E.ON Nordic AB 2008–2010.

Other assignments
Chair of IPCO AB and SKF Automotive. Vice Chair of Stora Enso Oyj. Board member of FAM AB, The Grand Group, Navigare Ventures AB, Swedish Defense University, Industrikraft AB, FAM invest AB and Verkan AB.

Shareholding[1)]
5,000 SKF B shares and
2,397 synthetic SKF B shares.

Mats Rahmström

Vice Chair
Board member since 2025
Born 1965

Education
Master of Business Administration, Henley Management College, Henley-on-Thames, United Kingdom. Marketing and Economics, IHM Business School, Stockholm, Sweden.

Job experience
Several senior positions at Atlas Copco, including Chief Executive Officer 2017–2024, Senior Executive Vice President Industrial Technique 2008–2017, President General Industry 2006–2008 and several General Manager positions 1998–2006.

Other assignments
Chair of Piab Group. Board member of Investor AB, ABB Ltd, R12 Distribution AB, Qvantum Industries AB and Rahmström Invest.

Shareholding[1)]
24,500 SKF B shares and
2,397 synthetic SKF B shares.

Hock Goh

Board member since 2014
Born 1955

Education
Bachelor's Degree (honours) in Mechanical Engineering, Monash University, Melbourne, Australia. Advanced Management Program at INSEAD, Fontainebleau, France.

Job experience
Operating Partner of Baird Capital Partners Asia 2005–2012. Several senior management positions in Schlumberger Limited 1995–2005, President of Network and Infrastructure Solutions division in London, President Asia and Vice President and General Manager China.

Other assignments
Board member of SKF Automotive.

Shareholding[1)]
1,000 SKF B shares and
1,566 synthetic SKF B shares.

Geert Follens

Board member since 2019
Born 1959

Education
Master of Science in Electromechanical Engineering and a post-graduate degree in Business Economics, University of Leuven, Leuven, Belgium.

Job experience
Retired Senior Executive Vice President and Business Area President Vacuum Technique at Atlas Copco AB. Several leading positions within the Atlas Copco Group in Sweden, Belgium and the U.K. since 1995, including General Manager of Atlas Copco Compressor Technique customer center, President of the Portable Energy division and President of the Industrial Air division.

Other assignments
Board member of AB Electrolux. Member of the Board of Trustees for the Cooperative Health Community.

Shareholding[1)]
1,500 SKF B shares and
1,566 synthetic SKF B shares.

Susanna Schneeberger

Board member since 2020
Born 1973

Education
Master of European Affairs (MBA) and Master of Science in International Business, Lund University, Lund, Sweden.

Job experience
Senior advisor and several leading positions including Chief Digital Officer and executive board member of the KION Group 2018–2020. CEO of Demag Cranes & Components 2015–2018. Various senior positions in the Trelleborg Group 2007–2014.

Other assignments
Chair of Yunex GmbH. Board member of Modulaire Group and Sandvik AB.

Shareholding[1)]
1,000 SKF B shares and
1,566 synthetic SKF B shares.

1) The information regarding shareholding relates to own shareholding and/or shareholding held by related parties. SKF has chosen to apply the following definition of "related parties" when calculating the shareholdings: close relatives and legal entities set up for the benefit of the board member or his/hers close relatives.

Rickard Gustafson

President and Chief Executive Officer
Employed since 2021
Board member since 2021
Born 1964

Education
Master of Science, Institute of Technology at Linköping University, Linköping, Sweden.

Job experience
President and CEO of the SAS Group 2011–2021. CEO of Codan/Trygg Hansa. Several positions within General Electric.

Other assignments
Board member of Telia Company and Confederation of Swedish Enterprise.

Shareholding[1)]
30,037 SKF B shares

Beth Ferreira

Board member since 2023
Born 1973

Education
Bachelor of Arts in International Studies, Emory University, Atlanta, USA.

Job experience
President, Diversified Industrials at DuPont de Nemours from 2025. CEO Life Technology and Divisional Managing Director Precision Engineering at IMI plc 2020–2025. Senior President roles leading global industrial businesses at Illinois Tool Works 2014–2020 and Belden 2008–2014. Commercial leadership at Ingersoll Rand 1997–2008.

Shareholding[1)]
2,500 SKF B shares and
1,566 synthetic SKF B shares

Therese Friberg

Board member since 2023
Born 1975

Education
Bachelor's Degree in Business Administration, Stockholm University, Stockholm, Sweden.

Job experience
Group CFO and Executive Vice President of Electrolux. Several leading positions within the Electrolux Group since 1999, including CFO, Major Appliances EMEA, Head of Group Business Control and Sector Controller Home Care & SDA.

Other assignments
Board member of SKF Automotive.

Shareholding[1)]
1,566 synthetic SKF B shares

Richard Nilsson

Board member since 2023
Born 1970

Education
Bachelor of Science in Business Administration and Economics, Lund University, Lund, Sweden.

Job experience
Investment Director at FAM AB. Employed by FAM since 2008. Equity research analyst at SEB Enskilda 2000–2008, Alfred Berg 1995–2000 and Handelsbanken 1994–1995.

Other assignments
Board member of Stora Enso Oyj, IPCO Holding AB and group companies, GROPYUS AG, Cinder Invest AB and TBox Sweden AB.

Shareholding[1)]
15,000 SKF B shares and
1,566 synthetic SKF B shares

Niko Pakalén

Board member since 2023
Born 1986

Education
Master of Science in Economy and Business Administration, Helsinki School of Economics (today Aalto University), Helsinki, Finland.

Job experience
Partner at Cevian Capital since 2017. Several management positions within Cevian Capital 2011–2016. Associate at Danske Bank Corporate Finance 2009–2011.

Other assignments
Chair of Human Practice Foundation Sweden. Member of the Board of Metso Corporation.

Shareholding[1)]
1,566 synthetic SKF B shares

1) The information regarding shareholding relates to own shareholding and/or shareholding held by related parties. SKF has chosen to apply the following definition of "related parties" when calculating the shareholdings: close relatives and legal entities set up for the benefit of the board member or his/hers close relatives.

Employee representatives

Jonny Hilbert

Employed since 2005
Board member since 2015
Born 1981

Education and job experience
Employed in the SKF Group since 2005.

Other assignments
Chair of Unionen, SKF, Gothenburg, Sweden.

Shareholding[1)]
—

Zarko Djurovic

Employed since 2006
Board member since 2015
Born 1977

Education and job experience
Employed in the SKF Group since 2006.

Other assignments
Chair of Metalworker's Union, SKF, Gothenburg, Sweden.

Shareholding[1)]
—

Thomas Eliasson

Employed since 1984
Deputy Board member since 2021
Born 1965

Education and job experience
Employed in the SKF Group since 1984.

Other assignments
Chief Safety Representative and Board member of Unionen at SKF in Gothenburg, Sweden.

Shareholding[1)]
—

Steve Norrman

Employed since 1994
Deputy Board member since 2021
Born 1965

Education and job experience
Employed in the SKF Group since 1994.

Other assignments
Vice Chair and Safety Officer of Metalworker's Union, SKF, Gothenburg, Sweden.

Shareholding[1)]
—

1) The information regarding shareholding relates to own shareholding and/or shareholding held by related parties. SKF has chosen to apply the following definition of "related parties" when calculating the shareholdings: close relatives and legal entities set up for the benefit of the board member or his/hers close relatives.

Group Management

Other assignments and shareholdings refer to the conditions as of 31 December 2025.

Rickard Gustafson

President and Chief Executive Officer
Employed since 2021
Born 1964

Education
Master of Science, Institute of Technology at Linköping University, Linköping, Sweden.

Job experience
President and CEO of the SAS Group 2011–2021. CEO of Codan/Trygg-Hansa. Several positions within General Electric.

Other assignments
Board member of Telia Company and Confederation of Swedish Enterprise.

Shareholding
30,037 SKF B shares

Manish Bhatnagar

President Industrial Region Americas & Australia
Employed since 2018
Born 1969

Education
Master of Business Administration, Indian Institute of Management Calcutta, Kolkata, India. B.E. in Electronics Engineering, Birla Institute of Technology & Science, Pilani, India.

Job experience
President Industrial Region India and Southeast Asia at SKF. Senior roles at General Electric and Danaher.

Shareholding
7,459 SKF B shares

David Johansson

President Industrial Region Europe & Africa
Employed since 2005
Born 1980

Education
Master of Science, Industrial Marketing, Electrical Engineering, Chalmers University of Technology, Gothenburg, Sweden.

Job experience
President Automotive, Director Global Railway and China Mobility business, Director China Automotive, Aerospace and Railway business and several other positions at SKF.

Shareholding
6,946 SKF B shares

Henry Wang

President Industrial Region China & Northeast Asia
Employed since 2022 and 1997–2019
Born 1968

Education
Master of Business Administration, University of Calgary, Calgary, Canada. Bachelor of Engineering, Shanghai Jiao Tong University, Shanghai, China.

Job experience
President of Alstom's operations in China. CEO of KUKA in China. Head of SKF Industrial Sales in China as well as several other positions at SKF.

Shareholding
—

Mukund Vasudevan

President Industrial Region India, Southeast Asia & Middle East
Employed since 2024
Born 1969

Education
Master of Business Administration, University of Chicago, Booth School of Business, Chicago, USA. Bachelor of Technology, Indian Institute of Technology, Mumbai, India.

Job experience
Managing Director of Moglix. Managing Director of Ecolab-South Asia. Vice President of Pentair-India. Engagement Manager at McKinsey & Company.

Shareholding
—

Kerstin Enochsson

President Automotive
Employed since 2023
Born 1975

Education
Master's Degree in Law, Freie Universität, Berlin, Germany. Master of Business Administration, ESCP-EAP European School of Management, Paris, France.

Job experience
Head of Procurement and Supply Chain and Vice President Corporate Strategy & Project Office at Volvo Car Group. Global Director Parts and several other senior positions at Volvo Construction Equipment.

Other assignments
Board member of SSAB.

Shareholding
—

Joakim Landholm

Senior Vice President Commercial & Operations Development
Employed since 2022
Born 1969

Education
Master of Science, Stockholm School of Economics, Stockholm, Sweden.

Job experience
CEO of Hector Rail. Chief Commercial Officer at SAS. Various senior positions at Codan/Trygg-Hansa and GE Capital.

Other assignments
Board member of Sdiptech AB.

Shareholding
6,774 SKF B shares

Annika Ölme

Chief Technology Officer and Senior Vice President Group Technology Development
Employed since 2022 and 2002–2017
Born 1973

Education
Master of Science in Electrical Engineering, Chalmers University of Technology, Gothenburg, Sweden. Master of Business Administration, Waikato University, Hamilton, New Zealand.

Job experience
CTO and Head of Engineering at SAAB Radar Solutions, Managing Director of Arcam, a subsidiary of General Electric, and various positions at SKF.

Other assignments
Chair of the Board of Jacob Wallenberg Foundation. Board member of Grundfos Holding.

Shareholding
45 SKF B shares

Hans Landin

President Specialized Industrial Solutions
Employed since 2023
Born 1972

Education
Master of Science, Mechanical Engineering, Chalmers University of Technology, Gothenburg, Sweden.

Job experience
Group Vice President and Officer and several other senior positions at The Timken Company.

Other assignments
Board member of Beijer Alma AB.

Shareholding
600 SKF B shares

Susanne Larsson

Chief Financial & Sustainability Officer and Senior Vice President Group Finance & Sustainability
Employed since 2025 and 1991–2015
Born 1968

Education
Master of Science in Business and Economics, University of Karlstad, Karlstad, Sweden.

Job experience
Group CFO & EVP IT, Digital Enablement, Global Business Services, Indirect procurement at Mölnlycke Healthcare. Group CFO, including strategy office, IT and Legal at Gunnebo Securities. Various senior leadership positions in finance and strategic change management at SKF.

Other assignments
Board member of Ambu A/S and member of the Corporate Advisory Board, University of Gothenburg.

Shareholding
5,300 SKF B shares

Mathias Lyon

General Counsel and Senior Vice President Group Legal & Compliance
Employed since 2012
Born 1975

Education
Master of Laws, Faculty of Law, Lund University, Lund, Sweden.

Job experience
SKF Deputy General Counsel and several other positions at Volvo, AstraZeneca, Mannheimer Swartling and Rosengrens.

Shareholding
10,889 SKF B shares

Ann-Sofie Zaks

Senior Vice President Group People Experience & Communication
Employed since 2001
Born 1976

Education
Bachelor's Degree, Innovation Program with special focus on Behavioural Science, University college of Mälardalen, Västerås, Sweden.

Job experience
HR Director & People Transformation Leader, HR Business Partner & Competence Development, and several other positions at SKF.

Other assignments
Board member of International Council of Swedish Industry (NIR).

Shareholding
14,688 SKF B shares

Changes in Group Management in 2025
Thomas Fröst, President Independent and Emerging Businesses, stepped down from his role in Group Management on 24 September.

5 Risk and Assurance

SKF uses the established framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as a foundation. SKF has implemented these requirements as a Group standard, SKF Internal Control Standard (SICS) for all Group Companies. Through its policies, instructions, and organisational structure, SKF has documented the division of responsibility throughout the SKF organisation. This is reflected in the fact that policies and instructions, where applicable, are developed on the basis of internationally accepted standards and/or best practice. Policies and instructions are reassessed by the responsible central function based on the need to adapt these to changes in requirements and legislation.

SKF is a process-oriented company and includes integrated risk assessment with the business processes such as business planning. In the area of control activities, SKF has documented all the critical finance processes and controls for the parent company and subsidiary companies.

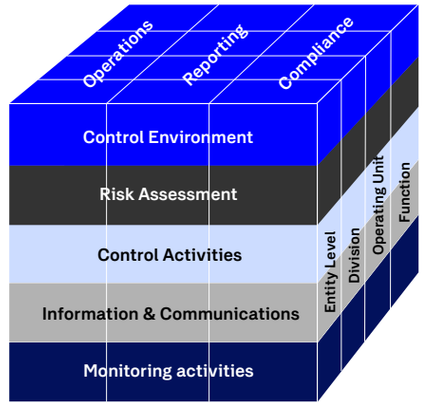
The documentation standards require that relevant controls in the business processes are described and performed. When deficiencies in individual controls are identified, action plans are created to remediate control gaps. A selection of defined control activities are tested annually. SKF has a risk approach to controls, control testing and actions to remediate control gaps. During 2025 self-assessments and control test activities have been performed in finance processes cross the regions including also smaller entities that are not covered by external auditors.

SKF has information and communication systems and procedures in place in order to ensure the completeness and correctness of the financial reporting. Accounting and reporting instructions are updated when necessary. These instructions are available to all relevant employees together with training material. Changes to accounting and reporting instructions are communicated regularly. Detailed financial process and control documentation are stored centrally and/or locally. This enables access to individual control documentation and analysis of results from the testing of SKF's financial internal control system.

SKF has an internal control function, with the main responsibility to support the business to implement and maintain good internal control as well as to perform control testing to evaluate adherence with the framework and identify control weaknesses.

The internal audit department conducts high level risk-based process audits within prioritised areas. The internal audit and internal control functions report to the Group Chief Accountant who regularly submits reports to the Audit and Sustainability Committee of the Board of Directors. The Board of Directors receives regular financial reports and the Group's financial position and development are discussed at every Board meeting. The Audit and Sustainability Committee of the Board of Directors reviews all interim and annual financial and sustainability reports before they are released to the public.

Gothenburg, 2 March 2026
The Board of Directors



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Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in AB SKF (publ), corporate identity number 556007-3495

Engagement and responsibility
It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2025-01-01–2025-12-31 on pages 19–29, and that is has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's standard RevU 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.

Opinions
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 6 March, 2026
Deloitte AB

Hans Warén
Authorised Public Accountant

SUSTAINABILITY STATEMENTS

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General disclosures

Basis for preparation

BP-1
General basis for preparation of the sustainability statements
SKF has prepared this sustainability statement on a consolidated basis and in accordance with European Sustainability Reporting Standards (ESRS). The scope of consolidation is the same as for the financial statements of the company. The sustainability statement covers the value chain of SKF Group visualized under SBM-1, including SKF's own operations and the main parts of the company's upstream and downstream value chain with respect to impacts, risks and opportunities. All data and information reported in the sections for Environmental, Social and Governance topics have been assessed as material in SKF's Double Materiality Assessment (DMA). The outcome from SKF's DMA can be found under SBM-3. No relevant information has been excluded from the sustainability statement due to reasons related to classified or sensitive data and intellectual property matters.

This report has been subject to limited assurance by SKF's auditors in accordance with the RevR19. For more information see Auditor's Limited Assurance Report on the Sustainability Report and the Statement regarding the Statutory Sustainability Report.

BP-2
Disclosures in relation to specific circumstances
SKF has adopted the time horizons in accordance with ESRS:
- Short-term is up to one year.
- Medium-term is one to five years.
- Long-term is more than five years.

Indirect data related to SKF's value chain, for example scope 3 emissions, has a higher degree of uncertainty than data from own operations. Methodology, estimations and outcome uncertainty are covered in the accounting principles for metrics in relevant sections of the sustainability statements.

There have been changes in the reporting for the diversity metrics for own workforce and scope 3 emissions category 1 and scope 3 emissions category 4. For more information, see sections S1 and E1.

This sustainability statement does not contain information arising from other legislations or generally accepted sustainability reporting standards and frameworks and the following information is incorporated by reference:
- GOV-3 Approval and updates of incentive schemes – financial statement Note 23.
- SBM-1 Turnover – financial statement Note 2.
- SBM-1 Employees per geographical region – financial statement Note 25.

Governance

GOV-1
The role of the administrative, management and supervisory bodies
Sustainability governance model [GOV-1_22, G1 GOV-1_5a]
The administrative, management and supervisory bodies in SKF consist of the Board of Directors and the CEO. The Board of Directors is responsible for the Group's organization and for the oversight of the management of the Group's affairs and is, together with the President and CEO and Group Management, defining and continuously monitoring SKF's purpose, strategy, values and drivers. The Board of Directors also continuously evaluates economic, environmental, social, and governance aspects of the SKF Group's performance.

The SKF Board of Directors has established an Audit and Sustainability Committee to ensure an increased focus on sustainability topics, including oversight of impacts, risks and opportunities. The responsibilities of the Audit and Sustainability Committee are reflected in the Audit and Sustainability Committee Charter. These responsibilities primarily include to oversee the financial and sustainability reporting and the financial audit and sustainability reporting review processes of the Group, to oversee the adequacy of the Group's controls for compliance with laws and regulations, and to review the Group's sustainability position and information security posture. The Audit and Sustainability Committee held six meetings in 2025. The Board of Directors has also established a People Committee to oversee people related topics such as talent management, succession planning and employee wellbeing. The People Committee prepares the Board's decisions on guidelines for remuneration, actual remuneration and other terms of employment for senior executives, as well as monitoring and evaluating programmes for variable remuneration and the application of the guidelines for remuneration.

The President of the Group, who is also the Chief Executive Officer, is appointed by the Board of Directors and handles the day-to-day management of the Group's business in accordance with the guidelines and instructions from the Board of Directors. The President and CEO is supported by a Group Management team. It is the President and CEO's responsibility to implement and ensure that the SKF strategy, purpose, long-term financial targets, and operational objectives determined by the Board of Directors are carried out and that effective governance and control is maintained. The President and CEO is also responsible for preparing materials to the Board of Directors in front of the Board meetings and keeping the Board informed on SKF's financial position, development, risks, and opportunities. This includes information to the Board of Directors about new developments, requirements and regulations within the sustainability and ethics area as well as how SKF is working for a sustainable development based on the SKF Code of Conduct and SKF Care, which are described under SBM-3. The President and CEO's role, areas of responsibility and authorizations are described in more detail in the CEO instruction adopted on a yearly basis by the Board of Directors.

SKF has a Sustainability Steering Group consisting of the CEO, Chief Financial & Sustainability Officer, Chief Technology Officer, Senior Vice President People Experience & Communication, General Counsel and the Director Group Sustainability. The Sustainability Steering Group oversees emerging sustainability actions, targets, events, and expectations to promote a proactive and leading approach in sustainability.

Governance, cont.

SKF's sustainability work is operationally led by the Chief Sustainability Officer who reports directly to the CEO and is part of SKF's Group Management team. The Director Group Sustainability has the task to assure that all relevant aspects of sustainability are addressed and integrated into operations and activities throughout the SKF Group as established by adopted policies, strategies and targets related to SKF's overall sustainability performance. These in turn drive and support the integration of sustainability into business practices, processes, operations, and staff functions. In addition, group functions and committees drive development in their respective areas.

Sustainability performance is the responsibility of the line organization and should be delivered in accordance with the strategic direction, business plan and under the accountability framework set within the SKF Group. The implementation of the sustainability initiatives in the line organization is driven by each respective Business Area, their business units or by country organizations. Information about controls and procedures applied to the management of impacts, risks, and opportunities is provided under GOV-5.

Composition and expertise of the board [GOV-1_21; 23, G1 GOV-1_5b]

SKF's Board of Directors has a broad range of geographical experience, reflecting SKF's global footprint. Several board members have experience of industrial leadership in sectors, such as energy, manufacturing, forestry, and aviation, that have a high focus on climate, circularity, social topics, and business conduct. The board has access to ESG expert functions and is frequently updated on sustainability topics, including material impacts, risks and opportunities, via forums like the Audit and Sustainability Committee. For further details on topics addressed with the Audit and Sustainability Committee during 2025, see GOV-2.

SKF has 13 permanent board members, out of which one is an executive member and two are employee representatives. The board's gender diversity ratio is 23% women, and 58% of non-executive board members are independent. The ratio includes employee representatives of the Board, and therefore differs from the Corporate Governance report.

GOV-2

Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Material impacts, risks, and opportunities were defined through the DMA which are further described under SBM-3 and IRO-1. The Audit and Sustainability Committee of the Board receive annual updates on the material sustainability impacts, risks, and opportunities as input to the strategy work and the Group's ambition to create long-term value for stakeholders and the planet. Sustainability risks are included in the Enterprise Risk Management (ERM) process.

Based on material impacts, risks, and opportunities, as well as other strategic input, the Group has during 2025 continued to run the strategic programme for Climate Transformation. The Group has also continued its strong focus on the commitment to zero accidents and other initiatives related to its employees and the social impact, such as diversity, equity and inclusion, and equal and fair compensation including living wages. Furthermore, the Group has continued to run the compliance programme, with dedicated work related to human rights, export controls, information security and privacy, fair competition and anti-corruption as well as whistleblowing. Members of Group Management and the relevant function heads are actively involved in the programme steering. Status updates are shared with the programme steering as well as the Board of Directors' Audit and Sustainability Committee. For more information on how material impacts, risks, and opportunities interact with strategy and business models, see SBM-1 and SBM-3. The following topics were addressed with the Audit and Sustainability Committee and the People Committee of the Board during 2025:

- Climate transformation, including actions to reach decarbonized operations by 2030, climate adaptation and SKF's participation at COP30.
- Aspects of circular economy, such as product design, use of secondary raw material, waste, and remanufacturing.
- Corporate culture, corruption and bribery, sanctions compliance, whistleblowing, awareness and trust of the whistleblowing process, third party risk management, updated internal governance model, and company policies.
- Diversity, equity and inclusion, equal and fair compensation, including living wages and pay transparency, skills-driven people practices, and employee wellbeing.
- Responsible business and commercialization of sustainability.

GOV-3

Integration of sustainability-related performance in incentive schemes

As a part of SKF's commitment to sustainability, sustainability-related performance has been integrated into the incentive schemes for the Group's long-term and short-term variable salary programmes. The incentive schemes align the interests of the participants, and shareholders, thereby strengthening SKF's ability to attract and retain top talent and contribute to the business strategy, long-term interests, and sustainability, including climate. Information on approval and updates of incentive schemes can be found under note 23 in the financial statements.

The long-term incentive scheme, also called the SKF performance share programme, which covers senior managers and key employees in the Group, including Group Management and the CEO, offers the opportunity to be allotted SKF B shares free of charge, but subject to local tax regulations. The allotment of shares is related to the achievement of the Total Value Added (TVA) target, as defined by the Board of Directors, and the SKF Group's CDP Climate Change score. The TVA performance measure is weighted 80%, and the CDP Climate Change score performance measure is weighted 20%. The CDP Climate Change score is a well-recognized and easily comparable metric of success in climate work, providing a transparent and objective measure of SKF's progress against other companies. The CDP Climate Change score covers all aspects of SKF's climate change strategy and enables every function within SKF to contribute to sustainability goals, reinforcing the Group's commitment to climate change mitigation. The CDP Climate Change score, determined by an external party, is dynamic, with the bar being raised annually to mirror increasing stakeholder expectations, which requires continuous improvements for successful performance achievement.

SKF employees, including employee representatives in the board, may be eligible for the short-term variable salary programme, which offers a bonus based on salary. Local conditions determine which employees are eligible for the programme. The bonus has a climate-related component constituting 10% of the total amount, which is linked to the performance against SKF´s decarbonization target 2030. Full payout of this 10% is given if the target is met or exceeded. Zero payout of this 10% is given if the target is not met.

Board members, other than the CEO and employee representatives, do not have incentives schemes related to sustainability.

GOV-4

Statement on due diligence

Data points are outlined in Appendix "Statement on due diligence" of SKF's management report.

GOV-5

Risk management and internal controls over sustainability reporting

In response to the increasing regulatory demand for transparency and accountability in sustainability reporting, SKF is working proactively to enhance the quality and reliability of data through establishing a robust system of internal controls. Recognizing the importance of this objective, SKF has commenced this journey, laying the groundwork for an internal control framework that is based on the established system developed by the Committee of Sponsoring Organizations (COSO) for Internal Control over Sustainability Reporting (ICSR). ICSR are based on the same principles as the SKF Internal Control Standard (SICS).

Control environment [GOV-5_36a]

SKF's control environment sets the tone of the organization and is established and communicated through organizational structure, ethical values and integrity, policies, directives and procedures, as well as instructions and routines. Roles and responsibilities for topics have been defined to ensure accountability and effective oversight

Governance, cont.

of sustainability topics, ensuring that the work within these areas is carried out efficiently. Governing documents, including internal policies, directives, guidelines, and manuals, are under further development to guide consistent and ethical reporting practices and provide employees with clear guidance on SKF's operations. Additionally, tools are evaluated, templates are created, and internal controls are designed and will be implemented across all material topics, encompassing both quantitative and qualitative disclosure requirements.

Risk assessment [GOV-5_36b-c]
SKF utilizes the DMA to identify material topics for which process maps and robust internal controls are being developed and improved, ensuring that SKF can meet the increasing regulatory and stakeholder requirements. For more information on how the DMA is conducted, see IRO-1 Description of the process to identify and assess material impacts, risks, and opportunities. A risk analysis is then performed for each process within the material topics, including the evaluation of risks such as fraud, irregularities, and data accuracy and completeness. Internal controls are developed on site-level, tailored to address specific operational risks and data integrity issues, ensuring accurate and reliable information at the source. Internal controls at Group-level are designed to oversee the aggregation and consolidation of the data from all sites, providing a comprehensive and cohesive view of sustainability performance across the entire organization.

Control activities [GOV-5_36d]
SKF's control activities include policies, directives, guidelines, procedures, organizational structures, and process-level control activities. The control activities are embedded within SKF's business processes to prevent errors and ensure the reliability of reported information. SKF has implemented both preventive and detective measures, such as the four-eyes principle during data collection and review activities, to validate the accuracy and completeness of data prior to public disclosure.
In 2025, SKF strengthened its sustainability reporting framework by developing process maps and internal controls covering the majority of material disclosure requirements. A comprehensive internal control framework was established, including defined roles and responsibilities and governance documents. To put the control framework into practice, a structured implementation strategy and approach was developed, and a pilot was executed to test the implementation approach and validate the design of the control framework, providing a foundation for consistent and reliable reporting going forward.

Information and communication [GOV-5_36e]
SKF has executed a comprehensive Sustainability reporting programme to emphasize the organization's commitment to sustainability reporting and compliance. Regular updates are provided to the Board of Directors' Audit and Sustainability Committee to keep them informed about the progress and activities within the Sustainability reporting programme and other sustainability reporting matters.

Monitoring [GOV-5_36a]
SKF aims to be a sustainability leader in the industry and has set ambitious sustainability targets along with associated strategies. To support these strategies, SKF has established key performance indicators (KPIs) to monitor progress. Responsibility for the quality of information has been distributed to the individuals responsible for sustainability topics. Going forward, SKF will utilize the newly implemented digital tool and process for ICSR to continuously monitor and enhance the internal control system related to sustainability reporting.

Strategy

SBM-1
Strategy, business model and value chain
SKF is a leading global industrial brand with more than 37,000 employees across four key geographical regions: North and South America; Europe, Middle East and Africa; India and Southeast Asia; and China and Northeast Asia. The average number of employees per geographical region is presented in note 25 in the financial statements. In more than 20 industries, SKF provides a comprehensive portfolio and knowledge built on the company's core technology platforms: bearings, seals, lubrication systems, intelligent solutions (for example condition monitoring) as well as services. By integrating these platforms SKF delivers customized solutions to meet customer needs.

SKF operates within the areas Industrial and Automotive. The Industrial business supplies customers globally with products and services, both directly and indirectly through a network of more than 7,000 distributors and generates 72% of SKF sales. The Automotive business supplies bearings, seals and related products, both directly and indirectly through a network of more than 10,000 distributors and generates 28% of SKF sales.

For more information on turnover and financial results, see note 2 in the financial statements. SKF's strategy is centred around two key concepts: intelligent and clean. Intelligent reflects the commitment to provide connected and customized solutions for customers while utilizing technology to improve operational efficiency. Clean emphasizes SKF's role in driving a more sustainable industry and conducting its business transparently and responsibly.

Value chain [SBM-1_42]
SKF has identified impacts, risks, and opportunities across the value chain. The highest level of influence is in the Group's own operations, but SKF also takes responsibility and seeks to drive improvements both upstream and downstream in the value chain.

Upstream [SBM-1_40; 42]
The main upstream environmental impact comes from the extraction and processing of raw materials and production of metal components with the associated energy use and GHG emissions. SKF can influence this by focusing on material efficiency in the manufacturing processes, extending the useful life of both SKF's products and the products of customers, and by working with suppliers who can reduce these upstream impacts with a mix of short- and long-term measures.

Based on conducted life cycle assessments, SKF has concluded that raw materials have significant environmental impacts. To decrease this impact, SKF has conducted a Circularity programme, and the work continues through the appointment of a Group Circularity Manager within Group Sustainability, and through initiatives and activities driven in Business Areas and group functions. These efforts support improved value chain circularity, refined operational practices, optimized material utilization, reduced waste, and foster sustainable resource cycles. Social impacts and risks in the upstream value chain, including human rights risks highlighted through the whistleblowing programme, are systematically addressed via SKF´s Responsible Sourcing programme. The programme covers all SKF's suppliers, but uses a risk-based approach focusing on tier one and sometimes tier two or three suppliers. SKF also has a grievance mechanism in place for incidents at suppliers' operations. This is coordinated by SKF's Responsible Sourcing Committee and reported in an aggregated overview of deviations from supplier audits.

Strategy, cont.

Own operations [SBM-1_40; 42]
SKF has direct operational control of its own operations and therefore has the means and responsibility to directly drive improvements in environmental and social performance. Safety always comes first, and SKF is convinced that all work-related accidents can be prevented. The Group has a global management system with a focus on risk elimination and promotion of safe behaviours across all operations. The Group's commitment to Zero Accidents, supported by proactive near miss reporting, aims to avoid all workplace accidents and foster a culture of continuous improvements in relation to health and safety.

By increasing energy efficiency within its operations and the share of renewable energy utilized, SKF can reduce its environmental impact. A roadmap has been developed, defining the transition towards 100% renewable electricity, systematic improvement in energy efficiency and the near elimination of fossil fuel use at all SKF units using more than 2GWh of energy per year. By avoiding wasted material at SKF, the waste associated with the embedded energy and emissions upstream are also avoided. SKF also strives to increase the use of renewable, low-carbon, or recycled materials.

Periodic audits of compliance to the SKF Code of Conduct are performed and a whistleblowing process is available at local and global levels, to ensure respect of human rights for employees at SKF and in the value chain. SKF also integrates equality into the people processes, for example learning and development, succession planning, and recruitment.

Downstream [SBM-1_40; 42]
SKF works to continuously reduce any negative downstream impact relating to its business. This starts with ensuring compliance with laws and regulations and avoiding materials and substances that are hazardous to people and to the environment. The purpose of SKF's products and solutions is to make things work better and run faster, longer, cleaner, and more safely.

SKF believes that business can drive prosperity and growth to overcome social issues over time. The work related to human rights focuses on adhering to export control regulations and ensuring that SKF's distributors adhere to the SKF Code of Conduct.

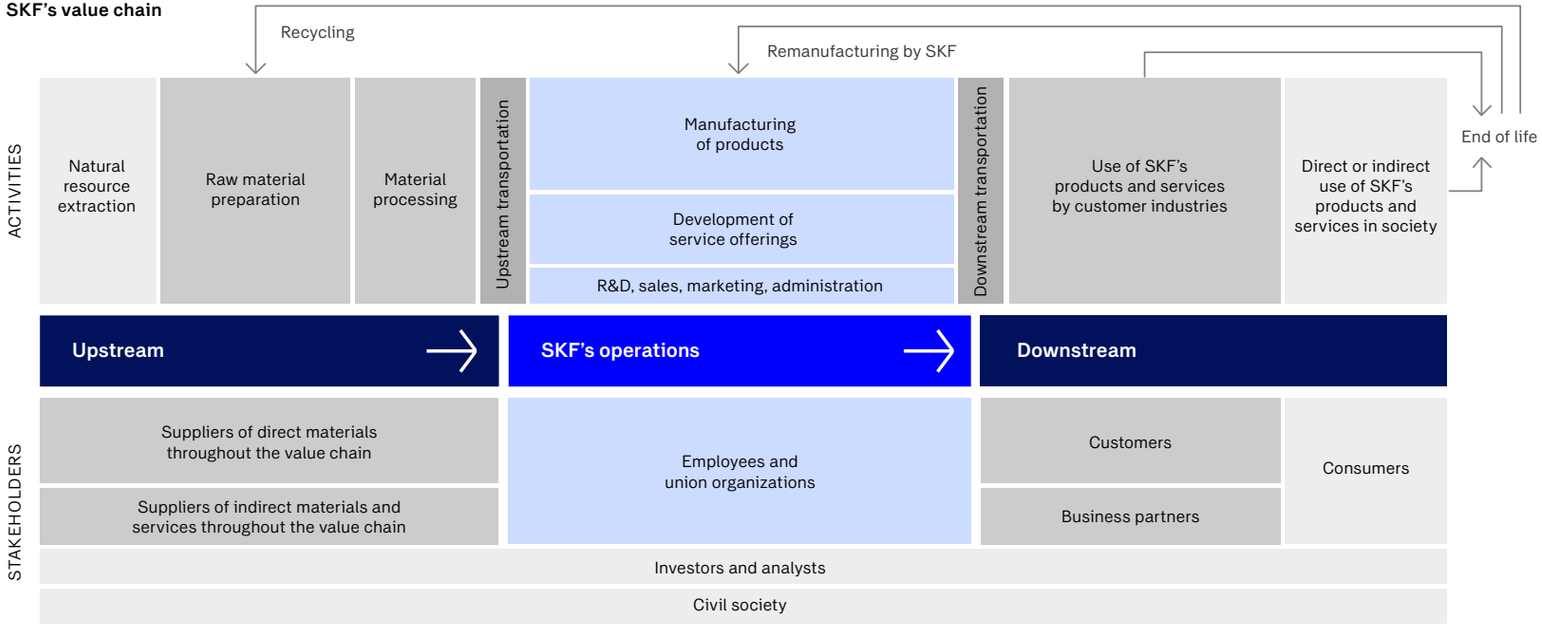
In the product development phase, there is an increasing focus on designing for circularity to enable reuse, remanufacturing, and refurbishment. Products are designed for disassembly, modularity, repairability, or recyclability. The design also aims to increase material efficiency to reduce material input and optimize manufacturing and supply chains to reduce waste generation.

SKF enables improvements in customers' sustainability performance through products, services, business models, and value propositions. The improvements include, for example increased energy efficiency, reduced greenhouse gas emissions, and improved safety. The Group also develops new cleantech solutions through partnerships, business development, and acquisitions. The focus is on technologies that help enable cleantech areas such as renewable energy, electric vehicles, and railway applications, which will help to improve performance of current cleantech solutions as well as enable innovations.

The Group aims to support the growth of these technologies and industries, which in turn will help to reduce environmental impact on a large scale. SKF is also growing its circular solutions such as bearing remanufacturing, a system for re-using oil (RecondOil) and Laser Metal Deposition (LMD). Bearing remanufacturing avoids the need for replacement with a new bearing and therefore reduces material consumption and greenhouse gas emissions from bearing production. In addition to emissions associated with raw materials and energy use being avoided, it also provides the customers lower costs and in many cases, better availability compared to replacing them with new products. SKF RecondOil is a service that provides a solution for the complete recovery and reuse of industrial oil. It uses Double Separation Technology (DST) to remove contaminants from the oil, allowing it to be used repeatedly. This reduces the environmental impact of industrial oil use and can save on maintenance costs.

Upstream and downstream logistics [SBM-1_40; 42]
SKF's global upstream and downstream logistics requirements and networks are large and complex. SKF strives to reduce emissions, and at the same time improve cost efficiency. This is done by reducing transport demand, optimizing transport efficiency, and making use of transport decarbonization opportunities.

SKF's value chain



Strategy, cont.

SBM-2

Interests and views of stakeholders

SKF aims to align its business practices with the needs and expectations of its stakeholders. Stakeholder groups are defined as entities or individuals that may influence and/or be influenced by SKF's activities. These different stakeholders have specific concerns for sustainability related topics. Through ongoing dialogues, SKF aims to understand the stakeholder groups' positions, concerns, and expectations. This continuous interaction informs the Group's sustainability efforts, projects, and processes, allowing alignment with the interests and views expressed by stakeholders.

Guided by the principle of being a responsible company, SKF's stakeholder engagement is conducted with consideration to international norms and codes, including the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The input to SKF's sustainability activities is collected from customers, investors and analysts, employees, union organizations, and representatives from civil society. It's collected via interviews, surveys, conferences, meetings, and data analysis. The work to engage with the stakeholder groups is conducted by the respective functions within the Group. The insights are used to inform both the due diligence processes and the DMA. SKF further ensures that the views of stakeholders are communicated to the Board of Directors and to the Audit and Sustainability Committee.

Stakeholders' interests and views on SKF's sustainability-related activities and initiatives

Stakeholder	How engagement is organized and purpose of engagements	Summary of insights from engagement	Examples of how outcomes of the engagement are taken into account by SKF
Customers	Customers' input is sought and received via sales, marketing operations and activities carried out by the Group. These range from global discussions with key account managers to daily conversations between customer representatives and SKF's local account managers. SKF also collects key issues and concerns from customer surveys and assessments.	Customers are expecting SKF to be a business partner with strong ethics and engineering expertise that provides innovative and reliable products that contribute to the customers' climate targets and energy efficiency.	Development of new innovative products and services and improvements in existing portfolio.
Investors and analysts	SKF takes an active approach in communicating the Group's strategy and performance to existing and potential investors, analysts, and media. Information is provided through various channels, such as quarterly financial reports, meetings with investors, ESG ratings, the company's website, and press releases. Capital Markets Days are held to present the strategy, targets, and the different businesses in more detail. SKF receives feedback from investors via discussions during investor meetings.	For SKF to be a long-term profitable investment, investors expect the Group to deliver on its sustainability targets, contribute to the climate transition, and future-proof its operations and product portfolio.	Improvement plans for ESG ratings and incorporating sustainability activities and progress in quarterly financial reporting.
Employees and union organizations	SKF holds an annual World Union Council meeting during which employee representatives meet with Group Management. This is a form of social dialogue to make sure that the framework based on the SKF Code of Conduct is deployed across the Group. Employee representatives are also members of SKF's Board, see SKF's Corporate Governance Report, on page 20. In addition, SKF carries out periodic employee feedback surveys to drive continuous improvements of the working climate.	Employees and union organizations expect SKF to be a responsible company and employer with clear focus on employee health and safety, training and development, and diversity and inclusion as well as being an industry leader in sustainability.	Global and local initiatives for training and development and general improvements and action plans.
Civil society	The communities in which SKF operates are important stakeholders for the company and their input helps shape local SKF activities. Local SKF organizations interact with their surrounding communities through various activities and initiatives ranging from business related matters to volunteer work, charity work, sponsoring, and local networks collaboration. Local media is also considered to represent civil society. Formal and informal networks are used to share experiences and ideas with other companies, topic experts, and non-governmental organizations (NGOs).	Civil society expects SKF to be a responsible corporate citizen and that the Group contributes positively to the communities in which it operates.	Aligning business model and strategy with legal requirements and engagement in local and global initiatives.
Suppliers	Suppliers' input on material topics is managed via SKF's Responsible Sourcing programme. Local sourcing offices enable close communication on daily operations. On-site audits and trainings provide feedback to SKF on suppliers' performance related to quality and sustainability as part of a total cost assessment of supplier development. The SKF Code of Conduct for suppliers and sub-contractors is the standard used during audits and screening.	Suppliers expect SKF to be a transparent business partner that collaborates on sustainability topics such as decarbonizing the supply chain and upholding strong due diligence practices.	Collaborations for developing low-carbon products and materials and updated supplier sustainability standards.

Strategy, cont.

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

SKF has for several years performed materiality assessments annually to identify impacts on the environment and society, as well as sustainability-related risks and opportunities. In 2025, SKF updated the DMA covering impact materiality as well as financial materiality, and the methodology used is described under IRO-1. The outcome of the assessment is aggregated on ESRS topic level and presented in the graph "Results of the Double Materiality Assessment". As the graph illustrates Climate change, Resource Use & Circularity, Own workforce, Workers in the value chain and Business conduct are the Group's material sustainability topics.

For environmental topics, the Group's material negative impacts are related to the use of energy and materials in the development and manufacturing of products, accompanied by the associated GHG emissions. SKF has identified both transitional and physical climate risks to be material for the Group. SKF's efforts related to circularity and decarbonization are aimed at mitigating negative impacts, while also contributing to positive impacts beyond mitigating activities. Here, SKF has material opportunities when increasing energy efficiency for its customers and providing products with improved circular performance such as remanufactured bearings and re-using oil.

For SKF's own workforce, material impacts are primarily related to health and safety, and diversity and inclusion. Notably, impacts related to human rights were also deemed material due to their potential severity (if they occurred) taking precedence over the likelihood of their occurrence, which is low. This approach reflects SKF's commitment to upholding fundamental rights irrespective of probability.

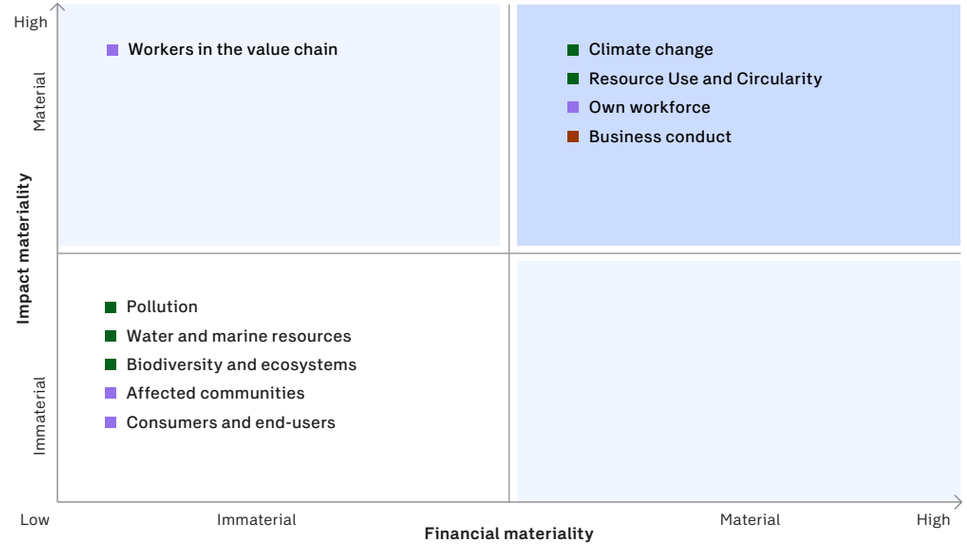
Being a global company with complex supply chains and providing solutions and operating in all industries, SKF is automatically subject to potential risks related to business conduct and potential negative impacts on workers in the value chain. Risk assessments performed are described in G1-1, G1-3 and S2-4. To reduce any potential negative impacts and risks, SKF is continuously implementing mitigating activities such as being a responsible business partner to both suppliers and customers, where SKF can contribute with positive impacts and capture opportunities. Furthermore, the material impacts, risks, and opportunities have a clear link to the Group's strategic sustainability efforts, targets, and ambitions of caring for people and ensure health and safety for own workforce (S1) and workers in the value chain (S2), achieving net-zero emissions by 2050 for climate change (E1), and doing business responsibly for business conduct (G1) as well as the pursuit of circularity (E5).

The result of the double materiality clearly follows SKF's purpose "Together, we re-imagine rotation for a better tomorrow" and the Group's long-lasting sustainability framework SKF Care.

- **Business Care** A clear focus on customers, financial performance and shareholder returns – combined with the highest standards for sustainability and ethical behaviour.
- **Employee Care** Sustaining a safe work environment, personal development, health and well-being of employees at SKF, as well as people in the supply chain.
- **Environment Care** Continuously reducing the environmental impact from SKF's operations, and those of suppliers and customers.
- **Community Care** Making positive contributions to the communities in which SKF operates.

In this report, only topics reaching the thresholds of the materiality analysis are presented in full. The detailed description of the IROs in relation to SKF are described under each topic. The Material Impacts, Risks and Opportunities tables on the next pages provide a high-level description of the IROs that were deemed material.

Results of Double Materiality Assessment



Strategy, cont.

	Material Impacts, Risks and Opportunities Description of IRO	Type of IRO	Value chain	Time horizon
E1 – Climate change mitigation				
1	Innovating and providing products and solutions for the climate transition	Actual Positive Impact	↓	Short-term
2	Greenhouse gas emissions from own operations and value chain (scope 1, 2, 3)	Actual Negative Impact	↑ ▭ ↓	Short-term
3	Winning business by providing products and services that enable climate transition and contribute to climate change mitigation	Opportunity	↓	Long-term
4	Risk of financial loss and strategic setback from policy uncertainty undermining investments in decarbonization and sustainable innovation	Risk	▭	Long-term
5	Cost of decarbonization (full value chain)	Risk	↑ ▭ ↓	Long-term
6	Rising costs from stricter climate regulations and stakeholder pressure for use of low-carbon materials	Risk	▭	Long-term
E1 – Climate change adaptation				
7	Physical climate risks (chronic and acute)	Risk	↑ ▭	Mid-term
E1 – Energy				
8	Reducing friction and increasing energy efficiency	Actual Positive Impact	↓	Short-term
9	Use of fossil energy	Actual Negative Impact	↑ ▭ ↓	Short-term
10	Winning business by providing energy efficient solutions	Opportunity	↓	Short-term
11	Energy price fluctuations	Risk	↑ ▭	Short-term
E5 – Resource inflows				
12	Increasing demand for products and business models with improved circular performance	Actual Positive Impact	↑ ▭ ↓	Mid-term
13	Reliance on virgin raw materials sourced for production	Actual Negative Impact	↑	Short-term

	Material Impacts, Risks and Opportunities Description of IRO	Type of IRO	Value chain	Time horizon
E5 – Resource outflows, cont.				
14	Designing, developing and providing products and solutions for circularity	Actual Positive Impact	↓	Long-term
15	Limited closed-loop material flows	Actual Negative Impact	↑ ▭ ↓	Short-term
16	Winning business in a circular economy	Opportunity	↓	Short-term
E5 – Waste				
17	Waste generated in own operations	Actual Negative Impact	▭	Short-term
S1 – Working conditions				
18	Work-related stress for own employees	Actual Negative Impact	▭	Short-term
19	Work-related injuries and ill-health of own workforce	Actual Negative Impact	▭	Short-term
S1 – Equal treatment and opportunities for all				
20	Enabling a diverse and inclusive workplace	Actual Positive Impact	▭	Short-term
21	Training and skills development	Actual Positive Impact	▭	Short-term
22	Potential discrimination and non-equal treatment of own workforce	Potential Negative Impact	▭	Mid-term
23	Possible gender pay gaps and lack of pay equity	Actual/ Potential Negative impact[1)]	▭	Short-term
24	Diversity and inclusion increasing innovation and business performance	Opportunity	▭	Mid-term

↑ Upstream ▭ Own operations ↓ Downstream

1) Gender pay gap: Actual Negative impact. Pay equity: Potential Negative impact.

Strategy, cont.

Material Impacts, Risks and Opportunities Description of IRO	Type of IRO	Value chain	Time horizon
S1 – Other work-related rights			
25 Potential human rights violations of own workforce	Potential Negative Impact	↑ ✓ ↓	Short-term
S2 – Working conditions & Equal treatment and opportunities for all			
26 Improving working conditions together with suppliers	Actual Positive Impact	↑ ✓ ↓	Long-term
27 Work-related injuries and ill-health of workers in the value chain	Potential Negative Impact	↑ ✓ ↓	Short-term
28 Potential sub-standard working conditions for workers in the value chain	Potential Negative Impact	↑ ✓ ↓	Short-term
S2 – Other work-related rights			
29 Possible human rights violations in upstream and downstream value chain	Potential Negative Impact	↑ ✓ ↓	Mid-term
G1 – Corporate culture			
30 Fostering a strong corporate culture for a better tomorrow	Actual Positive Impact	↑ ✓ ↓	Short-term
31 Breaches against the SKF Code of Conduct	Potential Negative Impact	↑ ✓ ↓	Short-term
G1 – Protection of whistleblowers			
32 Protection of whistleblowers	Actual Positive Impact	↑ ✓ ↓	Short-term
33 Lack of adequate protection of whistleblowers	Potential Negative Impact	↑ ✓ ↓	Short-term
G1 – Corruption and bribery			
34 Potential corruption and bribery leading to fines and/or reputational damage including loss of business	Risk	↑ ✓ ↓	Short-term

↑ Upstream ✓ Own operations ↓ Downstream

Impacts, risks and opportunities

IRO-1

Description of the process to identify and assess material impacts, risks and opportunities

Double materiality assessment [IRO-1_53h]

The 2025 assessment builds upon the foundation established in SKF's 2024 DMA process. SKF continues to apply the principle of double materiality, evaluating both impact materiality, meaning how SKF affects society and the environment, and financial materiality, meaning how sustainability topics influence SKF's financial performance. This dual perspective enables the Group to identify the most relevant sustainability matters, allocate resources effectively, and shape strategic decisions.
In 2025, the DMA process was further strengthened through enhanced documentation and calibration measures, aimed at improving completeness, comparability, and faithful representation of impacts, risks, and opportunities (IROs) across all topical ESRS standards.

Methodologies and assumptions [IRO-1_53a-g]

SKF's DMA follows the European Sustainability Reporting Standards (ESRS) 1 requirements. The 2025 process included the following steps:

A. Understanding SKF's business context

In this initial step, SKF conducted a comprehensive analysis of historical materiality assessments, strategic business plans, financial statements, and its overarching strategy. In line with the due diligence process, a detailed mapping of the value chain was performed, encompassing not only SKF's own operations but also the geographic locations of key suppliers and customers. This enabled the identification of stakeholder groups most likely to be affected and helped focus the assessment on areas where impacts, risks, and opportunities were deemed most likely to arise. To further contextualize SKF's exposure and influence, a task force reviewed the legal and regulatory landscape, sector-specific benchmarks, media coverage, global sustainability risk assessment platforms, and scientific literature. This analysis considered both SKF's dependencies, such as access to natural, human, and social resources at appropriate quality and cost, and its potential impacts on those resources.

B. Identify SKF's actual and potential impacts, risks, and opportunities

For this step, SKF used the ESRS 1 AR16 topic list as a foundation for identifying impacts, risks, and opportunities across the different sustainability matters that are relevant to the Group's own operations and in its value chain. The gross list of IROs was compiled through a structured and multi-source approach. Initial identification was conducted by using a combination of scientific literature, open-source sustainability risk assessment platforms, such as CSR Risk Check, WWF Risk Filter, WRI Aqueduct tool, MSCI ESG, Sustainalytics, as well as industry benchmarks and peer comparisons. This ensured broad coverage and relevance across SKF's operational and sectoral contexts.

Following this, the preliminary list of IROs underwent a comprehensive internal review process involving key stakeholders across environmental, social, and governance domains. In a stepwise process, Business Areas and Business Units first evaluated the applicability of the pre-identified IROs to their specific operational contexts and contributed additional IROs that had not been captured by the core team. Further, topic owners and subject matter experts validated the relevance of IROs at the Group level and provided further input to ensure completeness and alignment with strategic and sustainability priorities. This bottom-up approach led to the identification of 115 IROs, documented in a comprehensive list.

When identifying risks and opportunities, it was evaluated whether the identified impacts on people and the environment were linked to any risks or opportunities for the Group. This was done by assessing different scenarios and possible financial effects when engaging with stakeholder groups. The assessment showed that the identified opportunities are usually associated with positive impacts, whereas the actual or potential negative impacts and dependencies tend to give rise to risks. Although the majority of identified sustainability risks are not directly connected to SKF's own negative impact on the planet and society, these are the general sustainability risks that are relevant to its industry and context. SKF recognizes those risks and takes a proactive approach towards working to address them.

Impacts, risks and opportunities, cont.

C. Assessment of impacts, risks and opportunities and defining thresholds

All identified IROs were assessed using the criteria in line with ESRS 1 and EFRAG's IG 1- Implementation guidance on materiality assessment. The following criteria were applied:

- **Scale of impact:** How severe the negative impact is, or how beneficial the positive impact is to people or the environment. The scale ranges from none to significant on a 0 to 5 scale.
- **Scope of impact:** How widespread the negative or positive impact is. When it comes to environmental impact, the extent can be understood as the extent of environmental damage or geographical spread. When it comes to the impact on people, the extent can be understood as the number of people who are negatively affected. The scope ranges from minimal to global on a 0 to 5 scale.
- **Irremediability of impact:** Whether the negative impact can be remedied, meaning that the environment or the affected persons are restored to their previous state. The irremediability ranges from very easy to remediate to irreversible on a 0 to 5 scale.
- **Likelihood:** Impacts, risks, and opportunities have been identified as actual or potential. The likelihood for potential impacts ranges from unlikely to high on a 0 to 0.9 scale and actual impacts have a likelihood of 1.
- **Financial risks or opportunities:** Considers how a sustainability topic affects, among other things, current and future price/cost, availability, supply and demand for resources, management of resources and policy/regulatory constraints, which can affect the company's economic value and market share. The assessment also considers the future ability for continued relationships and exchanges with, among other things, financial institutions, suppliers, contractors, customers, and society at large.

Each identified actual or potential impact was assessed based on severity and likelihood. The criteria considered for severity of an actual negative impact were scale, scope, and irremediable character. For actual positive impacts, the criteria were scale and scope. All assessment criteria can make an impact material. Potential positive and negative impacts also include an assessment on likelihood of occurrence in a short-term, medium-term, and/or long-term time horizon. In its DMA, SKF defines short-term as within a year, medium-term as between one and five years and long-term as beyond five years. The time horizons presented represent the earliest expected time that each IRO may occur. In the case of a potential negative impact on human rights, the severity of the impact takes precedence over the probability.

Based on the criteria, a positive or negative impact can be assessed as minimal, informative, important, significant, or crucial. SKF's threshold for impact materiality is from important and up, meaning that the impact is considered material if it is important, significant, or crucial. Although the thresholds utilized during the assessment remained consistent with those established for the FY24 DMA, the descriptions of assessment criteria related to scale, scope, and irremediability were enhanced to provide clearer guidance for the assessment process, incorporating SKF-specific perspectives and context.

Each identified actual or potential sustainability-related risk and opportunity was assessed based on its likelihood and impact on SKF's financial results and performance. The threshold for financial materiality follows SKF's ERM process and thresholds for impact on the Group's financial results. Sustainability risks are included in the ERM process and opportunities are assessed and managed by a programme for commercialization of sustainability, involving Group Sustainability, Business Area and Business Unit representatives.

The DMA core team carried out the assessment, drawing on input from SKF's subject matter experts and topic owners, as well as Business Area and Business Unit sustainability teams. In instances where certain IROs, particularly those related to Pollution, Water, and Biodiversity, were situated near the materiality threshold, additional targeted sessions were convened. These sessions facilitated deeper deliberation and consensus-building among relevant stakeholders, ensuring that the final conclusions were both robust and reflective of SKF's operational and sustainability context.

D. Summary and validation of material ESRS sub-topics

SKF's DMA follows a three-step approval process. The results of the impact and financial materiality are first presented to the Sustainability Board consisting of the Head of Sustainability Reporting, Director Group Sustainability, Manager Quality Operations (also responsible for Group EHS), ESG Compliance and Human Rights Officer, and Business Area and Business Unit Sustainability Directors. The Sustainability Board has the mandate to review the DMA result in detail and pre-approve it, before it goes further in the approval process. Further, the DMA is reviewed and approved by SKF's Sustainability Steering Group, as presented under GOV-1. On the final step, SKF's Board of Directors is being informed of the DMA results. While not directly involved in the operational approval, the Board plays a pivotal role in steering the company's long-term sustainability direction. Their oversight ensures that sustainability remains a strategic priority, embedded in SKF's governance and decision-making processes, and aligned with the Group's ambition to create long-term value for stakeholders and the planet.

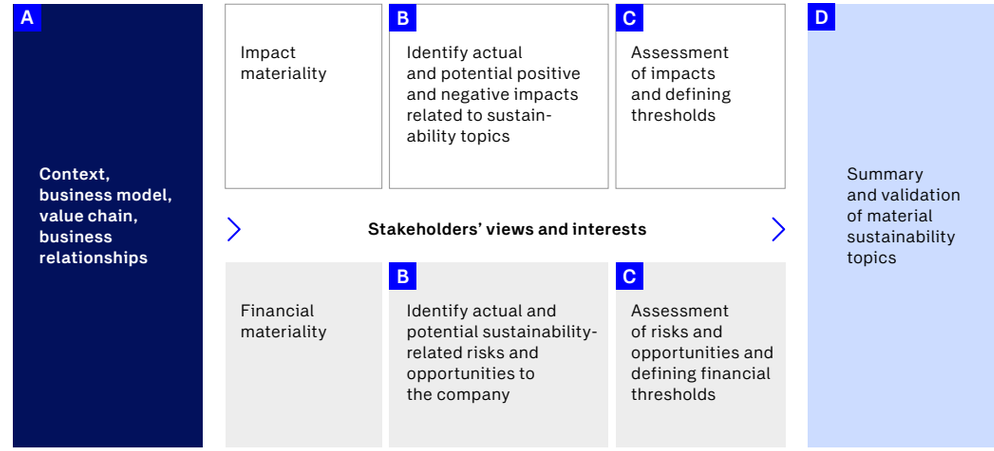
The summarized results for SKF's DMA can be found under SBM-3. For more information on stakeholder views and interests please read SBM-2.

IRO-2

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Upon finalizing the double materiality assessment, SKF has aligned the identified material information relevant to impacts, risk and opportunities (IROs) with the disclosure requirements and data points outlined in Appendix "Disclosure requirements".

Process to identify and assess material impacts, risks and opportunities



E Environment

EU taxonomy

The EU Taxonomy is part of EU's Green Deal and is a key enabler for delivering the EU's environmental goals by 2050. It's a classification system that defines environmentally sustainable economic activities.

SKF is performing activities that are in scope of the EU taxonomy reporting and has assessed their alignment with the definitions of sustainable activities. The environmental areas covered in the assessment are Climate change mitigation, Climate change adaptation, Sustainable use of water and marine resources, Transition to a circular economy, Pollution prevention and Protection of biodiversity and ecosystems.

Summary

SKF is eligible for six economic activities under the EU Taxonomy covering manufacturing of components for the automotive and railway industry, magnetic bearings, condition monitoring hardware and services and ownership, and leasing of company cars and buildings.

In January 2026, delegated regulation (EU) 2026/73 was published. Based on the materiality threshold included in this regulation, manufacturing of magnetic bearings and leasing of company cars are considered non-material for SKF's taxonomy reporting. This impacts comparability to previous years reporting.

SKF has assessed EU Taxonomy alignment for the material economic activities in scope.

SKF EU Taxonomy Eligible activities and KPIs

EU Taxonomy activities eligible for SKF	SKF Activity	Turnover	CapEx	OpEx
CCM 3.6 Manufacture of other low carbon technologies	Manufacturing of Magnetic Bearings	Non-material	Non-material	Non-material
CCM 3.18 Manufacture of automotive and mobility components	Manufacturing of components for selected vehicle categories within the Automotive industry segment	Eligible	Eligible	Eligible
CCM 3.19 Manufacture of rail rolling stock constituents	Manufacturing of rail rolling stock constituents within the Railway industry segment	Eligible	Eligible	Eligible
CE 4.1 Provision of IT/OT data-driven solutions	Condition monitoring solutions, including both the hardware and services	Eligible	Eligible	Eligible
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Leased and acquired company cars		Non-material	
CCM 7.7 Acquisition and ownership of buildings	Leased and acquired buildings		Eligible	

Economic activities are reported as Taxonomy-aligned if they:

1. Have a significant contribution to one or more of the six environmental objectives,
2. Do No Significant Harm (DNSH) to any of the other environmental objectives, and
3. Meet the minimum safeguards criteria related to human rights and business ethics.

The assessment of the first requirement shows that SKF's products and services for fully electric vehicles and electric railways make significant contributions to Climate Change Mitigation. Additionally, SKF's Condition Monitoring services significantly contribute to Circular Economy by assisting customers in monitoring the performance of the rotating shaft, thereby enabling measures to extend the lifespan of components. However, additional actions are needed to verify design aspects and waste management for the hardware.

The assessment of the second requirement shows that it is not possible for SKF to claim alignment for all eligible SKF products, since the DNSH requirements are not met in full. No CapEx plan has been established, but improvement activities have been identified.

The assessment of the third requirement shows that SKF fulfils minimum safeguards criteria related to human rights (including workers' rights), bribery/corruption, taxation, and fair competition.

The summarized result of these assessments is that SKF can claim alignment for condition monitoring services, excluding the hardware that are subject to additional requirements which are not fully met.

Substantial contribution to climate change mitigation

SKF's products manufactured for the automotive industry are eligible under CCM 3.18 Manufacture of automotive and mobility components. By manufacturing components specifically designed for zero-emission vehicles in categories M, N, and L, SKF makes a substantial contribution to Climate change mitigation.

SKF's products manufactured for the railway industry are eligible under CCM 3.19 Manufacture of rail rolling stock constituents. The components supplied for electric trains that meet the technical screening criteria make a substantial contribution to Climate change mitigation.

SKF's acquisition and ownership of buildings, such as office space, are eligible under CCM 7.7 Acquisition and ownership of buildings. SKF has a Sustainable Buildings directive which requires all new large constructions (including significant refurbishments), which are to be owned or leased by SKF, to be certified according to LEED (Leadership in Energy and Environmental Design) Gold at a minimum. The directive also states that EU Taxonomy alignment should be evaluated. EU Taxonomy alignment is, however, not mandatory but could complement the LEED certification.

Substantial contribution to circular economy

SKF's condition monitoring solutions, including both services and hardware, are captured under activity CE 4.1 Provision of IT/OT data-driven solutions. By offering remote monitoring and predictive maintenance, the condition monitoring solutions aim to detect and diagnose potential issues or abnormalities before they lead to equipment failure, downtime, or safety hazards, which in turn significantly contribute to Circular economy.

The condition monitoring solutions include various methods for monitoring machinery during operation. Techniques such as vibration analysis, acoustic emission, thermography, and lubrication analysis are employed to predict maintenance needs and identify abnormalities. These techniques ensure optimal performance and expand the lifespan of equipment.

EU taxonomy

Condition monitoring solutions typically consist of two components: a hardware component, such as a sensor, and a service component, like data analysis. The hardware is engineered for high durability to meet customer requirements regarding the lifetime of the hardware. There is also an instruction on how to handle waste at the hardware's end of life, in addition to the label for Waste of Electrical and Electronic Equipment. However, additional actions to verify design aspects and waste management for the hardware need to be conducted for SKF to fully meet the technical screening criteria.

Minimum Safeguards

The Minimum Safeguards ensure that companies meet certain standards when it comes to human rights including workers' rights, taxation, fair competition, and prevention of bribery.

SKF has assessed Minimum Safeguard criteria and concluded alignment against applicable criteria. SKF is committed to conducting its business in accordance with applicable laws and regulations and adheres to international standards and guidelines including OECD guidelines for Multinational Companies, UN guiding principles on business and human rights, the International Bill of Human Rights, Global Compact's Ten principles, ILOs Declaration on Fundamental Principles and Rights at Work and the International Chamber of Commerce (ICC) Charter. These applicable laws and regulations on human rights are reflected in the SKF Code of Conduct, publicly available on skf.com.

As part of the due diligence process, SKF has identified human rights impacts through a Human Rights Impact Assessment, carried out during 2023. The assessment included evaluation and determination of these impacts. The human rights impact assessment is planned to be updated to ensure continuous improvement and further strengthening due diligence efforts.

In terms of anti-corruption, SKF has robust measures and processes to combat bribery and corruption, which are detailed further in section G1-3. SKF's business activities are carried out in accordance with applicable competition laws, and training on this topic is mandatory for all employees. Regarding taxation, SKF applies all relevant tax regulations and follows a publicly available tax policy, operating in line with internationally recognized standards including OECD guidelines. By maintaining these safeguards, SKF ensures transparency, accountability, and ethical practices across all operations, reinforcing its commitment to sustainable and responsible business conduct.

DNSH Climate change adaptation

SKF has assessed that manufacturing sites and real estate facilities partially fulfil the Do No Significant Harm (DNSH) Climate change adaptation criteria. There is a loss prevention process in place to address existing physical climate risks. SKF also has a project to address future risks and potential need for adaptation plans. To identify future potential physical climate risks, SKF is using software designed for assessing risks across various scenarios projected up to the year 2100. In addition, regional business representatives are performing extended analyses for strategic locations. Physical climate risks are also included in the investment process for new buildings.

DNSH Water and marine resources

SKF has assessed that its manufacturing sites fulfil the DNSH Water and marine resources criteria. SKF operations are not considered to be water intensive, however, water is relevant at specific locations. Water is sourced primarily from municipal supplies and other sources like wells and surface water, adhering to regional regulations. Performance is monitored for sites located in areas of actual and potential water stress. SKF leverages the Aqueduct Water Risk Atlas (World Resources Institute) framework for water stress and scarcity assessments, identifying 18 sites in water-stressed areas. These sites are required to implement plans to minimize water usage. SKF's EHS management system includes a procedure on wastewater and storm water discharge to avoid discharging polluted water and to minimize water usage. After use, water is treated and discharged into surface water or sewage systems, meeting local quality standards to mitigate environmental impacts. These measures are expected to also ensure that SKF's manufacturing sites don't hamper marine waters. SKF also works with upstream water users, such as steel and energy suppliers, to reduce water use, for example by requiring suppliers to adopt the ISO 14001 standard and supplier code of conduct. Given the low water intensity of SKF's operations and the adherence to wastewater treatment standards, the Group's impact on local community water availability and quality is low.

DNSH Biodiversity

SKF's operations are not considered to have significant risk of impacting biodiversity. Manufacturing facilities are situated in industrial areas, which are typically characterized by low levels of biodiversity and all SKF's manufacturing sites are certified according to ISO 14001 Environmental Management System. The EHS Management system includes processes for identifying environmental risks and opportunities, however, biodiversity is not specifically addressed. Based on this, SKF's current assessment is partial fulfilment of the EU Taxonomy DNSH criteria for biodiversity.

DNSH Circular economy

Assessments in 2025 indicate that SKF has several practices in place supporting the transition to a circular economy. In manufacturing, this includes applying the waste hierarchy and maintaining waste reduction targets. In product development, sustainability design aspects are defined to address durability, recyclability, and material selection, with recycling guidance provided to customers.

SKF ensures traceability of substances of concern up to the point of product delivery, providing information such as REACH and RoHS certificates. In addition, SKF maintains a hazardous substances policy covering traceability throughout the value chain. Remanufacturing services are available for selected products.

Overall, SKF's current assessment is partial fulfilment of the EU Taxonomy DNSH criteria for circular economy (CCM 3.18/3.19). Further actions are described in E5.

DNSH Pollution

SKF follows all applicable legal requirements for restricted and declarable substances in products and regularly engages with suppliers on the presence of Substances of Very High Concern (SVHC), substances of concern and other regulated substances. Data is systematically managed within a compliance database and operations are ISO 9001 and 14001 certified, ensuring validated supporting processes. SKF also has a Restricted Substances List (RSL), to help assess alternatives as new restricted substances are added through legal requirements. When technically feasible, SKF takes efforts to eliminate SVHCs and seek alternative non-hazardous substances but has not yet eliminated SVHCs entirely in the value chain. Hence, SKF has partial fulfilment of the pollution criteria for products produced.

Accounting principles

Total turnover corresponds to net sales in the consolidated income statement. Eligible turnover for CCM 3.18, CCM 3.19 and CE 4.1 corresponds to the net sales for specific products and services sold.

Total capital expenditures (CapEx) cover investments in tangible assets, intangible assets and right-of-use assets considered before depreciation, amortization and any re-measurements and correspond to the additions in Notes 10, 11 and 12 to the consolidated financial statement. Capital expenditure resulting from business mergers and acquisitions is also included and is part of the reported amount for businesses acquired/sold in Note 10 and Note 11.

Total operational expenditures (OpEx) correspond to research and development costs, short-term leases, maintenance and repair costs, including building renovation and day-to-day servicing of assets and property. Eligible CapEx and OpEx are allocated based on net sales for turnover generating activities, since a majority of SKF's factories produce both eligible and non-eligible products.

The reporting on aligned Turnover, CapEx and OpEx for condition monitoring services is impacted by the possibility to separate services and hardware in the sales data. Revenue streams that include both services and hardware have been excluded for cases where a separation has not been possible.

EU taxonomy

Financial year	2025															
					Breakdown by environmental objectives of Taxonomy aligned activities											
KPI (1)	Total (2)	Proportion of Taxonomy eligible activities (3)	Taxonomy aligned activities (4)	Proportion of Taxonomy aligned activities (5)	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)	Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy aligned activities in previous financial year (N-1) (15)	Proportion of Taxonomy aligned activities in previous financial year (N-1) (16)
	MSEK	%	MSEK	%	%	%	%	%	%	%	%	%	%	Currency	%
Turnover	91,583	36%	180	0%				0%			36%		1%	212	0%
CapEx	4,421	39%	14	0%				0%			39%		1%	14	0%
OpEx	5,073	28%	3	0%				0%			28%		3%	9	0%

Reported KPI (Turnover)		Turnover											
Financial year		2025											
					Environmental objective of Taxonomy aligned activities								
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover) (3)	Taxonomy aligned KPI (monetary value of Turnover) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover) (5)	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
		%	MSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of automotive and mobility components	CCM 3.18	28%											
Manufacture of rail rolling stock constituents	CCM 3.19	5%											
Provision of IT/OT data-driven solutions	CE 4.1	2%	180	0%				0%			E		8%
Sum of alignment per objective								0%					
Total KPI (Turnover)		**36%**	**180**	**0%**				**0%**			**36%**		**1%**

EU taxonomy

Reported KPI (CapEx)		CapEx												
Financial year		2025												
					Environmental objective of Taxonomy aligned activities									
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx) (3)	Taxonomy aligned KPI (monetary value of CapEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx) (5)	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
		%	MSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of automotive and mobility components	CCM 3.18	31%											
Manufacture of rail rolling stock constituents	CCM 3.19	5%											
Provision of IT/OT data-driven solutions	CE 4.1	3%	14	0%				0%			E		11%
Acquisition and ownership of buildings	CCM 7.7	0%											
Sum of alignment per objective								0%					
Total KPI (CapEx)		**39%**	**14**	**0%**				**0%**			**39%**		**1%**

Reported KPI (OpEx)		OpEx												
Financial year		2025												
					Environmental objective of Taxonomy aligned activities									
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx) (3)	Taxonomy aligned KPI (monetary value of OpEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx) (5)	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
		%	MSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of automotive and mobility components	CCM 3.18	19%											
Manufacture of rail rolling stock constituents	CCM 3.19	5%											
Provision of IT/OT data-driven solutions	CE 4.1	4%	3	0%				0%			E		0%
Sum of alignment per objective								0%					
Total KPI (OpEx)		**28%**		**0%**				**0%**			**28%**		**0%**

E1 Climate change

Climate change is a strategic priority for SKF, embedded in SKF's commitment to reducing environmental impact across the value chain. Guided by science-based targets, SKF focuses on reducing greenhouse gas emissions, prioritizing energy efficiency and the transition to renewable energy sources. By integrating climate considerations into products, processes, and partnerships, SKF aims to create long-term value for itself and its customers. These efforts reflect SKF's commitment to sustainability and its role in enabling a low-carbon future.

	Description of IRO	Type of IRO	Value chain	Time horizon
E1 – Climate change mitigation				
1	**Innovating and providing products and solutions for the climate transition** SKF has a portfolio of products and services that mitigate the customer's negative impacts. However, SKF's most significant positive impact lies in its ability to innovate and provide products that enable the transition to a low-carbon economy. Specifically, SKF provides solutions that enable the growth of cleantech industry, electrification, and renewable energy as well as increase the demand for circular products which have significantly lower lifecycle emissions.	Actual Positive Impact	↓	Short-term
2	**Greenhouse gas emissions from own operations and value chain (scope 1,2 and 3)** SKF's operations and value chain generate greenhouse gas emissions.	Actual Negative Impact	↑ ↓	Short-term
3	**Winning business by providing products and services that enable climate transition and contribute to climate change mitigation** With a strong focus on innovative, energy efficient and low-carbon products and services, SKF has the opportunity to be a preferred business partner to its customers. Supplying customers with less climate change inducing products is a significant financial opportunity for SKF. By providing innovative products, SKF is likely to benefit from the growth of electrification and renewable energy as well as other emerging technologies like energy storage, hydrogen, and carbon capture.	Opportunity	↓	Long-term
4	**Risk of financial loss and strategic setback from policy uncertainty undermining investments in decarbonization and sustainable innovation** SKF's investments in emissions-reduction initiatives and technologies (e.g., renewable energy adoption, green R&D, sustainable supply chains) face financial and operational risks if government policies fail to align with their decarbonization strategies. These investments often assume future regulatory frameworks will reward early adopters through mechanisms like carbon pricing, subsidies, or market advantages. However, abrupt policy shift, such as weakened climate targets, delayed regulation, or reduced incentives could render these investments obsolete.	Risk		Long-term
5	**Cost of decarbonization** Costs associated with climate change mitigation such as investments required to reduce emissions across all scopes 1, 2, and 3 (full value chain).	Risk	↑ ↓	Long-term
6	**Rising costs from stricter climate regulations and stakeholder pressure for use of low-carbon materials** SKF faces increasing financial and operational pressures due to stricter climate regulations - such as carbon pricing and import taxes on emissions embedded in certain goods (CBAM) - as well as rising stakeholder expectations for the use of low-emission materials. Together, these regulatory and market-driven demands may significantly increase costs, require changes in sourcing and production processes, and impact competitiveness if not proactively managed.	Risk		Long-term
E1 – Climate change adaptation				
7	**Physical climate risks (chronic and acute)** As global warming escalates, physical climate-related risks are increasingly likely to disturb both SKF's operations and supply chain leading to increased costs of operations and materials. Extreme climate-related events are already becoming increasingly common and pose potential financial risks for SKF. In particular, heat stress, heavy precipitation as well as flooding are types of physical risks that according to location-specific analyses may cause disruptions in SKF's production processes.	Risk		Mid-term
E1 – Energy				
8	**Reducing friction and increasing energy efficiency** SKF's products aim to reduce friction, which leads to increased energy efficiency for customers, reducing otherwise emitted GHG.	Actual Positive Impact	↓	Short-term
9	**Use of fossil energy** SKF still has a dependency on fossil energy in its own operations and its upstream and downstream value chain.	Actual Negative Impact	↑ ↓	Short-term
10	**Winning business by providing energy efficient solutions** Energy efficiency is a significant financial opportunity for SKF. For instance, SKF can enable energy efficiency improvements for its customers in various sectors, such as compressors, chillers, heat pumps, automotive, and industrial drives, by providing innovative products and solutions like magnetic bearings, hybrid bearings and low-carbon products.	Opportunity	↓	Short-term
11	**Energy price fluctuations** Energy price fluctuations pose a material financial risk for SKF. For instance, geopolitics can cause energy crisis which may affect the energy costs of SKF's own operations and upstream supply chain, especially for energy-intensive materials like steel.	Risk	↑	Short-term

↑ Upstream ↓ Downstream

E1 Climate change, cont.

STRATEGY

E1-1

Transition plan for climate change mitigation

[E1-1_14; 15; 16 a-g]

SKF bases its climate position and strategy on science and is committed to the Paris Agreement's 1.5 °C goal. Since the early 2000s, SKF has reported and reduced greenhouse gas (GHG) emissions, consistently decoupling revenue growth from scope 1 and 2 emissions. SKF's climate targets (both near- and long-term) are approved by the Science Based Target initiative (SBTi) and are aligned with the most ambitious aim of the Paris Agreement to reduce the destructive impacts of climate change. This means net-zero global emissions by 2050, at the latest, to limit global warming to 1.5 °C (the IEA Net Zero Scenario).

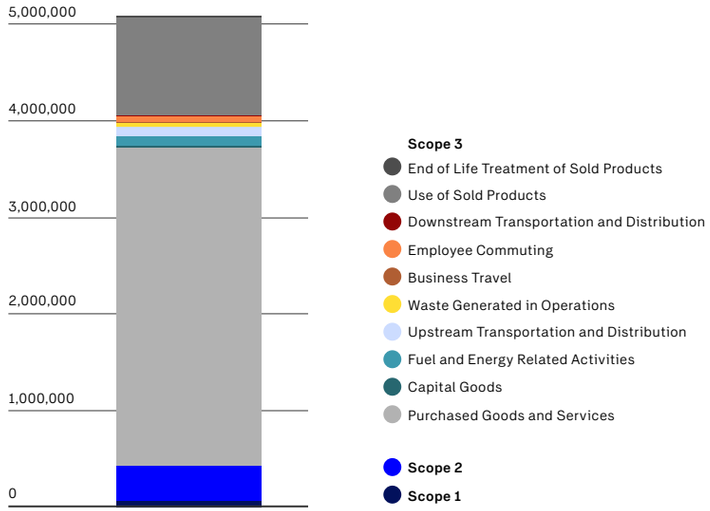
SKF's largest contribution to the transformation into a net-zero future lies in what can be achieved with, and for, its customers. With a strategic focus on cleantech industries at all stages of industrialization, SKF is developing products, solutions, and services that enable these technologies to develop, making them competitive and supporting the need for rapid growth in the coming years. SKF can also contribute significantly to its customers' energy and carbon savings in all industries by optimizing the design of its products (e.g., making them lighter, more efficient, longer lasting and repairable), as well as improving the performance of the customers' products by optimizing system designs through advanced modelling and simulation. For example, SKF's service offering, including condition monitoring, reliability services and asset optimization, is fundamentally focused on the removal of waste from customer processes and value chains. Such contracts aim to eliminate energy, material, and transportation waste, and consequently reduce emissions. With a combination of these approaches, SKF has the potential to make a profound contribution to the transition to a net-zero world and, at the same time, drive innovation and growth for SKF and its customers.

Simultaneously, SKF addresses carbon emissions of its own operations and activities, as well as those in its extended value chain. By addressing them, SKF sets a positive example for customers, suppliers and other stakeholders, and creates long-term competitive advantages by reducing costs and risks. The Group has been reporting and reducing carbon emissions from its own operations since the early 2000's and has been working for several years to understand and reduce the carbon impact of its suppliers, as well as other activities such as logistics and business travel. In 2023, SKF's near and long-term emissions reduction targets were approved by the SBTi, which implies that SKF's targets are based on the latest climate science and require rapid, significant emissions reductions consistent with pathways that limit global warming to 1.5 °C with little to no overshoot. By meeting these targets, SKF is contributing to global efforts to avoid the severe impacts of climate change, as outlined by the IPCC and required under Article 2.1(a) of the Paris Agreement (read more about SKF's climate targets in E1-4).

The relative CO_2e impacts according to the GHG protocol definition for 2019 are summarized in the graph showing of the estimated GHG emissions (tonnes), with base year 2019.

SKF has defined several strategic levers and related actions and objectives which, when applied in combination, aim to reach the Group's climate targets. The levers are primarily focused on the most significant impact categories (as illustrated in the table for Decarbonization levers), specifically scope 1 and 2, and scope 3, categories 1, 3, 4 and 11, but also include scope 3, category 6. They are further explained and quantified in the E1-3 section 'levers and actions'.

Estimated GHG emissions (tonnes), base year 2019



Decarbonization levers

	Scope 1	Scope 2	Scope 3, Category 3	Scope 3, Category 1	Scope 3, Category 11	Scope 3, Category 4	Scope 3, Category 6
Description	Direct emissions generated at SKF facilities e.g. burning fossil fuels, release of other GHG's.	Indirect emissions from electricity and district heating use in SKF operations.	Fuel and energy related activities.	Purchased goods and services.	Use of sold products.	Transportation and distribution.	Business Travel.
Strategic levers	• Increased energy efficiency for manufacturing, heating, ventilation and air conditioning.			• Improved supplier material & energy efficiency. • Increased use of secondary material. • Use of innovative technologies.		• Regionalization (factories closer to suppliers and customers). • Airfreight avoidance. • Fuel switching and EV solutions. • Optimization (e.g. fill rates).	• Promotion of virtual meetings. • Promotion of lower carbon transport modes.
	• Phase out of fossil fuel use via electrification or use of alternative fuels.	• Decarbonization of local district heating systems.					
		• Increased use of renewable electricity. • Advocating for increased renewables. • Developing and supplying products and solutions that enable renewable generation.					

E1 Climate change, cont.

Investments to support the transition plan
The execution of the strategic levers described above requires investments in various forms such as CapEx and additional organizational resources and competence. These investments are executed utilizing two main mechanisms:

1. SKF internal allocation of climate specific investment frames:
   - Decarbonization investment frame (MSEK 3,000)
2. Targeted financing of investments focused on sustainability:
   - Green Finance (bond issuance and utilization) (MEUR 700)
   - EIB credit facility (MEUR 430)

Read about how these mechanisms are implemented in E1-3.

Locked-in greenhouse gas emissions
SKF assesses potential locked-in GHG emissions from its assets and products, identifying raw material production (steel) as a key upstream risk due to its carbon intensity. However, strategic sourcing roadmaps, including the shift to less carbon-intensive steel production (e.g., increased scrap content using EAF furnaces), and the use of shadow carbon pricing, aim to mitigate this. Within its operations, SKF's fossil fuel phase-out directive prohibits new fossil fuel-based investments and mandates phasing out existing assets by 2030, effectively mitigating operational locked-in emissions. Without these mitigation plans, these locked-in emissions from steel production and on-site fossil fuel use would jeopardize the achievement of SKF's GHG reduction targets and may expose it to transition risks, including increased carbon pricing and shifting customer demand for low-carbon products.

SKF has a number of economic activities that fall under the Taxonomy Regulation. For instance, SKF's products and services for fully electric vehicles and electric railways make significant contributions to climate change mitigation. The KPIs for SKF's taxonomy-aligned CapEx and OpEx can be found in the EU Taxonomy disclosures. SKF currently has no plans (CapEx or OpEx) for aligning its eligible economic activities (revenues, CapEx, OpEx) with the criteria established in Commission Delegated Regulation 2021/2139. SKF is included in the Paris-aligned benchmarks.

Alignment of the transition plan with business strategy [E1-1_16h]
The strategy behind SKF's Climate Transition plan is integrated with the overall business strategy and financial planning of the Group. Short-term climate risks are addressed in annual plans, while medium- and long-term risks shape strategic direction. Investments and resources for decarbonization are embedded in Business Area and Business Unit plans and supported by green finance mechanisms. Scenario analysis and cross-functional governance ensure the plan evolves with changing risks and opportunities (read more in E1-3). The transition plan has been developed and continues to evolve with a cross-functional approach. This work is coordinated by Group Sustainability with the objective to ensure effective ownership and integration of the relevant aspects in the Business Areas and Business Units, regions and various Group functions. The plan has been reviewed and approved by Group Management and the Board of Directors, and regular updates are provided via the various governance forums described in the section General disclosures in the governance section.

Progress in implementing the transition plan [E1-1_16j]
SKF has been working on key aspects of the current transition plan since the early 2000s. For example, the Group has been measuring and acting on carbon emissions from its own production activities for more than 20 years and has reduced CO_2e impact in real terms while achieving sustained economic growth. Since the launch of SKF's Net Zero ambitions in 2021, good progress has been made. The Group is on track to deliver its 2030 goals for scope 1 and 2.

Progress is evaluated based on actual performance and strategic actions that support future deployment. While some areas, like scope 1 and 2 reductions, are well-established, others – such as measuring scope 3, category 1 emissions – are more recent. Despite varying maturity levels, the overall implementation trajectory is positive. As of 2025, the status of focused targets – those SKF can directly influence – is summarized below:

Scope 1 and 2 (SKF operations)
SKF continued to implement strategic decarbonization measures in 2025, aligned with its long-term commitment to reduce scope 1 and 2 emissions. Site-level and Business Area and Business Unit roadmaps were refined and monitored through governance forums, including EHS and Net-Zero reviews.

Scope 3, category 1 (purchased goods and services)
In 2025, SKF advanced its strategy to reduce scope 3, category 1 emissions from purchased goods and services. Roadmaps were developed by Business Areas and Business Units to support the 2030 target of a 32% reduction in scope 3, category 1 emissions compared to 2019, leveraging strategic levers outlined in section E1-3. These roadmaps are now being followed up every six months in the EHS and NetZero reviews.

SKF continues to engage suppliers and refine procurement practices to drive emissions reductions across its value chain.

Scope 3, category 4 (logistics)
In 2025, SKF advanced its logistics decarbonization strategy through regionalization and transport optimization. The Group continued to implement its footprint and regionalization strategy, designed to reduce long-distance transport by aligning production sites more closely with regional customers and suppliers.

Work continued on the global rollout of an airfreight avoidance directive. This directive aims to minimize the use of air transport due to its disproportionately high emissions. It applies to all inbound and outbound logistics. Planned airfreight must be evaluated for alternatives, and unplanned airfreight is restricted to urgent cases only. All such cases are logged and analysed to prevent recurrence.

In 2025, SKF implemented a third-party system to calculate logistics emissions using a bottom-up approach (read more in E1-6, Accounting principles, scope 3, category 4). This approach aims to significantly improve the quality and accuracy of emissions data and enables more granular and detailed follow-up on improvement actions, supporting targeted decarbonization initiatives across SKF's logistics network.

E1 Climate change, cont.

ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

SKF has identified the following material climate-related risks in its 2025 double materiality assessment. [E1 SBM-3_18]

Description of the risk	Type of the risk	Time horizon
Energy price fluctuations	Transitional	Short-term
Cost of decarbonization	Transitional	Long-term
Rising costs from stricter climate regulations and stakeholder pressure for use of low-carbon materials	Transitional	Long-term
Risk of financial loss and strategic setback from policy uncertainty undermining investments in decarbonization and sustainable innovation	Transitional	Long-term
Physical climate risks such as heat stress, heavy precipitation and flooding may cause disruptions in SKF's production processes, according to location-specific analyses	Physical	Mid-term

Scope and approach of the resilience analysis [E1 SBM-3_19]

SKF performs resilience analysis on its own operations, strategy, business model and value chain in various ways. This includes resilience analysis relating to risks coming from activities for climate change mitigation conducted on the full value chain, including the upstream supply chain, SKF's direct operations and its customers downstream. Resilience analysis for physical climate risks and adaptation is primarily focused on SKF operations and, to an increasing extent, on the upstream supply chain. Downstream physical risks are not yet in the scope of the resilience analysis, mainly due to the highly diversified (both regionally and industry-wise) and global nature of SKF's customer base – which effectively decreases many of the relevant physical risks. Resilience is evaluated based on scenario input in short (0–1 years), medium (1–5 years) and long term (5 + years). In general, SKF performs resilience analysis for climate topics by using externally published scenarios. By leveraging globally recognized external scenarios, SKF ensures its analysis is credible and aligned with international standards. The range of climate scenarios used to inform the identification and assessment of both physical and transition risks is described in detail under the "Scenario analysis" in E1 IRO-1_21.

Cross-functional teams make use of the scenarios to identify and quantify SKF-specific risks, which are then addressed within the relevant strategies, organizations and processes. The set-up of the cross-functional teams depends on the topic, but may, for example, include Sales and Marketing, Business Development, Manufacturing Operations, Group Loss Prevention & Risk, Group Purchasing, Group Legal & Compliance, Group Real Estate and Facility Management and Group Sustainability. This ensures climate resilience is anchored into the core of SKF's business strategy and operations. Involving diverse functions fosters ownership across the organization and integrates climate considerations into everyday decision-making. This not only strengthens risk management and strategic planning but also supports long-term value creation by safeguarding assets, supply chains, and customer relationships.

Results of the resilience analysis [E1 SBM-3_19c; E1 IRO-1_20 b-c]

Short-term climate risks and opportunities are integrated into yearly operational business planning and follow-up. Medium-term and long-term climate risks and opportunities are integrated into strategic business planning. The Group's climate targets typically cover a longer time horizon, for example, the target to decarbonize SKF's operations by 2030 and achieve net-zero GHG emissions by 2050. This is to ensure that long-term climate-related risks and opportunities are proactively identified. In some cases, individual strategic initiatives are conducted to investigate specific risks, opportunities and impacts, and find ways to address these in existing strategies and business models. Naturally, the future orientation of resilience analysis means that it's subject to uncertainties. For example, the speed and scale of the implementation of many aspects of industrial decarbonization in the industries and regions which SKF serves is heavily dependent on government interventions, such as incentives and taxes. If these policies do not materialise, or if they develop more slowly or quickly than predicted, this can impact the prospects for SKF's growth. There are also uncertainties around which technological paths that will be followed. For example, it is uncertain how quickly and to what extent carbon capture and storage (CCS) will scale up as a major technology to allow the continued use of fossil fuels. SKF tries to address these types of uncertainties by using a range of climate scenarios in the formulation of the Group's strategy. SKF is also inherently resilient to these and other types of uncertainties due to its highly diversified and globalized customer base.

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

ESRS 2 IRO-1

Description of the process to identify and assess material climate-related impacts, risks and opportunities

The gross list of climate-related impacts, risks and opportunities (IROs) has been compiled via the double materiality assessment (DMA) conducted in 2025. The DMA was based on the input from already existing SKF processes to identify and address the IROs pertaining to climate change mitigation, adaptation and energy use. To ensure a comprehensive perspective, the identification of IROs incorporated the views and interests of key SKF stakeholders to capture diverse expectations and priorities. The input gathered via different channels of interaction helped validate the relevance of identified IROs, ensuring alignment with both business objectives and societal needs. The list of material climate related IROs is presented in the beginning of the E1 Climate Change section.

Impacts [E1 IRO-1_20a]

SKF's negative climate impact primarily arises from the GHG emissions generated in its own operations and throughout its upstream and downstream value chain. To identify and assess these impacts, SKF systematically screens its activities and strategic plans to pinpoint actual and potential future sources of GHG emissions, as well as other climate-related drivers. This screening is embedded within the company's DMA, which integrates inputs from existing internal processes, supplier data, and stakeholder engagement. The assessment covers emissions arising from raw material extraction, manufacturing, logistics, and product use-phase, and is supported by life cycle assessments (LCAs), supplier data collection frameworks, and scenario analyses. SKF has a long history of reporting on its GHG emissions (see table E1-6 for details) and has set net-zero targets (see E1-4 for details) to address them. The relative scale of these impacts is also illustrated in the graph in E1-1 summarizing estimated GHG emissions (tonnes), with base year 2019.

E1 Climate change, cont.

SKF's potential for positive climate impact lies primarily in its ability to innovate and provide products and solutions that help enable the transition to a low-carbon economy. For example, SKF provides products and solutions that help enable cleantech industries such as transport and industrial electrification, and renewable energy generation and storage. SKF also has a number of solutions that enable increased circularity – reducing the needfor raw material extraction and processing and the related emissions. The company also provides products and solutions which significantly increase material and energy efficiency – leading to reduced emissions – to customers in multiple industries globally.

Scope and approach of the scenario analysis [E1 IRO-1_21; AR13]

SKF employs a multi-scenario approach to assess climate-related risks and opportunities, aligning with CDP and TCFD frameworks. The analysis spans short-, medium-, and long-term horizons and integrates into the Enterprise Risk Management (ERM) process to inform strategic planning and resilience measures.

Transition scenarios include the IEA Net Zero Emissions by 2050 (NZE, equivalent to IPCC SSP1-1.9), which represents an ambitious pathway aiming to limit global warming to 1.5°C through rapid policy shifts, carbon pricing, and widespread electrification. This enables SKF to assess the implications of a low-carbon global economy, such as rising costs for energy and raw materials, while also identifying market growth potential in cleantech sectors – such as electric vehicles, renewable energy, and hydrogen technologies – to provide supporting information on R&D priorities and customer engagement strategies.

In addition, SKF has developed a bespoke transition scenario with external consultants, assuming a 2.0–2.4°C warming pathway. This scenario is broadly aligned with IPCC SSP2-4.5 ("middle of the road") and the IEA's Stated Policies Scenario (STEPS), reflecting current policy trends and moderate global climate ambition. This intermediate scenario provides further insight into the transition risks and opportunities that may arise if the world follows existing policy trajectories.

For physical risk assessment, SKF uses the IPCC SSP5-8.5 scenario, which models severe physical climate impacts associated with high GHG emissions and a >4°C warming pathway by 2100. These impacts include an increased frequency and intensity of floods, storms, and water stress. The assessment is further described in the "Climate-related physical risks" section.

By integrating both transition and physical risk scenarios, SKF can better manage climate-related risks, capture emerging opportunities in the circular economy and low-carbon products, and refine its R&D direction and customer offerings in line with different levels of global climate action.

Climate-related physical risks [E1 IRO-1_20b]

SKF has developed bottom-up and top-down approaches towards the assessment of physical climate risks. The bottom-up approach is long-standing and based on the Group's EHS management system and loss prevention processes. Operating units are required to identify physical risks including those related to climate change and develop mitigation measures based on this. The top-down approach is based on the fossil-fuelled development shared socioeconomic pathway 5 (SSP5-8.5) scenario published by the IPCC.

A cross-functional team has performed quantitative and qualitative assessments of the potential risks and the effectiveness of existing mitigation measures. In 2025, each Region has appointed a person who interacts with the overall cross-functional team on this topic.

Further development of both the bottom-up and top-down processes is underway. One example of this is the mapping of some 300 major global suppliers, who will be requested to act on physical risks at their operations and map the parts of their supply chain that is relevant for SKF, for physical risks. The SSP5-8.5 scenario is being used to apply the precautionary approach in defining mitigation measures.

Climate related hazards [E1 IRO-1_AR10a]

	Temperature related	Wind	Water	Solid mass
Chronic	■ Changing temperature	Changing wind patterns	Changing precipitation patterns and types	Costal erosion
	■ Heat stress		Precipitation or hydrological variability	Soil degradation
	■ Temperature variability		Ocean acidification	Soil erosion
	■ Permafrost thawing		Saline intrusion	Solifluction
			■ Sea level rise	
			■ Water stress	
Acute	■ Heat wave	■ Cyclones, hurricanes, typhoons	■ Drought	■ Avalanche
	■ Cold wave/frost	■ Storms	■ Heavy precipitation	■ Landslide
	■ Wildfire	■ Tornado	■ Flood	■ Subsidence
			Glacial lake outburst	

■ The highlighted have been considered in the SKF assessment.

E1 Climate change, cont.

SKF is using a tool from a third party which takes the geocoordinates of SKF locations and those of critical suppliers and provides input on the relevant physical risks in terms of expected severity, frequency etc. During 2025, all SKF's production and warehousing facilities have been evaluated using this tool, and relevant employees have been trained in using the software as well as in interpreting the reports from it. This evaluation confirmed that some locations are in high-risk areas and these locations resilience is under evaluation and will be addressed where needed in the top-down approach to climate physical risk management described previously.

Where applicable the output of these physical risk reports is utilized to understand implications on aspects such as potential future revenue growth, risk of supply chain disruptions etc. On top of the data-driven approach described above, a business importance layer is also applied. This means that facilities deemed business critical receive extra attention regarding their climate risk resilience.

The tool considers all the main climate-related hazards as defined in the EU delegated regulation (EU 2021/2139) and provides location-based risk indications of the hazards in the short-, medium- and long-term. The table on climate hazards summarizes the hazards that have been considered in the assessment.

Climate-related transition risks and opportunities [E1 IRO-1_20c]

The identification and management of climate transition risks and opportunities is an integral part of SKF's overall business strategy. The company systematically identifies climate-related transition events over the short-, medium-, and long-term, including topics such as increased pricing of GHG emissions, evolving regulatory requirements leading to incentives or penalties, technology shifts and changing customer behaviours. Based on these inputs, the company screens its assets, business activities and current and future revenue streams for potential risks and opportunities. SKF considers the likelihood, magnitude, and duration of transition events risks, particularly those related to policy and legal changes, technological advancements, market dynamics, and reputational factors. Based on the scenario analysis, SKF has identified certain assets and activities that are not aligned with a Net-zero scenario and is taking steps to address these. For example, by introducing its fossil fuel phase out directive the Group is addressing assets that may present locked-in greenhouse gas emissions within its operations. The Group is also working to address any incompatibility with evolving taxonomy regulations and related EU requirements (see the EU Taxonomy section for further details).

A summary of identified transition risks and opportunities is provided in the table below, alongside the mitigation and capitalization measures.

Examples of climate-related transition events (based on TCFD classification) [E1 IRO-1_AR12]

Category	Description	Potential risk	Mitigation measures	Opportunities	Capitalization measures
Legal and policy	Changes in laws and regulations related to climate change.	Increased energy and raw material costs.	Focus on energy and carbon efficiency in SKF operations and supply chain.	Increased demand for solutions improving energy efficiency, circularity.	Focus on development of energy efficient, circular offers.
Legal and policy	Slower or reversal of changes in laws and regulations related to climate change mitigation.	Slower development of market for cleantech and other solutions.	Diversified global customer base, flexible and adaptive strategy.	NA	NA
Market	Shifts in market demand towards low-carbon products and services.	Loss of market share, reduced revenue in unabated fossil fuel sectors.	The at-risk sectors are a small part of overall business. Ongoing work to grow cleantech business.	Growth in cleantech, low carbon industries – renewable energy, hydrogen etc.	Focus on cleantech industries.
Technology	Technological advancements that may replace current technologies e.g., internal combustion engines.	SKF misses opportunities to grow by enabling emerging green technologies. SKF is bound to locked-in carbon technologies.	Focus on cleantech industries in full range of TRL. Proactive approach, for example development of solutions for e-drive in automotive.	Growth in cleantech, low carbon industries – electrification, renewable energy, hydrogen etc.	Strategic focus on cleantech industries.
Reputation	Negative public perception due to inadequate climate action.	Loss of brand value, customer trust.	Enhancing transparency, proactive communication strategies.	Enhanced brand loyalty, attracting eco-conscious customers.	Clear focus on promoting SKF's climate solutions and approach with transparency and credible communications.

E1 Climate change, cont.

E1-2

Policies related to climate change mitigation and adaptation [E1-2_MDR-P_22-25a-d]

SKF has defined and implemented a number of policies, directives, management systems, procedures and instructions intended to address climate change mitigation, climate change adaptation and energy efficiency.

As part of SKF's broader initiative to streamline and harmonise its governance framework, Group Legal & Compliance has led a comprehensive update of SKF's policies and directives. This includes the conversion of several sustainability-related policies into directives, while maintaining their original content, responsibility and scope. This change is structural in nature and does not alter the original content, assigned responsibilities, or scope of the documents. The transition to directives is intended to enhance clarity, consistency, and enforceability across the organisation, aligning with SKF's commitment to transparent and robust governance. These are summarized in the table below.

Name	Background / objective	Key content	Scope / key stakeholders	Accountability	IRO number
Fossil fuel phase out Directive	To accelerate the decarbonization of SKF's operations and to reach the Group's 2030 decarbonization goal (95% reduction of Scope 1 and 2 greenhouse gas emissions by 2030 vs 2019) and thereby support the goal for 2050 in the full value chain.	The following rules apply to all SKF manufacturing, warehouse, R&D and larger sales facilities: • No investments shall be made in new assets which use fossil fuel. Any deviations from this directive must be reviewed with SKF's Net-zero team and approved by the Group Investment Committee. • It's mandatory to stop the use of fossil fuels and fossil-based district heat (in existing facilities and assets) within 2029. Direct fossil gas use may be replaced with electrification (using renewable electricity) or an approved non-fossil fuel alternative. When processes are outsourced to subcontractors, an evaluation should be made to determine if this results in an increase in upstream use of fossil fuels. For decisions where this is the case, they should be approved by the Business Area and Business Unit sustainability and supply chain managers. • A specific investment frame – the 'Decarbonization investment frame' shall, where applicable, be used to fund the necessary investments to achieve this.	**Scope** SKF operations globally. **Stakeholders targeted** SKF managers involved in investment decisions. **Stakeholders involved in the development of directive** Internal technical specialists, senior managers from operations.	Chief Financial/ Sustainability Officer.	2, 9, 6
Shadow Carbon Pricing Directive	This directive aims towards internalizing the environmental cost of steel and steel components within SKFs supply chain by implementing a Shadow Carbon Price (SCP).	The SCP, while not a direct expense, should be calculated and used in conjunction with other parameters to influence supplier selection for all major direct material sourcing decisions related to steel bar, tube and wire. Steel tube, bar and wire are in the initial scope due to their high greenhouse gas emissions impact and relative ease of shadow carbon price calculation. Other components and materials will be added later.	**Scope** Sourcing of bearing steel for SKF operations globally. **Stakeholders targeted** SKF managers involved in direct material sourcing. **Stakeholders involved in the development of directive** Internal technical specialists, senior managers from purchasing.	Chief Financial/ Sustainability Officer.	2, 6
Airfreight Avoidance Directive	This directive aims to minimize as much as feasible the use of airfreight for both inbound (SKF receiver of goods) and outbound (SKF shipper of goods) transportation due to carbon intensity of airfreight compared to other alternatives. The directive sets out the SKF approach towards achieving this aim.	Planned airfreight (routine, regularly scheduled use of airfreight) should be kept to a minimum. Supply chains should be based on road and ocean freight as standard. Deviation from this must be aligned and approved by BA president. Customer delivery lead times should not be based on airfreight delivery. Unplanned airfreight (use of airfreight in response to urgent/emergency needs and unforeseen circumstances) should only be considered in cases where it provides the only viable solution to achieve timely customer deliveries or avoid major disruption to SKF production schedules. In such cases, the quantity transported by air should be kept to a minimum (splitting the order to include other transport modes if possible).	**Scope** Inbound and outbound transports for SKF operations globally. **Stakeholders targeted** SKF managers involved in selection of transport mode. **Stakeholders involved in the development of directive** Internal technical specialists, senior managers from SKF logistics functions globally.	Chief Financial/ Sustainability Officer.	2

E

E1 Climate change, cont.

Name	Background / objective	Key content	Scope / key stakeholders	Accountability	IRO number
SKF Group Environmental, Energy, Health and Safety Policy	SKF works systematically to understand and address the sustainability impacts of its operations and supply chain, and of its customers, so that sustainability is truly embedded in the way business is made.	Through the policy, SKF commits to proactively assessing health and environmental and energy impacts and systematically define, document, and implement improvement plans which aim to eliminate hazards, reduce risks, and avoid or reduce impacts. Energy performance should be continually improved by applying or promoting technological and organizational measures along the full value chain. SKF has an energy management system globally certified according to ISO 50001:2018. The certificate covers the 44 most energy intensive operations making up more than 80% of the Group's total energy use and helps drive continual improvement in energy performance by utilizing the plan-do-check-act cycle. SKF has an environmental management system globally certified according to ISO 14001:2015. The certificate covers all significant SKF manufacturing, warehouse and research and development operations and helps drive continual improvement in environmental performance by utilizing the plan-do-check-act cycle.	**Scope** SKF operations globally and upstream supply chain. **Stakeholders targeted** Managers and employees at SKF and in supply chain with potential impact on EHS performance. **Stakeholders involved in the development of policy** Internal technical specialists, senior managers from operations, 3rd party auditors (to confirm compliance with ISO standards 14K,45K and 50K).	Senior Vice President Commercial and Operations Development & Chief Financial/ Sustainability Officer.	2, 7
Sustainable Buildings Directive	The directive sets out the sustainability requirements which shall be applied in the design and construction of major new facilities which are to be owned or leased by SKF.	All new constructions (including significant refurbishments) with a total gross area (TGA) > 2500 M2 which are to be owned or leased by SKF, shall be decarbonized and shall be certified according to LEED v4.1 Gold level or better. Deviations from this requirement must always be approved by the Group's investment committee.	**Scope** SKF operations globally. **Stakeholders targeted** Managers driving or implementing investments in new buildings, major refurbishments etc. **Stakeholders involved in the development of directive** Internal technical specialists, senior managers from operations.	Chief Financial/ Sustainability Officer.	2
SKF Group Business Travel Policy	This policy sets out the requirements which all SKF employees shall follow for business travel.	Environmental impact should be limited. Virtual meetings should be the first choice for both external and internal meetings. All travellers should strive to choose the most environmentally friendly travel option when feasible.	**Scope** Business travel by SKF employees. **Stakeholders targeted** Managers and employees who conduct business travel. **Stakeholders involved in the development of policy** Internal technical specialists.	Group Purchasing.	2
Group Energy Sourcing Committee (GESC)	The GESC is a forum with the ultimate authority to decide on commercial and environmental issues to energy sourcing across SKF. The aim is to reduce cost and carbon intensity in the energy supply for the SKF Group.	This group and related instruction drive the deployment of renewable energy at SKF. The representatives from relevant SKF functions shall meet regularly (at least quarterly). The environmental aspects related to sourcing renewable energy, for electricity, should be compliant with RE100 criteria.	**Scope** Energy sourcing for operations globally. **Stakeholders targeted** Managers involved in energy procurement. **Stakeholders involved in the development of policy** Internal technical specialists, senior managers from operations.	Senior Vice President Commercial and Operations Development.	2, 9

E1 Climate change, cont.

E1-3

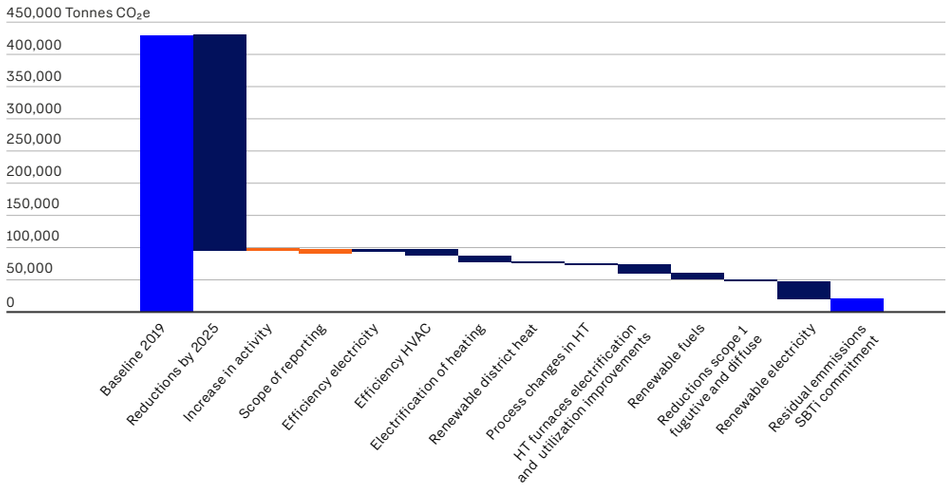
Actions and resources in relation to climate change policies

Levers and actions – SKF own operations scope 1 and 2 [E1-3_MDR-A_26-29]

SKF's target to decarbonize its operations requires, as verified by SBTi, a 95% reduction in the scope 1 and 2 emissions by 2030 compared to 2019. The main strategic levers to achieve this include a focus on energy efficiency, the sourcing and generation of renewable energy and phasing out direct fossil fuel use through electrification or the use of biofuels.

During 2025 there has been significant progress in the further development and realization of the plans for decarbonization. During 2024, each factory developed a decarbonization road map which sets the emissions reduction trajectory for the site, and the investments needed, to achieve the 2030 decarbonization objectives, addressing all three of the described strategic levers. For energy efficiency and fossil fuel phase out, these plans are further defined in a group-wide database in which the detailed actions, investments and expected improvements are described. Significant progress has been made during 2025 in increasing the granularity of these action plans, which are now routinely followed up at Business Area and Business Unit as well as Group level to ensure timely execution of the planned actions and investments and secure the achievement of the 2030 targets. In 2025, six additional factories across SKF's global manufacturing footprint have achieved decarbonized status, marking a significant step towards the target to reach decarbonized operations by 2030. The newly decarbonized sites include Nilai in Malaysia, Puebla in Mexico, Haridwar and Pune in India, Massa in Italy, as well as Ladson in USA. To qualify as decarbonized, the factories must demonstrate a reduction in scope 1 and 2 emissions corresponding to 95% compared to the 2019 baseline, as well as present a clear plan to address any remaining greenhouse gas emissions. They should also show continuous improvement in energy performance. The six factories join the previously recognized facilities in Steyr in Austria, Tudela in Spain, and Gothenburg in Sweden. These nine decarbonized factories represent almost 20% of SKF's baseline manufacturing emissions.

Scope 1 and 2 – Achieved and Expected GHG emission reductions



Energy efficiency

SKF has an energy management system globally certified according to ISO 50001:2018. The certificate covers the 44 most energy-intensive operations making up more than 80% of the Group's total energy use. SKF applies a Group-wide energy efficiency improvement target to all units within the scope of the ISO 50001 standard of 5% compared to the factory, Business Area, Business Unit or Group energy baseline as described below.

The baseline is established using linear regression of the previous two years' monthly energy use in combination with the total value added (a measure of production activity). Other drivers than value added are used for some factories, following a statistical analysis, if value added does not meet set requirements. This KPI reduces distortions associated with more simplistic measurements of energy performance such as production volume variations and allows a focus on the real underlying energy performance. In 2025, the performance against this target was 3.7% compared to the 5.0% target indicating an underlying energy efficiency saving of 34 GWh. This includes all types of energy except energy used for building heating and cooling.

For energy used for building heating and cooling a separate performance indicator has been established, which is however not used as a formal performance indicator integrated in energy management or management follow-up. As energy for heating is a significant contributor to Group's scope 1 emissions, it is, apart from for energy efficiency reasons, critical to reduce heating demand to reduce emissions and enable electrification. The energy performance is calculated by comparing actual energy use with a baseline established using linear regression and heating degree days calculated using local weather data from a weather database. In 2025, the performance improvement was 1.9% indicating and underlying energy efficiency savings of 3.2 GWh.

To drive development and planning of energy savings activities, the Group-wide database with detailed actions is used to show if factories, Business Area, Business Unit and the Group has defined and planned sufficient actions to meet the objectives for future periods. In addition, looking at the 2030 time-horizon, the decarbonization roadmap requires the sites to plan for continually improving energy efficiency.

Factory, Business Area, Business Unit and Group performance towards the energy efficiency target is followed up on a monthly basis using the energy efficiency KPI, and the Group-wide database. A high-level review of the performance and plans is conducted by the Chief Sustainability Officer together with each Business Area and Business Unit President on a half-year basis.

Renewable energy

SKF has a centralized function to manage strategic energy sourcing decisions for the Group, including the sourcing of renewable energy, primarily electricity. Through this function, a roadmap defining the transition towards 100% renewable electricity for all SKF units by 2030 has been defined and is being deployed and followed up. The Group is a member of the RE100 initiative and follows their technical criteria when purchasing renewable electricity. In its work to define and deploy the renewable electricity roadmap SKF is also supported by a third-party energy service provider.

Various approaches are applied in the sourcing of renewable electricity, including the use of power purchase agreements (PPA), virtual power purchase agreements, bundled and un-bundled environmental attribute certificates (EACs) and long-term Renewable Energy Certificate agreements (RECs). Although the most significant contribution will come from the Group's renewable electricity sourcing approach, SKF is also expanding the use of on-site solar PV (photo-voltaic) installations for the self-generation of renewable electricity. Some SKF locations make use of district heating to provide building heating. Due to the very specific and local nature of the district heating systems, the work to decarbonize district heating supply is driven at site-level, with the anticipated results, actions and investments included in the site-level decarbonization roadmap.

Fossil fuel phase out (scope 1 emissions)

SKF makes direct use of fossil fuels, to some extent, at the majority of its locations around the world, primarily fossil natural gas, which is burnt for both building and process heating. These emissions must be reduced from around 53,000 tonnes per year in 2019 to well below 20,000 tonnes by 2030 to achieve SKF's scope 1 and 2 decarbonization objective. The main strategic levers applied to achieve this

E1 Climate change, cont.

are a ban on any new investments in plants or equipment running on fossil fuels and the establishment of a specific investment frame which is intended to fund electrification of assets using fossil fuel or switching to sustainable non-fossil alternatives such as biomethane.

The Group Fossil fuel phase out directive bans any new investment in equipment to be used in SKF which requires fossil fuel and requires that any remaining fossil fuel use is phased out before 2030. An investment frame of 3 BSEK was established in 2023 and is to be applied at the latest by 2028 exclusively for investments needed to deliver on the decarbonization plan in general, including energy efficiency investment, and the fossil fuel phase out in particular.

During 2025, it was observed, following systematic follow-up of approved investment requests making use of the decarbonization investment frame, that progress was not meeting expectations. The main action taken to change this was to introduce the Investment Ready Concept for Decarbonization. This means, SKF sites must have a concrete, feasible and timely plan to meet site specific emissions reduction targets by the end of 2025. If the criteria are not met, all other new investments for the site are halted until such a plan can be presented.

Further, SKF has a Sustainable Buildings directive setting requirements for new, as well as leased buildings in terms of decarbonization and the use of the USGBC's LEED 4.1 standard. As with energy efficiency, Group progress towards the fossil fuel phase out target is followed up on a monthly basis and a high-level review of the performance and plans is conducted by the Chief Sustainability Officer together with each Business Area and Business Unit president on a half-year basis. To drive development and planning of fossil fuel phaseout activities, the Group-wide database with detailed actions are used to show if factories, Business Areas and Business Units and the Group, has defined and planned sufficient actions to meet objectives for future periods.

The relative contribution of these strategic levers toward the achievement of the decarbonized operations 2030 goal is described in the graph in the graph on the previous page "Scope 1 & 2 – Achieved & Expected GHG emission reductions" [E1-3_29b].

Key activities and outcomes 2025 for SKF own operations scope 1 and 2

Key activities and outcomes in 2025:

- Scope 1 and 2 emissions were reduced by 87,403 tonnes compared to 2024.
- The resulting reduction of 79% vs. the 2019 baseline keeps SKF well ahead of the 2030 reduction trajectory.

Main contributors to this development:

- Energy efficiency improved by 3.7%, supported by investments from the BSEK 3 Energy Efficiency and Decarbonization frame (2023–2028).
- Use of renewable electricity increased to 91%, supported by both increased sourcing and PPAs (including leased assets for on-site generation). Notable contribution to reduced emissions from electricity use was achieved by increased renewable electricity sourcing in India, China, Bulgaria and Malaysia, primarily by use of different types of Environmental Attribute Certificates.
- The total emissions from direct fuel use and district heating decreased by –3% supported by targeted decarbonization actions.
- A total of 28 GWh of electricity was self-generated from non-renewable fuel-based sources.
- Production activity decreased moderately compared to 2024, but the change had limited impact on overall energy demand.

Levers and actions – SKF suppliers scope 3 category 1 [E1-3_MDR-A_26-29]

SKF's target is to reduce the upstream, scope 3, category 1 emissions by 32% by 2030 compared to 2019 and to achieve net-zero by 2050 or before, requiring a 90% reduction in scope 3 emissions by 2050.

There are several strategic levers which SKF utilizes to achieve these targets, focusing on improving material efficiency, increasing circularity, increasing the use of secondary materials, increasing the use of renewable energy in the supply chain and the use of emerging and new technologies to produce very low carbon embodied materials. In 2025, SKF's procurement strategy continued to focus heavily on bearing steel and related components, which constitute the most significant volume of materials sourced, both in terms of weight and value. During this period, SKF used approximately 490,000 tonnes of bearing steel and related components. In comparison, the Group sourced around 5,848 tonnes of rubber which, next to steel, is one of the most important materials for SKF, utilized in finished seals or as a raw material for producing seals. Product carbon footprint studies for materials and components of bearings have shown that the embodied carbon in the steel materials and components purchased by SKF accounts for approximately 70% of the total emissions generated across the value chain, from raw material extraction to the delivery of finished products to customers. SKF has prioritized the decarbonization of its upstream value chain for steel and so far, the majority of the measures are focused on this area. As progress is made in the decarbonization of steel, SKF plans to extend its efforts to other critical purchased materials and components. A more detailed description of each of the strategic levers is provided next.

Improving material efficiency

SKF has been working on all aspects of material efficiency in its operations and supply chain for many years. This is driven both by the environmental imperative and by the need for cost efficiency in a competitive market. The work covers aspects such as improved process control and quality, leading to the avoidance of scrap. It also focuses on optimizing component design and tolerancing, to minimize the amount of material needed to be removed before arriving at the finished product. Alternative process routes which allow near-net shape components to be produced are also utilized where feasible.

Increased circularity

SKF's focus on developing solutions toward the circular economy decreases upstream direct material emissions in a number of ways. Examples of this include the increased use of re-manufacturing of used bearings. This allows bearings which would potentially have been scrapped and replaced with new ones to be put back into service, avoiding emissions that would have been generated in production of a new bearing, both in the upstream value chain and in SKF.

Increasing the use of secondary materials

The production of virgin steel, that is steel produced mainly from reduced iron ore, is far more carbon intensive than producing steel from re-melting of scrap. Therefore, increasing the use of scrap-based steel production is an important lever in the reduction of direct material (scope 3, category 1) emissions. SKF's Business Areas and Business Units include this aspect in the development of their steel sourcing roadmaps. Currently around 51% of the total volume of bearing steel sourced by SKF comes from scrap-based steel and it is expected that this will increase significantly in the coming years. While SKF recognizes that increasing the utilization of scrap is needed as part of the overall global transformation towards very low embodied carbon steel, it's important to recognize that the limited availability of scrap compared to the global demand means that it's only one of several measures needed.

Increased use of renewable energy in the supply chain

SKF promotes the use of renewable energy by its suppliers as a means to reduce the carbon intensity of their production processes and the products which they supply. SKF's sustainability standard for suppliers summarizes the Group's expectations on suppliers to evaluate and make use of renewable electricity. SKF also supports suppliers in their development of renewable energy sourcing approaches through training and other means.

Use of emerging and new technologies

The dominance of iron and steel production in the total upstream greenhouse gas emissions impact of SKF results in a focus on emerging technologies that enable a drastic reduction of these emissions, often referred to as green steel technologies. SKF is actively involved in the development and evaluation of such solutions with selected partners such as Voestalpine (hydrogen reduced iron) and Ovako (Electric Arc Furnace with 97% recycled content, powered by renewable electricity).

Communication of SKF's requirements and expectations to suppliers

SKF works proactively with its suppliers and updated its sustainability standard for suppliers in 2025. The standard sets out in detail the Group's expectations and requirements in these aspects. Suppliers are required to provide SKF with scope 1, 2, and 3 (upstream) emissions data in CO_2e for the materials and products supplied. This data must be reported in accordance with SKF's Greenhouse

E1 Climate change, cont.

gas reporting supplier guideline, following the Greenhouse Gas (GHG) Protocol. Suppliers are encouraged to procure renewable electricity and must follow the GHG Protocol for their scope 2 reporting requirements. SKF does not accept the purchase of carbon offsets or climate compensation as a means to reduce supplier scope 1, 2, or 3 impacts. Additionally, selected suppliers of bearing steel shall achieve specific certifications or targets by 2030, such as Responsible Steel certification, SBTi approved targets, or delivery of low embodied carbon steel according to the SteelZero definition. All suppliers are expected to set reduction targets aligned with SKF's goals, prioritize energy and material efficiency and source renewable or low carbon energy. They must also share planned and completed actions towards these targets upon SKF's request. Energy management is another key requirement, with suppliers needing to monitor and manage their energy performance, set goals for improved energy efficiency, and provide relevant details to SKF when requested.

To enhance completeness and accuracy, SKF has now incorporated spend-based emissions data for the remaining of spend (read the details in E1-6 Accounting principles, scope 3, category 1). As a result, reported scope 3, category 1 emissions have approximately doubled. This restatement reflects an expansion in coverage rather than a change in actual performance. SKF will continue to prioritize engagement with suppliers where primary data is available and influence is possible, while progressively transitioning high-impact suppliers identified through the spend-based approach into its primary data programme.

The expected contribution of these strategic levers toward the achievement of the 2030 mid-term net-zero objective is summarized in the graph Scope 3 Category 1 – Expected GHG emission reductions [E1-3_29b].

Key activities and outcomes 2025 for SKF suppliers scope 3, category 1

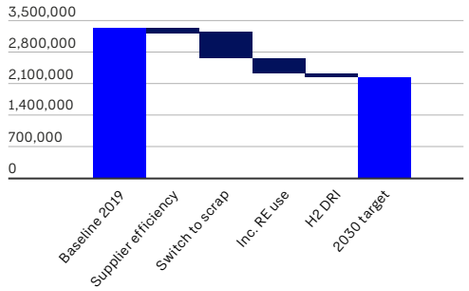
Key activities and outcomes in 2025:

- Mandatory shadow carbon pricing was introduced in July 2024 and applied in 2025 for selected steel sourcing categories. This internal pricing mechanism aims to guide procurement decisions toward lower-carbon options and raise awareness of future carbon cost exposure among suppliers and internal stakeholders.
- Further work was undertaken to increase the completeness of SKF's reported scope 3, category 1 data. Categories which had not previously been reported due to lack of data from suppliers were estimated using a spend-based methodology (read more in the Accounting principles in E1-6).
- Scope 3, category 1 emissions from direct material purchases totalled 2,354,700 tonnes, representing a reduction of 73,800 tonnes compared to 2024.

Main contributors to this reduction:

- Emissions fell by 1% in 2025 versus 2024, largely due to a 7% drop in production volume. The emissions reduction was smaller than the volume decrease because emissions intensity rose as a result of mixed effects.

Scope 3, category 1
Expected GHG emission reductions



Levers and actions – Emissions from logistics – scope 3, category 4 [E1-3_MDR-A_26-29]

The Group focuses on reducing transportation GHG emissions in four main areas.

Decrease transportation need (regionalization)

SKF aims to accelerate inter-regional activities, thereby lowering the need for global transports, and hence significantly reducing the associated CO_2 emissions.

Airfregiht avoidance

SKF implemented a global airfreight avoidance policy in 2024 with the objective of reducing airfreight and promoting less carbon intensive transportation modes (e.g. ocean, railway). The Group also works closely with customers and suppliers to shift from airfreight to sea and rail transportation.

Decarbonizing transportation

In addition to the reduction of airfreight by shifting to other less carbon intensive modes, SKF also works on introducing electric vehicle solutions in collaboration with suppliers. Another lever is to use less carbon intensive fuel types, e.g. HVO100 instead of diesel.

Optimizing transportation

This includes improving fill rates, selecting lower-emission transport modes, and enhancing route planning and vehicle utilization. Initiatives such as the deployment of hydrogen-powered trucks in China and electric vehicle logistics routes in Europe have demonstrated the potential for significant emissions reductions – up to 60% in some cases – while also improving cost efficiency and operational resilience. By working closely with logistics partners and leveraging smarter transport choices, SKF is actively contributing to the decarbonization of its supply chain and supporting broader industry transformation.

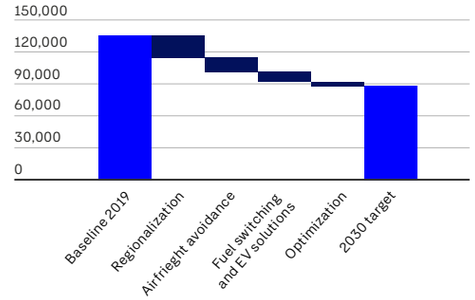
The expected contribution of these strategic levers toward the achievement of the 2030 mid-term net-zero objective is summarized in graph Scope 3, category 4 – Expected GHG emissio reductions [E1-3_29b].

Key activities and outcomes 2025 for Emissions from logistics – scope 3, category 4

Key actions and outcomes in 2025:

- In 2025, logistics emissions were 18% lower than the 2019 base year, driven primarily by a reduction in total shipped weight and a more carbon efficient transport mode mix, particularly a decrease in airfreight. These improvements reflect SKF's ongoing regionalization of the upstream supply chain and increased localization of production closer to end markets, which together reduced reliance on long distance air and ocean transport.
- Compared with 2024, however, 2025 emissions increased by 1%, despite a slight reduction in shipped weight. This year on year rise was caused by a higher share of airfreight and express shipments, largely a response to volatile market conditions and supply disruptions that required faster transport solutions.

Scope 3, category 4
Expected GHG emission reductions



Levers and actions – Emissions from use of sold products scope 3, category 11 [E1-3_MDR-A_26-29]

SKF reports downstream greenhouse gas emissions associated with the use of certain directly powered systems, in line with its SBTi-approved net-zero commitment. These emissions fall under scope 3, category 11 and relate specifically to electrical systems such as magnetic bearings, electric motors, and lubrication systems supplied to customers. While this category represents a relatively small portion of SKF's overall business, it's significant due to the direct energy consumption involved.

Importantly, many of these solutions contribute to improved energy efficiency for customers, either directly or through enabling energy efficient technologies. For example, at a facility in China, chillers using SKF's magnetic bearing technology were installed, enabling the shift to more efficient technology resulting in more than 60,000 MWh of energy savings over their lifetime – equivalent to over 35,000 tonnes of avoided CO_2e emissions based on China's current electricity mix. However, there is currently no widely accepted framework within the GHG Protocol for

E1 Climate change, cont.

reporting such avoided emissions, despite their clear contribution to global decarbonization.

SKF estimates that the direct use-phase emissions from these systems total approximately 1 million tonnes CO_2e annually, based on global average electricity emission factors. While SKF continues to enhance the energy efficiency of its products, the most impactful lever for reducing these emissions lies in the customer's choice to use low-carbon or renewable electricity. Although this is beyond SKF's direct control, the company actively advocates for increased availability of renewable energy through initiatives such as RE100 and broader industry coalitions – supporting the systemic transition needed to decarbonize power generation globally.

Levers and actions – Upstream fuel and energy related activites scope 3, category 3 [E1-3_MDR-A_26-29]

Scope 3, category 3 emissions refer to greenhouse gas emissions generated upstream of energy use – specifically from the extraction, processing, and transportation of fuels used in power generation, as well as emissions from the transmission and distribution of electricity. In 2025, these activities accounted for approximately 38,000 tonnes of CO_2e emissions across SKF's operations.

SKF addresses these emissions through three strategic levers. First, as part of its decarbonized operations programme, the Group is reducing overall energy demand by improving energy efficiency across its facilities. At the same time, SKF is transitioning away from fossil fuels and increasing its sourcing of renewable electricity, thereby eliminating the upstream emissions associated with fossil fuel extraction and processing – currently the largest contributor to this category.

Second, SKF is developing and delivering solutions that enable renewable electricity generation, such as components for wind power systems. These technologies support the broader energy transition and are associated with significantly lower scope 3, category 3 emissions compared to conventional fossil-based power systems.

Third, SKF actively participates in multi-stakeholder initiatives such as RE100, advocating for increased availability and adoption of renewable electricity globally. While the company cannot directly influence the energy choices of all stakeholders, it uses its voice and partnerships to promote systemic change in energy markets – supporting the shift to low-carbon power and helping reduce emissions across the value chain.

Key activities and outcomes 2025 for upstream fuel and energy related activities for scope 3, category 3

Key actions and outcomes in 2025:

- Following a significant increase in renewable electricity sourced, the emissions in this category have been reduced by 22,478 tonnes or 37% compared to 2024.
- Biofuels may have an adverse effect in this category, while significantly contributing to the reduction of scope 1 emissions. No significant such effects have occurred in 2025 compared to 2024.

Levers and actions – Emissions from business travel scope 3, category 6 [E1-3_MDR-A_26-29]

SKF works to reduce emissions from business travel in two main ways. Firstly, the use of virtual meetings is promoted as an alternative to physical meetings. SKF has invested heavily in the IT infrastructure needed to make this feasible. Secondly, through the Group's travel policy and online travel booking solutions, SKF encourages employees to use more carbon efficient transport modes where it is feasible to do so.

Investments to support the transition plan [E1-3_29c]

Execution of the various strategic levers described above requires investments in various forms such as CapEx and additional organizational resources and competence. These investments are executed utilizing two main mechanisms:

SKF internal allocation of climate specific investment frames:

- Decarbonization investment frame

Targeted financing of investments focused on sustainability:

- Green Finance (bond issuance and utilization)
- EIB credit facility

The decarbonization investment frame

The near elimination of direct fossil fuel use in SKF (scope 1 emissions) is a particularly challenging aspect of the overall transition plan. For comparison, scope 2 emissions (which mainly relate to electricity use), can be avoided relatively simply and cost efficiently through the purchase of renewable electricity, whereas scope 1 emission reduction often requires significant capital investment at the site. Examples of the needed investments include electrification of building heat using heat pumps or process heating and associated system improvements which are needed to increase feasibility. In many cases the financial payback of these types of investments is longer than normal and therefore an intervention from SKF Group is required to make sure that the investments take place. Based on a detailed understanding of the situation at SKF's factories around the globe, it was estimated that during 2023 to 2028 around MSEK 3,000 will be needed to achieve our 2030 scope 1 reduction objective, including energy efficiency ambitions. SKF then defined an investment frame and process for the allocation and follow-up of its utilization. During 2023 and 2024 a total of MSEK 429 of this frame has been allocated, and during 2025 an additional MSEK 224 was allocated. The remainder is planned to be primarily allocated during 2026 to 2028.

Green Finance

SKF's Green Bonds are significant financial instruments that align with the company's sustainability commitment and climate targets. Two such bonds have been issued, the first for MEUR 300 in November 2019 and the second for MEUR 400 in September 2022. These are used to fund eligible projects in accordance with SKF's Green Finance Framework. These include capital investments in plant and equipment and product research and development related to cleantech. These are reflected in the Notes 5 and 11 of SKF's financial statement. As such, the green bonds play a crucial role in financing SKF's transition plan for climate change mitigation. By the end of 2024, SKF had financed 220 projects amounting to MEUR 700.

These projects span across various regions and sectors. By the end of 2024, all proceeds from both bonds were allocated to 220 projects totaling MEUR 700, supporting SKF's climate transition strategy. With the allocation phase complete and no changes for 2025, no separate Investor Letter or Impact Report will be issued for 2025.

EIB credit facility

On the 22nd of November 2024, SKF secured a MEUR 430 credit facility from the European Investment Bank (EIB) to support its R&D efforts focused on sustainable technologies which was unutilized by the end of 2025. This financing will enable SKF to accelerate the design and development of technologies that contribute to the green transition and sustainability. The EIB is considered the climate bank of the European Union, and their financing supports the European Green Deal, the EU's plan to achieve net zero emissions by 2050.

Green Finance

	Categories	Currency	Total value million	Allocation 2019–2024	Allocation 2025	Planned allocation 2026–2028	Financial mechanism
Decarbonization investment frame	Electrification & related topics.	SEK	3,000	429	224	1,500	SKF internal allocation
Green Bond	SKF World Class Manufacturing, Investments and acquisitions in production capacity, technology, testing and tooling for cleantech, Green buildings, Renewable energy, Improving process /facility energy or resource efficiency, Cleantech R&D, Product and process related R&D	EUR	700	700	0	TBD	Use of proceeds

E1 Climate change, cont.

METRICS AND TARGETS

E1-4

Targets related to climate change mitigation and adaption *[E1-4_34a-f; AR 31; MDR-T]*

SKF has defined GHG emissions reduction targets for all material emissions-related impacts, and these have been approved by the SBTi both in the near-term (2030) and the long-term (2050). Targets are determined using the 1.5°C-aligned pathway from the SBTi that is aligned with the IEA Net Zero Emissions (NZE) scenario.

The targets are set through dialogues with selected external stakeholders such as the SBTi, combined with input from internal experts who represent stakeholders' views using existing channels of interaction. The targets have been established in the context of a solid understanding of potential future changes in sales, production volume and the impact of technological, operational and market-related changes. For example, in determining the achievability of the 2030 goals for scope 3, category 1 (direct materials) the impact of moving to lower carbon intensity steel production techniques (scrap-based steel combined with the use of renewable energy) has been anticipated. Similarly, the feasibility of the 2030 goal for scope 3, category 4 was evaluated in the light of anticipated impacts of SKF's regionalization and manufacturing footprint plans, bringing SKF's production locations closer to customers and suppliers. The targets are consistent with the GHG reporting boundaries with the following exceptions:

- Scope 3, categories 2, 5, 10 and 12 are not considered material and therefore only 2050 targets are defined for the time being.
- While scope 3, categories 3 (fuel- and energy-related activities not included in scope 1 or 2) and 7 (employee commuting) are considered to have a material impact, SKF has not yet established medium-term targets (2030-2040) for these categories. For category 3, although SKF's efforts to promote renewable energy contribute positively, the indirect nature of this impact makes it difficult to quantify the results in a reliable and consistent way. As such, setting meaningful targets remains a challenge. In the case of category 7, SKF currently lacks a robust methodology to measure emissions from employee commuting across our global operations. Work is ongoing to improve data quality and develop appropriate metrics, which will inform future target-setting.

Please read in more detail on how SKF tracks the overall progress towards the adopted targets over time in E1-1.

Climate targets

	Scope 1, 2 and 3 Full value chain	Scope 1 and 2 Own operations	Scope 3, Cat 1 Upstream	Scope 3, Cat 4 Upstream/Downstream	Scope 3, Cat 11 Downstream
Progress to the net-zero target					
Milestones	2025	40% reduction of CO_2e emissions from manufacturing per tonne of bearings sold, base year 2015	15% absolute reduction in emissions from forgings and rings suppliers vs 2019 [1]		
	2030	95% absolute reduction	32% absolute reduction from purchased goods and services vs 2019	35% absolute reduction vs 2019	28% absolute reduction vs 2019
	2035	Maintain 95%	43% absolute reduction in emissions from direct material vs 2019	55% absolute reduction vs 2019	
	2040	Maintain 95%	60% absolute reduction in emissions from direct material vs 2019	77% absolute reduction vs 2019	
	2050	**Net-zero emissions through 95% reduction of scope 1 and 2, and 90% reduction of scope 3 vs 2019. Remaining emissions addressed via Carbon Dioxide Removals.**			
Addressed material IRO(s)	All, except physical climate risks	2, 5, 6, 9	2, 6	2	2, 3
Linked policy/directive	All policies and directives (see E1-2)	• Fossil Fuel Phase-out • SKF Group Environmental, Energy, Health and Safety • Sustainable Buildings	• Shadow Carbon Pricing • SKF Sustainability standard for suppliers	• Airfreight Avoidance	
Linked action(s)	All decarbonization levers (see E1-3)	Decarbonization levers scope 1 and 2	Decarbonization levers scope 3, Cat 1	Decarbonization levers scope 3, Cat 4	
Baseline value and year	2019 (3,528,869 tCO_2e market-based)	2019 (425,493 tCO_2e)	2019 (3,299,300 tCO_2e)	2019 (136,669 tCO_2e)	2019 (1,012,016 tCO_2e)
Reporting period result	4,933,834 tCO_2e	90,254 tCO_2e	2,743,246 tCO_2e	111,465 tCO_2e	1,803,859 tCO_2e

1) Primary data

E1 Climate change, cont.

Other sub-targets

In addition to these targets, SKF has established a number of sub-targets to drive and follow-up on the strategic levers such as energy efficiency and renewable electricity use. These are summarized below in the table presenting sub-targets.

- Scope 1 and 2 emissions per tonnes of sold bearings, reduction by 40%, was achieved already in 2021, and by 2025 SKF has achieved 87%. This has been achieved through a combination of increased renewable electricity sourcing, energy efficiency, fossil phase-out, and improved productivity.
- The objective for scope 3, category 1 emissions from forgings and rings suppliers has been achieved in 2024, and by 2025 SKF has reached 18.2% reduction.

Please refer to the policy matrix in E1-2 to understand how the targets are interconnected with the respective policies.

Accounting principles E1-4

SKF defined absolute climate targets, measured in tCO2e, for both near-term 2030 and long-term 2050, committing to achieving Net Zero across the value chain by 2050.

The targets and underlying methodology are validated by SBTi following a 1.5˚C cross-sectoral decarbonization pathway. This pathway is based on the IEA Net Zero Emissions by 2050 Scenario (NZE equivalent to IPCC SSP1-1.9) and assumes progressive decarbonization of the power sector, improved energy efficiency, and low-carbon technology deployment. The methodology follows SBTi criteria and recommendations for setting scope 1, 2, and 3 targets. The methodology to quantify GHG corporate inventory follows the GHG protocol. Emission factors and data sources include on-site measurement (e.g., energy use), supplier surveys, and internal LCA studies. SKF selected 2019 as the base year for its SBTi-approved targets because it reflects a typical year in terms of demand, production output, and building heating and cooling needs, and predates the operational disruptions caused by the COVID-19 pandemic.

In line with SBTi's target recalculation criteria, SKF reviews and updates its emissions targets every five-year period. Following the announcement of the automotive business separation, SKF has initiated the internal process of reviewing the impact of this separation on the emissions inventory and climate targets. As a result of this review, SKF will revalidate its existing climate targets. There were no changes in the methodology made since its initial setting. Any future updates will be disclosed.

Targets related to scope 1 and 2 GHG emissions

SKF has committed to reducing its scope 1 and 2 by 95% by 2030 compared to the 2019 base year. The targets cover scope 1 and 2 emissions from all operation sites, aligned with the GHG protocol reporting boundary. For scope 2 emissions, market-based emissions are taken as a reference; however, SKF reports both scope 2 location-based and market-based emissions.

Key assumptions include continued access to renewable energy, technological advancement (e.g., electrification, biogas systems), and increased investments. Action plans are tailored to site-specific conditions and cost-benefit analyses. The underlying methodology follows SBTi's criteria and recommendations for scope 1 and 2 target setting. Due to the expanded scope of scope 1 emissions reporting (see E1-6 Accounting principles, scope 1), the threshold for significance in SKF's SBTi application was exceeded. This triggered the need to restate the current baseline and target. The requirement is being addressed as part of the new SBTi application for the automotive business separation and the corresponding resubmittal for the industrial business.

Target related to scope 3 emissions

SKF has committed to reducing its scope 3 emissions by 31% by 2030 compared to the 2019 base year and reducing scope 3 emissions by 90% by 2050 compared to the same base year. The target related to scope 3 emissions cover scope 3 categories, which contribute the most to the total GHG inventory. The target focuses on the high-impact areas from category 1 (purchased goods and services), category 3 (scope 3 energy-related emissions), category 4 (upstream distribution and transportation), and category 11 (emissions from sold products). The GHG inventory boundaries aligned with GHG protocol reporting boundaries.

Key assumptions include the decarbonization of the steel sector, increased access to sustainable materials, logistic optimization, increased access to renewable fuel, and decarbonization of the power sector. The underlying methodology follows SBTi's criteria and recommendations for scope 3 target setting.

Target related to Net-zero emissions

SKF has committed to achieving Net-zero emissions by 2050 across its scope 1, 2, and 3 emissions by neutralising the remaining 15% residual emissions through high-quality, certified carbon removals.

Sub-targets

Description	Target	Timeframe	Purpose	2025	2024	2023	2022	2021
Manufacturing energy efficiency improvement	5% Improvement	Year-on-Year	Drive focus on energy efficiency at unit and BA level	3.7%	3.5%	4.7%	3.8%	1.7%
100% renewable electricity use	100%	2030	Drive the increase in renewable electricity use in accordance with RE 100 requirements	91%	72%	64%	54%	49%
Scope 1 and 2 reduction	95% Reduction	2030 (2019 base year)	Drive focus on fossil fuel phase out related to energy used in SKF operations	79%	59%	39%	26%	12%
Scope 1 and 2 reduction per tonnes of sold bearings	40% Reduction	2025 (2015 base year)	Previous goal (set before SBTi targets)	87%	76%	66%	60%	51%
Scope 3 category 1 reduction in emissions from forgings and rings suppliers [1]	15% Reduction	2025 (2019 base year)	Drive targeted reductions in supplier emissions	18.2%	15.6%	6.2%	+15.7%	+36.3%

1) Primary data

E1 Climate change, cont.

E1-5

Energy consumption and mix [E1-5_AR 34]

Energy consumption and mix (GWh)	2025	2024	% change
(1) Fuel consumption from coal and coal products	0.0	0.0	
(2) Fuel consumption from crude oil and petroleum products	4.6	5.1	–10%
(3) Fuel consumption from natural gas	215.9	222.7	–3%
(4) Fuel consumption from other fossil sources	13.9	16.6	–16%
Of which fuel consumption from LPG	13.9	16.6	–16%
(5) Consumption of purchased or acquired electricity, heat steam and cooling from fossil sources	105.4	278.2	–62%
Of which purchased electricity (fossil sources)	55.0	223.3	–75%
Of which purchased heat and cooling (fossil sources)	50.5	54.9	–8%
(6) Total fossil energy consumption	**339.8**	**523.0**	**–35%**
Share of fossil sources in total energy consumption	24%	35%	
(7) Consumption from nuclear source	16.1	70.0	–77%
Of which purchased electricity (nuclear)	16.1	70.0	–77%
Total consumption from nuclear sources	**16.1**	**70.0**	**–77%**
Share of consumption of nuclear sources in total energy consumption	1%	5%	
(8) Fuel consumption from renewable sources, including biomass	25.7	28.2	–9%
Of which fuel consumption from biomethane and biogas (renewable)	17.3	17.3	0%
Of which fuel consumption from biomass (renewable)	8.4	10.9	–23%
(9) Consumption of purchased or acquired electricity, heat steam and cooling from renewable sources	1,045.1	838.3	25%
Of which purchased electricity (renewable)	998.8	790.8	26%
Of which purchased heat and cooling (renewable)	46.3	47.4	–2%
(10) Consumption of self-generated non-fuel renewable energy	15.8	35.3	–55%
Of which self-generated electricity (non-fuel renewable)	15.8	35.3	–55%
(11) Total renewable energy consumption	**1,086.6**	**902.0**	**20%**
Share of renewable sources in total energy consumption	75%	60%	
Total energy consumption	**1,442.5**	**1,494.0**	**–3%**

Accounting principles E1-5 [MDR-M]

The total volumes of purchased electricity and natural gas (including renewable sourcing) are primarily based on invoices validated on group level. Gap-filling is done using site reported volumes which may be from meters or locally collected invoices. For other energy sources, activity data is collected from the sites through the common reporting system. Also, here the primary data source will be invoices but the invoices are not sent for validation on group level.

Energy consumption from fossil, nuclear and renewable sources

For electricity, renewable energy has been accounted for only where supplier specific statements are available. This means that when grid averages are used, SKF takes a conservative approach, and the renewable portion of such grid mixes is accounted for as fossil sources. As SKF sources its electric energy in line with RE100 criteria, nuclear energy is only reported where the Group report grid mix energy. On-site non-fuel renewable electricity is collected from the sites as part of monthly energy reporting. Some of the solar PV installed in SKF locations are leased assets, thus reported as PPA.

For district heating, supplier specific data is used to separate between fossil and renewable sources. If such data is not possible to acquire, this energy is assumed to be from fossil sources.

For remaining fuel-based energy use this is only reported as renewable if separate documentation is available and possible to review. Grid-injected bio-methane is also considered renewable, if it fulfils the internally set requirements for such use.

E1 Climate change, cont.

E1-6

Gross Scopes 1,2,3 and Total GHG emissions (Tonnes CO_2e) [E1-6_AR 48]

			Targets			
	Base year 2019	2025	% change 2025 vs 2024	2030	(2050)	Annual % target/ base year
Scope 1						
Gross scope 1	64,620	51,199	–1.8%	●	●	8.6%
from ETS		8.2%				
Scope 2						
Gross location-based	518,500	338,562	–14%			
Gross market-based	360,873	39,055	–69%	●	●	8.6%
Significant scope 3 GHG emissions						
1. Purchased goods and services	3,299,269	2,743,246	–1%	●	●	2.9%
2. Capital goods	16,500	19,105	–25%			
3. Fuel- and energy-related activities (not included in scope 1 or 2)	97,527	37,894	–37.2%			
4. Upstream transportation and distribution	136,669	111,465	1.4%	●	●	3.2%
5. Waste generated in operations	38,378	20,772	–41%			
6. Business travel	12,954	12,565	8%			
7. Employee commuting	56,132	46,292	–4.4%			
8. Upstream leased assets	NA	NA	NA			
9. Downstream transportation and distribution	21,867	17,834	1.4%			
10. Processing of sold products	8,390	8,667	–2%			
11. Use of sold products	1,012,016	1,803,859	48%	●	●	2.5%
12. End-of-life treatment of sold products	21,713	21,881	–1.1%			
13. Downstream leased assets	NA	NA	NA			
14. Franchises	NA	NA	NA			
15. Investments	NA	NA	NA			
Total GHG emissions						
Total location-based	**5,304,535**	**5,233,341**				
Total market-based	**5,146,908**	**4,933,834**				

Sources of emissions

Tonnes CO_2e	2025	2024	2023
Direct (scope 1)			
LPG (incl. renewable)	3,040	3,638	4,197
Fuel oil (incl. renewable)	1,360	1,477	1,639
Natural gas (incl. renewable)	39,939	40,615	43,880
Biomass	97	117	NA
Methanol	2,222	1,764[1)]	1,922[1)]
Refrigerants	4,542	4,542[1)]	4,542[1)]
Supplied (scope 2), market-based			
Electricity	31,484	117,817	195,978
District heating and cooling	7,571	7,688	8,046
Total CO_2e emissions, market-based	**90,254**	**177,657**	**260,203**

1) Estimated following restatement of the baseline.

Biogenic emissions

Tonnes CO_2e	2025	2024
Solid biomass	2,969	3,853
Biomethane	3,242	3,456
Scope 1 Total	**6,211**	**7,309**
Scope 2 Total[1)]		
Scope 3 Total[1)]		

1) Data has not yet been possible to acquire.

Contractual instruments for purchase of renewable energy

Type of instrument	Share of total purchased electricity (renewable)
PPA on-site (a)	3.3%
PPA physical grid-connected (a)	5.3%
vPPA financial (virtual) (b)	15.9%
Project specific contract (b)	13.4%
Retail green electricity supply contract (a)	54.2%
Unbundled EACs (b)	7.9%

a) Bundled; b) Unbundled

E1 Climate change, cont.

Accounting principles E1-6

There were no significant changes in the Group's definition of what constitutes the reporting undertaking and its upstream and downstream value chain.

Gross Scopes 1,2,3 and Total GHG emissions are reported according to the Greenhouse Gas (GHG) Protocol Corporate Reporting Standard. SKF is prioritizing primary data over secondary data and mass allocation is preferred over economic allocation. GHG included are Carbon dioxide, Methane, Nitrous oxide, Hydrofluorocarbons, Perfluorocarbons, Sulfur hexafluoride and Nitrogen trifluoride. Table E1-6 summarizes SKF scope 1, scope 2, and relevant scope 3 emissions. This forms the basis for the calculation approach outlined below and described in more detail in 'SKF Methodology for Corporate Carbon Footprint'.

Direct GHG emissions (scope 1)

Emission factors for fuel use are derived from DEFRA. For verified uses of renewable fuels, corresponding DEFRA emissions factors are used for direct emissions, covering local fugitive emissions. This currently applies for Gothenburg (RED-Cert bio-methane), Non-energy scope 1 emissions include methanol where an emission factor based on specific characteristics in SKFs processes is used. For refrigerants, different publicly available sources for emission factors are used to cover the wide range of types. Underlying refrigerant volume for emission calculation are based on the amount needed for refills to cover leaks. Some sites use 2024 data for 2025 reporting to achieve alignment with local reporting requirements. The emissions included in the scope of reporting increased by 15% in 2025 due to the inclusion of methanol and refrigerants. This expansion resulted in an additional 6,764 tonnes of CO_2e in scope 1.

Biogenic emissions

Biogenic emissions are reported only in scope 1 as it has not been deemed possible to acquire meaningful data for the other scopes. The scope 1 biogenic emissions are calculated using DEFRA emission factors based on the fuels that are reported as renewable in E1-5.

Scope 2 – market based

Includes indirect emissions from purchased power, heat, and steam, categorized into electricity and district heating. For electricity, primary data is mostly used, meaning contractual emission factors from electricity suppliers or suppliers of instruments of renewable electricity are applied. Where such data has not been possible to acquire, grid mixes from IEA are used (where possible, residual mixes are used). For district heating specific contractual emission factors from local district heating suppliers are primarily used, and in some cases where such data has not been possible to obtain, emissions factors from DEFRA are used based on statements on the fuels used.

Scope 2 – location-based

Includes indirect emissions from purchased power, heat, and steam. Electricity emission factors have been taken from IEA, DEFRA and other recognized data sources. Emission factors from DEFRA are used for district heat except certain sites in Germany, Sweden and Poland where specific emission factors from suppliers are provided by the local district heat provider.

Scope 3, category 1

Primary data from suppliers is preferred, using GHG intensity (kg CO_2e/kg product) multiplied by weight supplied. Secondary data is only used when primary is unavailable.

In 2025, SKF has broadened its reporting of scope 3, category 1 GHG emissions to include data previously excluded from purchased goods and services. Historically, reporting focused on a limited set of major direct material suppliers, using primary data based on supplier-specific emission factors and purchased weight. This approach provided meaningful insights into supplier performance and enabled SKF to actively drive reductions.

To improve completeness and accuracy, SKF has now incorporated spend-based emissions for the remaining of spend. These calculations apply generic emission factors from a recognized third-party database – the Comprehensive Environmental Data Archive (CEDA), which is GHG Protocol compliant – to spend categories where primary data is unavailable. As a result, reported scope 3, category 1 emissions have approximately doubled. This increase reflects expanded coverage rather than a change in actual performance. SKF will continue to prioritize engagement with suppliers where primary data is available and influence is possible, while progressively transitioning high-impact suppliers identified through the spend-based approach into its primary data program. The emissions for the 2019 base year have been restated by adding spend-based emissions calculated using historical spend data from SKF's internal systems.

Scope 3, category 3

For electric power where grid mix is used, generic scope 3 emission factors are applied. In the case of renewable electricity, emissions from fuel and generation are considered zero. Transmission and distribution (T&D) emissions are also set to zero, but only for on-site generated non-fuel electricity and power purchase agreements (PPAs). For all other purchased electricity, national average emission factors are used for T&D.

For fuels, generic emission factors from DEFRA are applied. When it comes to biofuels, supplier-specific data is used where available; otherwise, DEFRA's generic emission factors are used.

Scope 3, category 4

During 2025 SKF introduced a new reporting method for logistics emissions, that is based on the utilization of an externally provided tool and aims to improve quality and granularity of this metric. Emissions from transport and distribution services purchased by SKF include inbound logistics from tier 1 suppliers, outbound logistics for sold products, and transportation between SKF facilities using vehicles and infrastructure not owned or controlled by SKF.

Transportation activity data is collected monthly for all major transport modes used by SKF. The modes are air, ocean, rail, and road. The emission factors come from scientifically validated datasets developed by independent research institutes such as ifeu, INFRAS, and Fraunhofer IML. These factors are based on detailed life-cycle assessments of transport modes and energy sources, incorporating real-world data on fuel consumption, vehicle technology, and infrastructure. They follow international standards like ISO 14083, the GLEC Framework, and the GHG Protocol, ensuring consistency and credibility.

The transport-emissions for scope 3 category 4 have been adjusted to the 2019 base year by applying the updated calculation methodology for transport-emissions. Under this approach, the Company first determined the average CO_2e per tonne shipped for each transport mode using the data from the first half of 2025, and then recalculated the 2019 baseline by multiplying these mode-specific emission factors by the corresponding weight of products shipped by each mode in 2019.

The first step (using the approach described above), is to ensure the reporting scope, such as routes and regions, remains consistent with the previous calculation method. During this step SKF relies on the standardized energy and GHG emission calculation assumptions embedded within the new calculation tool.

Scope 3, other categories

- Category 2: Emissions from manufacturing equipment are calculated with emission factors based on representative production machines for CapEx.
- Category 5: Emissions are calculated using waste data at site level together with commercial emission factors.
- Category 6: Primary data for air travel from agencies.
- Category 7: Average data method is used. Emissions based on employee count, region, and commuting patterns.
- Category 9: Emissions have been estimated using high-level assumption due to the absence of detailed data. Based on SKF logistics experience, approximately 20% of outbound logistics is assumed to be customer pick-ups, which falls under category 9. The CO_2e emissions are calculated by extrapolating the emissions calculated under scope 3 category 4 by leveraging the assumption of 20%. For further explanation on the methodology refer to the accounting principles for scope 3, category 4.
- Categories 10 and 12: Based on product weights and assumptions on mounting and end-of-life treatment.
- Category 11: Estimated direct energy use multiplied by global average electricity emission factor.

E1 Climate change, cont.

SKF does not report scope 3, categories 8, 13, 14 and 15 because these categories are not relevant to the Group's business model; the activities covered by these categories do not occur within SKF's operations or value chain.

Energy and GHG intensity based on net sales [E1-5_AR 37-38, E1-6_AR 54-55]

Energy and GHG intensity per net sales	2025	2024	% change
Net sales (MSEK)	**91,583**	98,722	–7%
Total energy consumption (GWh)	1,443	1,494	–3%
GHG intensity, market based (T/MSEK)	53.87	45.78	18%
GHG intensity, location based (T/MSEK)	57.14	48.48	18%
Energy intensity (MWh/MSEK)	15.75	15.13	4%

Accounting principles

All revenue-generating activities relate to the NACE Class 28.15 "the manufacture of bearings, gears, gearing and driving elements" or related supporting activities. This is designated as a high climate impact sector in Commission Delegated Regulation (EU) 2022/1288. As the Group is not active in other sectors, all its activities and revenue come from activities in high climate impact sectors. The net sales figure used is consistent with the net sales reported in the Group's consolidated income statements.

E1-7

GHG removals and GHG mitigation projects financed through carbon credits

SKF does not make use of carbon credits and has not developed any projects for GHG removals and storage.

E1-8

Internal carbon pricing

SKF applies a shadow carbon price as part of its internal decision-making processes to support the transition to lower-carbon materials and energy sources. This approach is not yet reflected in standard cost accounting but is used to influence procurement, investment, and strategic planning decisions.

Application in Direct Material Purchasing

Scope 3, category 1 emissions from direct material purchasing account for approximately 2.35 million tonnes of CO_2e annually, representing 76% of SKF's total cradle-to-gate GHG emissions. A significant share – 70% is attributable to the sourcing of steel and steel components. To address these emissions, SKF has implemented a shadow carbon pricing directive targeting upstream material sourcing, particularly steel. The directive is designed to:

- Raise awareness among purchasing, product line, and commercial teams.
- Encourage consideration of lower-carbon alternatives.
- Prepare for future regulatory and market-driven carbon costs.

The shadow carbon price is currently set at EUR 100 per tonne of CO_2e, aligned with anticipated EU ETS prices and the expected impact of the Carbon Border Adjustment Mechanism (CBAM) and the phase-out of free allocations under the EU ETS by the late 2020s.

This price is applied to sourcing decisions involving bar, tube, and wire steel products, which together represent 24% of SKF's upstream steel-related emissions.
The volume of emissions subject to shadow pricing in this category is estimated at 400,000 tonnes of CO_2e annually. The directive mandates that:

- A shadow carbon cost is calculated for all sourcing decisions exceeding MSEK 10 annually.
- The carbon price is included in customer discussions where feasible.
- Manual calculations are performed by designated Business Area and Business Unit personnel.

Application in Energy-Related Investments

SKF also applies shadow carbon pricing in its capital investment process where energy use is affected. In these cases, the anticipated future cost of renewable energy is included in the financial scenario. This covers Energy Attribute Certificates (EACs) required to meet RE100-aligned renewable electricity targets as well as expected future additional cost of bio-methane for natural gas uses, as this would be required unless electrifying current fossil gas uses. This approach:

- Reflects expected increases in EAC prices and renewable fuel premiums.
- Improves the payback profile of energy-saving and GHG-reducing investments.
- Increases the likelihood of project approval.

All such projects are tracked in the FTJ Energy and Carbon Savings Tracker, with oversight at the Business Area and Business Unit level and sample reviews at Group level. Detailed guidance is provided to ensure consistent application of the shadow EAC price in financial modelling.

Governance and Review

The shadow carbon pricing directive is governed by SKF's sustainability and finance functions. The purchasing team is responsible for calculating embodied carbon and applying the shadow price in procurement decisions. The Group Sustainability team reviews the price level annually, with adjustments made based on evolving regulatory and market signals.

Compliance with the shadow carbon pricing directive has been required since 1 July 2024.

Internal carbon pricing schemes [E1-8_AR 66]

Types of internal carbon prices	Scope	Carbon prices applied (Euro/tCO2eq)	Volume at stake (tCO2eq)	Share of overall GHG emissions (%)
Energy-related CapEx Shadow Price	Scope 1 and 2	154	69,700	1%
Direct Material Purchasing related Shadow Price	Scope 3 C1	100	400,000	8%

E5 Resource use and circular economy

The shift from a linear to a circular economy is essential for reducing environmental impact and building resilience in a resource-constrained world. For SKF, circularity is not only about minimizing waste, but also about rethinking how materials, products, and services flow through our value chain. From sourcing raw materials to product design, manufacturing, and end-of-life strategies, SKF aims to maximize resource efficiency and reduce reliance on virgin raw material. Circularity is a strategic lever for SKF's long-term competitiveness and for our climate targets. By expanding circular offerings, solutions and services SKF creates shared value and accelerate the market transition toward circular business models.

	Description of IRO	Type of IRO	Value chain	Time horizon
E5 – Resource inflows				
12	**Increasing demand for products and business models with improved circular performance** By offering more circular solutions like remanufactured bearings, RecondOil and other services, SKF contributes to reducing the demand for virgin raw materials, thereby having a positive environmental impact. Even though these offerings with improved circular performance are still a smaller part of the business, SKF considers them to be strategically important, accelerating the circular transition in the market. In addition, SKF is collaborating with suppliers and customers as well as engaging in cross-industry collaborations such as ResponsibleSteel and SteelZero to promote the use of more environmentally responsible materials, fostering sustainable resource cycles and encouraging broader systemic change.	Actual Positive Impact	↑ ▬ ↓	Mid-term
13	**Reliance on virgin raw materials sourced for production** SKF's sourcing of raw materials constitutes a significant negative environmental impact from a lifecycle perspective. The extraction and processing of these materials are associated with high energy use, emissions, and resource depletion. Steel remains the dominant input, but materials used for lubricants and seals also originate largely from non-renewable resources. These materials will likely remain central to SKF's business.	Actual Negative Impact	↑	Short-term

↑ Upstream ▬ Own operations ↓ Downstream

	Description of IRO	Type of IRO	Value chain	Time horizon
E5 – Resource outflows				
14	**Designing, developing and providing products and solutions for circularity** SKF is developing products and services that have an important positive impact on the transition of circularity and the planet. Further, during the product development phase, SKF is focusing on designing for circularity to enable reuse, remanufacturing and refurbishment. Products are designed for disassembly, modularity, repairability, or recyclability. The design also aims to increase material efficiency to reduce material input and optimize manufacturing and supply chains to reduce waste generation.	Actual Positive Impact	↓	Long-term
15	**Limited closed-loop material flows** Even though SKF is pushing for more circularity of products, most of the products and materials leaving its operations are not in a closed recycling loop. While steel is usually recycled at end-of-life, it is often melted down to a lower quality than what SKF can re-use as a bearing steel. Furthermore, seals and lubricants are usually not re-cycled. Therefore, SKF considers its negative impact in this area as material.	Actual Negative Impact	↑ ▬ ↓	Short-term
16	**Winning business in a circular economy** The accelerating shift toward circular economy practices presents a commercial opportunity for SKF. As customer expectations evolve and circularity becomes a growing factor in procurement decisions, SKF can position itself as a first mover with circular offerings such as remanufactured bearings and RecondOil. These solutions enable customers to meet their own sustainability and climate targets, enhancing SKF's value proposition. In addition to creating new market opportunities, circular business models help SKF reduce its dependence on virgin raw materials. This contributes to minimizing exposure to risks associated with resource scarcity, volatile input prices, and geopolitical supply chain disruptions, making the company more resilient in the long-term. Tightening legislation and market dynamics, especially in the EU, further reinforce the relevance of circularity as a strategic lever for competitiveness and growth.	Opportunity	↓	Short-term
E5 – Waste				
17	**Waste generated in own operations** SKF generates both hazardous and non-hazardous waste in its own operations, which has a material negative environmental impact on the planet. Some core materials are inherently difficult to recycle.	Actual Negative Impact	▬	Short-term

E5 Resource use and circular economy, cont.

IMPACTS, RISKS AND OPPORTUNITIES

E5 - ESRS 2 IRO 1

Description of the process to identify and assess material resource use and circular economy-related impacts, risks and opportunities

As part of its DMA, SKF has evaluated its entire value chain – from raw material extraction to product end-of-life – to identify actual and potential impacts, risks, and opportunities. The detailed methodology of the DMA, including applied tools, assumptions, and processes, is described in IRO-1 Description of the process to identify and assess material impacts, risks and opportunities section. For ESRS E5, all assets and activities were screened for the identification of IROs related to resource inflows, outflows, and waste. This included stakeholder engagement across SKF's operations and value chain – upstream and downstream – covering customers, employees, suppliers, and civil society. Customers emphasized decarbonization and energy efficiency, aligning with SKF's sustainability ambitions. Suppliers highlighted the need for transparent sustainability practices, while civil society expressed expectations for SKF to reduce environmental impacts and support circular economy objectives.

Ongoing engagement also takes place with local communities near SKF sites; to date, no significantly affected communities have been identified in relation to resource use. Further details on stakeholder dialogues are described in SBM-2 Interests and views of stakeholders' section.

E5-1

Policies related to resource use and circular economy

SKF has established a set of policies that directly support the identification and mitigation of material IROs under ESRS E5, aligned with circular economy principles. All policies are approved by the respective SVP and the assigned Governance Body, and owned by the respective Director, with contributions from the relevant subject matter experts, and apply across all SKF Business Areas and Business Units. They are reviewed and updated by the assigned SKF Group Governance Body on a scheduled basis at least yearly to reflect emerging risks and opportunities identified through SKF's materiality assessment. The most relevant policies for ESRS E5 are outlined below. These policies guide the implementation of circular strategies – such as recycling, waste management, and resource efficiency, by promoting reduced reliance on virgin materials, increased use of recycled content, and a transition toward more sustainable and renewable resource use.

Policies and directives related to resource use and circular economy

Name	Background / objective	Key content	Scope/key stakeholders	Accountability	IRO number
SKF Code of Conduct for Suppliers and Sub-Contractors	SKF is committed to conduct business in an economically, socially, and ethically responsible manner throughout the full value chain. SKF expects its suppliers and sub-contractors to adhere to all applicable laws and regulations.	Clear expectations for suppliers to assess, manage, and report their environmental impact, including material use, emissions, and waste. It encourages improvements in product and process circularity, such as using recyclable materials, designing for repair or disassembly, and avoiding restricted or conflict materials. This supports compliance with legal requirements and reinforces responsible sourcing throughout the value chain.	**Scope** Upstream supply chain. **Stakeholders targeted** Applies to all suppliers and sub-contractors globally, including their own supply chains. **Stakeholders involved in the development of policy** Group Sustainability, Group Legal & Compliance, and local procurement teams.	SKF Business Operations, supported by SKF Group Legal & Compliance responsible for policy ownership, governance and oversight.	13, 15
Shadow Carbon Pricing Policy	This policy aims towards internalizing the environmental cost of steel and steel components within SKFs supply chain by implementing a Shadow Carbon Price (SCP).	The SCP, while not a direct expense, should be calculated and used together with other parameters to influence supplier selection for all major direct material sourcing decisions related to steel bar, tube and wire. These materials are included in the initial scope because of their high GHG emissions impact and the relative ease of calculating a shadow carbon price. The policy incentivizes sourcing of materials with lower embodied carbon emissions, which often is accomplished through the use of steel produced with high scrap content.	**Scope** Sourcing of bearing steel for SKF operations globally. **Stakeholders targeted** SKF Managers involved in direct material sourcing. **Stakeholders involved in the development of policy** Internal technical specialists, senior managers from purchasing.	Chief Financial/ Sustainability Officer.	13, 15
SKF Group Environmental, Energy, Health and Safety Policy	SKF is committed to leading in sustainability. This policy sets out the proactive approach taken to address environmental, energy, health and safety aspects along the value chain.	The policy includes environmental protection by proactively addressing climate change through both mitigation and adaptation strategies, preventing pollution, minimizing the use of harmful substances, and promoting sustainable resource utilization by reducing waste and increasing circularity. SKF has an environmental management system globally certified according to ISO 14001:2015. The certificate covers all significant SKF manufacturing, warehouse and research and development operations and helps drive continual improvement in environmental performance by utilising the plan-do-check-act cycle.	**Scope** SKF operations globally and upstream supply chain. **Stakeholders targeted** Managers and employees at SKF and in supply chain with potential impact on EHS performance. **Stakeholders involved in the development of policy** Internal technical specialists, senior managers from operations, 3rd party auditors (to confirm compliance with ISO 14001:2015 standard).	Senior Vice President Group Commercial and Operations Development & Chief Financial/ Sustainability Officer.	15

E5 Resource use and circular economy, cont.

E5-2

Actions and resources related to resource use and circular economy

In 2024, SKF developed a circularity overview, which illustrates how circularity spans the entire business and connects resource inflows, resource outflows, and waste. This overview supports the visualization and communication of SKF's company-wide transformation and ongoing activities that contribute to more circular practices, see graph on the right.

Circularity will continue to influence SKF's approach to materials, production, supply chains, and business models. The previous Circularity Programme helped to identify more than 100 initiatives across the company that contribute to circular practices. With the programme now concluded, SKF's circularity work continues through Group Sustainability and through initiatives that are integrated into existing business area activities and operational structures. The following sections present examples of key ongoing initiatives. Resources are allocated as needed to support effective implementation, and ongoing activities involve SKF operations, suppliers, and customers throughout the year. All activities are year-round efforts involving SKF operation, suppliers and customers.

Green Steel Sourcing

SKF prioritizes the use of secondary raw materials where feasible, with a strong focus on steel, which represents the company's largest material inflow. To reduce its reliance on virgin iron ore and lower the carbon footprint of its products, SKF is actively working to increase the share of recycled and low-emission steel in its supply chain. This includes strategic engagement with suppliers of Electric Arc Furnace (EAF) based steel and ongoing assessments of supplier capabilities and emissions profiles.

E5 Resource use and circular economy, cont.

Bio-based Materials
SKF is exploring bio-based alternatives to reduce dependency on fossil-based fluids. Current developments include bio-based grinding emulsions as a process fluid, which are undergoing extensive testing. These trials are being expanded globally as part of SKF's commitment to sustainable manufacturing.

Remanufacturing
SKF promotes circularity by extending the lifespan of products across industries like the railway, metals and aerospace industries. Remanufacturing extends the service life of bearings, reduces environmental impact, increases asset reliability, and cuts cost.

Additionally, remanufacturing ensures that high-quality steel remains in the recycling loop, either by reusing it in bearings or recycling it into high-quality steel for new products. Remanufacturing directly addresses the risks of resource scarcity and rising costs by extending product lifecycles.

RecondOil
SKFs double separation technology (DST) enhances the circularity of industrial oil by regenerating it into a reusable asset, preventing it from aging, and eliminating the need for new oil purchases. By removing even the smallest contaminants, DST allows the same oil to be used indefinitely, reducing waste and carbon footprint across various industries, while improving machine reliability and efficiency.

Laser metal deposition (LMD)
SKF Infinium bearings, manufactured using additive manufacturing technique, enhances the circularity of bearings by enabling severely damaged bearings to be renewed and thereby repeatedly used in applications. In the remanufacturing process, severely damaged surfaces are exchanged (about 15% of the weight) generating only maximum 25% of CO_2 emission compared to new bearings. The SKF Infinium bearings are verified inhouse and validated in field, demonstrating high toughness and durability, corrosion resistance and low wear. Product and manufacturing optimization is ongoing, and large-scale industrialization is initiated.

Waste initiative
SKF is committed to minimizing waste generation and promoting circularity across its value chain as part of the SKF Group Environmental, Energy, Health and Safety Policy. This includes upstream efforts such as the use of near-net shape production technologies like cold rolling, which reduce the amount of material that needs to be removed in subsequent machining processes. Within SKF's operations, optimized processes help avoid scrap and excessive material use, contributing to more efficient resource utilization. SKF also performs on-site recycling of lubrication oil at selected facilities using its proprietary RecondOil technology. Although this initiative is not yet reported separately, it represents a strategic innovation in waste reduction and resource recovery. Downstream, SKF extends the life of its products and the systems in which they operate through remanufacturing, thereby preventing waste and supporting a more circular approach. Additionally, local objectives are established to drive performance up the waste hierarchy, prioritizing prevention, reuse, and recycling. The company is expanding its internal waste reporting framework to include more granular waste fractions and increasing reporting intervals from half-yearly to quarterly. Read more about SKF's progress in measuring and improving our waste performance in E5-3 and E5-5.

METRICS AND TARGETS

E5-3

Targets related to resource use and circular economy

SKF has two Group-level targets aimed at promoting more sustainable resource inflows and improved waste management. These targets reflect SKF's proactive approach to sustainability and address key IROs under ESRS E5. Stakeholders engaged in the target-setting process primarily included internal subject matter experts that considered internal conditions and external factors.

SKF has not yet established formal targets for resource outflows or circular product design. However, several internal initiatives are in progress, and SKF is actively working to define measurable and reportable targets in these areas. Further updates are expected to be communicated within the next years. The current targets are presented below.

Buy and use 100% net zero steel by 2050, or earlier
Steel is by far SKF's largest material inflow. The Group has set the target to source and use 100% net-zero steel by 2050, or earlier, compared to the 2019 baseline when no net-zero steel was used due to the lack of technical availability.

This target is aligned with the SteelZero initiative, a global collaboration accelerating the transition to a net-zero steel industry. By setting this target, SKF addresses key material impacts linked to steel production. The long-term transition to net-zero steel is expected to reduce the Group's overall environmental footprint while supporting sustainable production methods. This commitment applies globally across SKF's supply chain to ensure future access to net-zero steel in all operational regions. A critical part of achieving this target is to maximize the use of scrap-based steel (secondary raw material), typically produced in Electric Arc Furnaces (EAF). Increasing the share of scrap-based steel simultaneously lowers embedded emissions and improves circularity by raising the percentage of secondary raw materials in SKF's material inflows. In 2025, an estimated 51% of SKF's steel inflows were manufactured with scrap; SKF will continue to increase this share as a key milestone on the path to net-zero steel. This approach complements broader circularity measures such as remanufacturing and design for circularity, which keep materials in use for longer and reduce demand for virgin resources.

Recognizing systemic constraints – including finite global scrap availability and the current scarcity of net-zero primary steel – SKF combines increased scrap use with supplier engagement on low- and near-zero-emission primary routes. Participation in initiatives such as SteelZero and ResponsibleSteel helps send a clear demand signal and supports credible definitions and verification pathways. SKF has set an interim milestone for 2030, requiring selected bearing steel suppliers to meet at least one of the following criteria:

- Steel produced at a site where the steelmaker has adopted a science-based emissions reduction target; or
- Steel classified as "lower-emission", in line with ResponsibleSteel Decarbonisation Progress Level 2.

To support this transition, SKF applies its Sustainability Standard for Suppliers and engages in targeted collaborations to increase the availability of qualified recycled and low-emission steel. This includes promoting Electric Arc Furnace (EAF) routes utilizing a high proportion of secondary steel and powered by renewable electricity, which significantly reduce carbon intensity compared to conventional production methods.

Progress against the target and milestones will be reviewed annually as part of SKF's sustainability reporting cycle.

A recycling rate above 80% for grinding swarf
Grinding swarf, a mixture of small metal particles, abrasives, and emulsion, is a significant focus area for SKF due to its classification as hazardous waste. If not properly managed, grinding swarf can pose environmental risks; however, it also presents a valuable opportunity to recover metal content for reuse in other applications. Recognizing both the risks and the potential, SKF has set a Group-wide target to achieve and maintain a recycling rate above 80% for all sites that generate grinding swarf. Progress towards this target is closely monitored through governance forums, such as the half-year EHS reviews conducted with Business Areas and Business Units.

Historically, SKF has met this target, but maintaining it consistently across all regions has proven challenging. Factors such as variations in local legislation, differences in available treatment infrastructure, and fluctuations in scrap market prices have impacted performance. In parallel, the company is actively seeking and collaborating with business partners who can utilize grinding swarf as input material in their production processes, either directly or indirectly.

E5 Resource use and circular economy, cont.

During 2025, SKF continued to invest in briquetting technologies and strengthen strategic partnerships for waste management, laying the groundwork for improved recycling performance. These efforts are expected to increase the overall recycling rate in the coming years. Key challenges remain in certain regions, but targeted solutions are being developed to overcome them. Innovation, infrastructure development, and cross-sector collaboration will be essential to reduce landfill dependency and meet long-term environmental goals. During 2025, the rate of recycled or reused grinding swarf increased to 66% compared to 65% the previous year.

Looking ahead, SKF is evaluating a realistic and meaningful target year for achieving consistent grinding swarf recycling performance across all relevant sites. This future target will be based on technical feasibility, regional readiness, and partner capabilities, and will be communicated once finalized. The ambition is to not only maintain but improve the recycling rate beyond 80%, ensuring that grinding swarf becomes a resource rather than a liability in SKF's environmental strategy.

E5-4

Resource inflows

SKF uses a wide range of materials in its operations, including metals, plastics, rubber, hydraulic oil, grease, and water. Steel represents by far the most significant material input, primarily used for bearings and rolling elements, making it a key focus for circularity and decarbonization efforts.

To improve transparency and sustainability of material inflows, SKF engages with suppliers to obtain data on product composition, the type of electricity used and the share of recycled content, prioritizing lower-emission alternatives. Steel, in particular, is a high-impact material due to its carbon intensity and large volume in SKF's operations. When produced via Electric Arc Furnaces (EAF), scrap-based steel can significantly reduce greenhouse gas emissions and dependency on virgin steel in comparison to traditional Blast Furnace/Basic Oxygen Furnace (BF/BOF) methods.

In 2025, an estimated 51% of SKF's bearing steel inflows originated from scrap-based sources, qualifying as secondary recycled material, compared with 54% in 2024. Because bearing steel constitutes the majority of metals used at SKF, applying this percentage to the total metals used in 2025 corresponds to approximately 212 thousand tonnes of secondary recycled material.

Other technical, non-renewable inputs include rubber (for example used in sealing solutions), oils and greases (for lubrication systems and bearing performance), and various metals such as aluminium and cast iron for housings and structural parts. Rare earth materials are used in specialized mechatronic systems and condition-monitoring technologies. Water is used in manufacturing for cooling, cleaning, and testing purposes.

The total weight of products and technical and biological materials used in 2025 amounts to 430,035 tonnes. Biological materials represent only a negligible share of this total and are therefore not reported separately. The material breakdown below underscores the predominance of metals in SKF's operations and highlights the strategic importance of increasing the share of green or net-zero steel.

Accounting principles E5-4

Technical materials used

SKF's resource inflow data for technical materials includes steel, rubber, oils, and greases used in production processes. Site-level data is collected quarterly across SKF's sites globally. Any variation greater than 10% from the previous reporting period must be explained and reviewed, ensuring consistency. The reported volumes reflect actual usage within production during the reporting year.

Secondary Reused or Recycled Components

The main recycled input at SKF is scrap-based steel, primarily sourced through Electric Arc Furnace (EAF) production. SKF assessed 87% of its bearing steel and related components suppliers based on spend data. A limited extrapolation was applied to estimate the recycled content share across SKF's global steel inflows. This percentage is applied to the reported used metals quantity to calculate the absolute weight of secondary materials, assuming the procured bearing steel mix reflects the metals used.

E5-5

Resource outflows

Products and materials [E5-5_35-36]

SKF is advancing circularity by increasing the share of products and materials designed for reuse, disassembly, remanufacturing, refurbishment, and recycling, while promoting circular business models. SKF's global remanufacturing centres already repair and refurbish bearings that meet technical criteria for reuse, extending product life and reducing material demand.

Although a standardized methodology for measuring repairability across the entire portfolio is not yet in place, SKF has evaluated the remanufacturing potential of nearly all roller bearing product families and selected ball bearing types using the DIN SPEC 91472 classification. Although not a direct measure of repairability, this assessment provides insight into the proportion of a product that can be reused, serving as a proxy for circular potential. The results indicate a high level of remanufacturing-based circularity across most assessed product families. In 2025, SKF remanufactured or refurbished over 6,000 tonnes of bearings and continues to scale these efforts across multiple industries, helping to reduce material use and extend product lifecycles.

To further strengthen repairability in the long term, SKF is embedding circular design principles into its product development process. Building on existing environmental guidelines, these principles emphasize designing products for easier repair and component reuse, extending material lifespan and supporting future circularity targets.

Resource inflows (key materials), tonnes	2025	2024	2023	% change to previous year
Metal as raw material from external suppliers	414,893	410,182	475,268	1.15%
Rubber as raw material from external suppliers	5,848	4,829	4,956	21.10%
Oils	7,053	7,203	8,054	–2.08%
Greases	2,241	2,137	2,322	4.87%

Durability

The data point of expected durability is considered non-material for SKF, as there is no meaningful or comparable industry benchmark available. SKF's products, particularly bearings, are designed for highly specific customer requirements and operating conditions, making their durability dependent on the machine or system in which they are used.

Given the wide range of bearing types across industries – from high-speed spindles to heavy-duty machinery – it is neither practical nor meaningful to report a single average durability value. Instead, durability is embedded in the design process.

While a universal lifespan metric is not representative, SKF applies well-established models to estimate bearing performance under specific conditions – such as the basic rating life (L10). These models consider factors like load, speed, lubrication, contamination, and material fatigue, helping optimize bearing selection and maintenance planning.

Recyclability

SKF has estimated that around 96% of its products and 98% of its packaging are recyclable.

Accounting principles E5-5 (Products and materials)

Repairability

SKF used the DIN SPEC 91472 framework to assess the remanufacturing potential of 11 bearing product categories, representing the vast majority of its product portfolio. The DIN score ranges from 0 (virgin material only) to 1 (fully circular input). SKF adapted the approach to estimate how much of a bearing can be reused in remanufacturing. Nearly two-thirds of the product families scored above 0.8, indicating a strong remanufacturing potential. This applies to the larger bearings within these families, for which remanufacturing is an economically viable option. The assessment was conducted in 2024 and reviewed in 2025, with no material updates required.

E5 Resource use and circular economy, cont.

Recyclable Content in Products

The recyclability of SKF products is calculated using a simplified, material based approach. The method relies on consolidated material inflow data and reflects the potential for materials to enter established recycling processes at end of life. The assessment covers the four key material categories included in the ESRS E5 Resource Inflows disclosure, and these material inflows are assumed to represent the composition of the products sold during the reporting year. Metals are assigned a recyclability rate of 100%, reflecting widely available recycling routes. Rubber, oils and greases are assigned a recyclability rate of 0% because there are no established large scale recycling practices for these materials in SKF's applications. The overall recyclability rate is determined by multiplying each material category's recyclability rate by the corresponding material weight and dividing this sum by total material inflows. The assessment is based on material properties and recycling system capabilities, not on product level dismantling feasibility, and the recyclability rates do not consider the yield or any other losses in the recycling routes. The resulting recyclability percentage represents an indicative estimate and should be interpreted in light of these methodological simplifications.

Recyclable Content in Packaging

Outbound packaging is designed to be recyclable and consists mainly of cardboard and wood. A minor fraction, such as plastic wrapping, may become non-recyclable due to contamination. Since exact weights are not available, SKF estimates that the non-recyclable content amounts to 2% of the total. This adjustment is based on packaging specifications, expert judgment, and EU packaging waste definitions to ensure recyclability is not overstated.

Waste [E5-5_37-39]

SKF generates a variety of waste streams across its global operations, with the most significant volumes originating from metalworking processes. These include both hazardous and non-hazardous waste. Hazardous waste primarily consists of grinding swarf and other machining residues, while non-hazardous waste includes packaging materials, scrap metals, and general industrial waste.

SKF confirms that no radioactive waste is generated in its operations.

Waste management is conducted in collaboration with external partners, including steel plants and specialized waste management companies. These partners are required to comply with the SKF Code of Conduct and all applicable local regulations, ensuring responsible and ethical handling of residual materials.

Disposal methods are categorized into prepared for reuse, recycling, incineration (with and without energy recovery), and landfill. Local objectives are established to drive performance up the waste hierarchy, prioritizing prevention, reuse, and recycling in line with circular economy principles.

Grinding swarf, representing the largest portion of hazardous waste, is a strategic focus area. It's reported separately to enhance transparency and track progress toward SKF's Group-level target to recycle 80% of grinding swarf.

Investments in briquetting technologies and strategic partnerships are contributing to increased recycling rates. While regional challenges persist, targeted solutions are being implemented. Continued innovation, infrastructure development, and collaboration are essential to reducing landfill dependency.

SKF is enhancing its waste management strategy through improved data accuracy and performance tracking. Regular internal reviews identify opportunities for waste reduction and validate reported data. To ensure consistency and compliance SKF provides dedicated training, environmental reporting handbooks, and guidance documents for employees responsible for waste data reporting. Ongoing efforts to reduce landfill fractions and increase circular material use rates contribute to broader environmental objectives and demonstrate SKF's commitment to responsible resource management.

Accounting principles E5-5 (Waste)

Waste data is collected and monitored at each site. Waste volumes are measured based on official weight slips, invoices, or confirmation statements from external waste handlers and are reported quarterly. Any deviation of more than 10% from the previous reporting period requires justification and internal validation to ensure consistency.

Waste

Waste, tonnes	2025	2024	% change
Hazardous waste (other than grinding swarf)			
Diverted from disposal:			
Prepared for reuse	192	NA	NA
Recycled	7,939	NA	NA
Other recovery operations[1]	6,082	NA	NA
Directed to disposal:			
Incinerated without energy recovery	697	NA	NA
Landfilled	5,366	NA	NA
Grinding Swarf			
Diverted from disposal:			
Prepared for reuse	261	NA	NA
Recycled	12,420	12,826	–3%
Other recovery operations[1]	2,344	619	279%
Directed to disposal:			
Incinerated without energy recovery	1,391	3,198	–57%
Landfilled	2,728	3,190	–14%
Non-hazardous waste			
Diverted from disposal:			
Prepared for reuse	4,629	NA	NA
Recycled (incl. Production Metal Scrap)	62,108	82,897	–25%
Other recovery operations[1]	4,979	7,604	–35%
Directed to disposal:			
Incinerated without energy recovery	562	1,861	–70%
Landfilled	7,787	14,518	–46%
Total waste	**119,485**	**126,713**	**-6%**
Diverted from disposal, %	84	82	
Directed to disposal, %	16	18	
Total amount of non-recycled waste[2]			
In absolute value	31,936	30,990	3%
In percentage, %	27	24	

1) Incineration with energy recovery.
2) Includes the categories under directed to disposal and incineration with energy recovery.

S Social

S1 Own workforce

SKF's own workforce is at the heart of its success, encompassing a wide range of roles and expertise across global operations. SKF strives to foster a safe, inclusive, and engaging environment that encourages personal growth and professional development for all. This dedication is supported by policies, directives and practices designed to promote equal opportunities, strengthen health and safety, and nurture a culture of respect and accountability.

	Description of IRO	Type of IRO	Value chain	Time horizon
S1 – Working conditions				
18	**Work-related stress for own employees** Work-related stress is a negative impact affecting employee well-being, as it can generate anxiety, depression, and burnout. Contributing factors include demanding workloads, tight deadlines, and inadequate support systems, especially in high-risk environments. Stress potentially impacts individual employees and could create a challenging work atmosphere, undermining team dynamics and collaboration. Employees might experience decreased job satisfaction and motivation, which can lead to decreased productivity and engagement. Prolonged stress can result in increased absenteeism as employees may need time off to recover.	Actual Negative Impact	↑ Own operations ↓	Short-term
19	**Work-related injuries and ill-health of own workforce** SKF recognizes that work-related injuries and ill-health occur in the workplaces even if the SKF Group Environmental, Energy, Health and Safety Policy clearly states that the health and safety of employees, contractors, agency workers and visitors is top priority. Safety always comes first and SKF is convinced that all work-related injuries and ill-health can be prevented by proactively assessing health and safety risks to eliminate hazards, reduce risks and ultimately improve the work environment. SKF has a Group EHS management system that supports this approach. Along with the Zero Accidents commitment and proactive reporting of near misses and unsafe conditions, it aims to prevent all workplace accidents.	Actual Negative Impact	↑ Own operations ↓	Short-term

	Description of IRO	Type of IRO	Value chain	Time horizon
S1 – Equal treatment and opportunities for all				
20	**Enabling a diverse and inclusive workplace** SKF commits to providing equal opportunities irrespective of race, colour ethnicity, gender, sex, sexual orientation, age, civil or social status, national origin or nationality, disability or diverse abilities, medical conditions (including pregnancy), genetic information, caste, religion, union membership, political affiliation, or any other unique or ordinary trait. The Group wants everyone in the workforce to feel welcome to come as they are. Purpose, culture, employee engagement, leadership, competence and ways of working are all key building blocks in this area. By working with these factors, SKF contributes with actual positive impacts beyond mitigating negative impacts.	Actual Positive Impact	↑ Own operations ↓	Short-term
21	**Training and skills development** SKF is dedicated to providing employees with ongoing training opportunities that enhance their skill sets, enabling them to perform their roles more effectively and adapt to the evolving demands of the industry. This investment not only boosts individual competence but also fosters a culture of continuous improvement and innovation among the workforce. Moreover, a strong focus on training and development leads to higher employee engagement and job satisfaction, which positively impacts their overall well-being and career progression, ultimately contributing to a more fulfilling work experience.	Actual Positive Impact	↑ Own operations ↓	Short-term
22	**Potential discrimination and non-equal treatment of own workforce** Large companies with many employees, such as SKF, face an inherent risk of discrimination and unequal treatment, which may lead to stress, anxiety, and other mental health issues among affected employees. This can negatively impact their overall well-being and quality of life. The potential negative impact is significant, given its severity on individual health. SKF operates in several countries where there is a higher risk of discrimination. SKF's presence in these regions raises concerns about the potential negative impact on employees, highlighting the challenges associated with ensuring equitable treatment in diverse environments.	Potential Negative Impact	↑ Own operations ↓	Mid-term

↑ Upstream ↓ Own operations ↓ Downstream

S

S1 Own workforce, cont.

Description of IRO	Type of IRO	Value chain	Time horizon
S1 – Equal treatment and opportunities for all, cont.			
23 **Possible gender pay gaps and lack of pay equity** It's not uncommon for manufacturing organizations to struggle with pay gaps and lack of pay equity, stemming from longstanding industry practices and workforce patterns as well as wider structural and cultural dynamics. Typically, issues are caused by several key drivers interacting. Such drivers include e.g., poor gender diversity and occupational segregation, under-valued work in female-dominated roles, female under-representation in senior and higher-paying leadership roles, insufficient flexible work arrangements, which can lead to career interruptions for women who typically bear greater caregiving responsibilities, etc. Potential pay gaps and lack of pay equity can negatively impact employee engagement, productivity, and retention, which in turn may limit a company like SKF's capacity to develop talent, innovate, meet customer demands, and grow the business.	Gender pay gap: Actual Negative Impact Pay equity: Potential Negative Impact	↑ Own operations ↓	Short-term
24 **Diversity and inclusion increasing innovation and business performance** Research shows that diverse and inclusive teams are more productive, increase market shares, and are more likely to expand into new markets. Further, they are important for attracting and retaining talent. By fostering diverse teams and inclusive leadership, SKF can enable an innovative environment that contributes important financial opportunities for the Group. SKF takes a holistic approach in strengthening diversity of thoughts. Purpose, culture, employee engagement, leadership, competence, and ways of working are all key building blocks in this area.	Opportunity	↑ Own operations ↓	Mid-term
S1 – Other work-related rights			
25 **Potential human rights violations of own workforce** Other work-related rights include human rights such as zero tolerance against child labour and forced labour. Some countries where SKF operates poses a higher risks of potential child labour and forced labour. These risks are particularly relevant to SKF's operations as they can undermine the company's commitment to ethical practices and human rights.	Potential Negative Impact	↑ Own operations ↓	Short-term

↑ Upstream Own operations ↓ Downstream

STRATEGY

ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

SKF's material impacts, risks, and opportunities (IROs) related to its own workforce were identified through the Group's double materiality assessment (DMA), as outlined in ESRS 2 IRO-1. These IROs are presented in table SBM-3 and reflect both impact and financial materiality.

Strategic integration of workforce-related IROs [S1 SBM-3_13a–b]

SKF's ability to deliver on its strategic ambitions is closely tied to how it manages impacts, risks, and opportunities related to its own workforce. The SKF 2030 People Agenda outlines key priorities – Culture & Leadership, Workforce for the Future, and Employee Experience – that directly respond to material IROs such as working conditions, equal treatment, and well-being.

These priorities are embedded in how SKF builds and retains a resilient, diverse, inclusive, skilled and high-performing organization. They support the business model by ensuring that SKF can attract, retain, and develop the talent needed to drive innovation, operational excellence, and customer value.

Operational context and feedback loop [S1 SBM-3_13b;14b]

Workforce-related IROs arise from SKF's operating model, which spans manufacturing, engineering, R&D, digital services, and global sourcing. These impacts are present across all sites, business areas, business units, and functions. They are managed through governance structures, policies (G1-1, S1-1), and actions (S1-4) that ensure alignment with strategic targets. Insights from employee engagement surveys, retention trends, and grievance reports inform continuous improvements to leadership development, onboarding, and inclusion initiatives. This feedback loop ensures that SKF's strategy remains responsive to workforce needs and sustainability expectations, and supports the Group's ability to deliver on its strategic targets.

Material negative impacts [S1 SBM-3_14b;14d]

As part of the assessment of workforce-related IROs, SKF has identified actual material negative impacts on its own workforce, including work-related stress, occupational injuries, and ill-health. These impacts are linked to the inherent characteristics of industrial operations, such as exposure to heavy machinery and physically strenuous activities. In addition, SKF acknowledges the risk of potential discrimination and non-equal treatment. While these impacts are not systemic across SKF's operations, they are considered material due to their potential severity and relevance for SKF as a global manufacturing company. All identified impacts have the potential to affect operational resilience, employee engagement, and long-term sustainability. Therefore, SKF has implemented appropriate policies, directives and actions to mitigate these risks and potential negative impacts (see S1-1, S1-3, S1-4).

Material positive impacts [S1 SBM-3_14c]

While SKF actively manages and mitigates material negative impacts on its own workforce, the Group also recognizes the significant positive contributions made by its own workforce to long-term value creation and resilience.

S1 Own workforce, cont.

These positive impacts are embedded in how SKF's strategy and business model are designed and implemented, fostering fair and safe working conditions, equal treatment, and opportunities, as reflected in policies and directives (S1-1) and actions (S1-4). These initiatives directly address material IROs such as working conditions, non-discrimination, and employee well-being. Positive impacts, including training, inclusion, and well-being initiatives, contribute to workforce stability, engagement, and performance. By fostering diverse teams and inclusive leadership, SKF creates an environment that supports innovation, collaboration, and operational excellence.

Elements such as purpose, culture, employee engagement, leadership, competence, and ways of working are foundational to sustaining positive impact and driving continuous improvement. These impacts are tracked through employee engagement surveys, diversity metrics, health and wellbeing, transformation & change feedback, and retention rates, which inform ongoing improvements to SKF's people strategy and support the Group's long-term resilience.

Material impacts arising from transition plans [S1 SBM-3_14e]
While SKF does not currently anticipate material adverse impacts from transition plans, potential effects such as job redesign, reskilling, and redeployment are being monitored.

Stakeholder engagement and governance [S1 SBM-2]
SKF's approach to managing workforce-related impacts, risks, and opportunities is informed by structured input from key internal stakeholders. Insights from People Experience (PX), workforce representatives, the Human Rights Officer, DEI and Wellbeing Leads, Ethics & Compliance, EHS and Quality Managers, and Business Areas and Business Units contribute to identifying material topics and shaping appropriate responses. This cross-functional collaboration ensures that the perspectives of the own workforce are reflected in SKF's sustainability strategy and operational decision-making, in line with ESRS 2 SBM-2.

Scope in relation to employees [S1 SBM-3_14]
The scope of affected individuals primarily includes permanent full-time and part-time employees across SKF's operations. In some cases, consultants engaged in SKF's operations are also considered within the scope of workforce-related IROs, particularly where they are exposed to similar working conditions or operational risks. However, consultants are not included in the scope for IROs related to remuneration, such as pay equity, as they are not employed directly by SKF and are compensated by their respective employers.

Vulnerable groups [S1 SBM-3_14a; 15; 16]
SKF does not currently categorize its own workforce into specific vulnerable sub-groups. As a result, SKF is not able to determine whether specific IROs disproportionately affect these groups or are tailored to address their particular needs. The IROs identified through SKF's DMA apply broadly across the own workforce. However, SKF acknowledges that certain individuals, such as migrant workers, women, or employees with disabilities, may face disproportionate risks. Although IROs are not tailored to these groups, SKF's management approach emphasizes inclusivity, non-discrimination, and fair treatment, ensuring that policies, directives and actions are responsive to diverse needs.

Human rights and forced labour risks [S1 SBM-3_14f-g]
No such risks have been identified within SKF's own operations during the assessment period. However, SKF acknowledges that certain countries and regions in its upstream supply chain may present elevated risks due to weak labour protections or limited enforcement. While the likelihood of incidents in SKF's direct operations is considered low, the potential severity of human rights violations, forced labour and child labour, renders these issues material from an impact perspective. SKF addresses these risks through its global Code of Conduct, Supplier Code of Conduct, audits, and whistleblowing mechanisms with no-retaliation safeguards.

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

S1-1
Policies and directives related to own workforce [S1-1_19-20a; 22; 23; 24a-d; MDR-P_65a-f]
SKF complies with all applicable local laws and regulations where present. Beyond legal compliance, SKF sets higher internal standards through a set of global policies and directives (see table for policies and directives related to own workforce on the next page) which address the material IRO's identified for SKF's own workforce. In 2025, SKF introduced a new Group People Policy that sets a clear standard for workforce policies and practices.

The Group People Policy outlines SKF's commitment to employee well-being and responsible business conduct. It is supported by several directives covering areas such as working conditions, diversity and inclusion, learning and development, and labour rights (see table for policies and directives related to own workforce on the next page). Together with the SKF Group Environmental, Energy, Health and Safety Policy, these are governed by the SKF Code of Conduct, which explicitly prohibits human trafficking, forced labour, and child labour.

Measures to provide remedy for human rights impacts [S1-1_20a-c;21, S1 SBM-2]
SKF's commitment to respecting human rights is operationalized through its global policies and directives, as outlined in the S1-1 policies and directives table. In addition, SKF's practices, policies, and directives are guided by key international frameworks, including the ILO Core Conventions, the OECD Guidelines for multinational enterprises on responsible business conduct, the UN guiding principles on business and human rights, the ICC business charter for sustainable development, and the UN global compact and its ten principles. Policies and directives applies to all employees and consultants within SKF's own workforce. To ensure that human rights are upheld and that remedy is available if impact would occur, SKF has implemented the following mechanisms:

- Grievance and reporting channels: Employees and stakeholders can report concerns through the Ethics and Compliance Reporting Line (see S1-3).
- Corrective and remedial actions: When human rights violations or misconduct are identified, SKF initiates Corrective and remedial actions (CARs).
- Risk-based assessments: Human rights risks are assessed through internal audits, supplier evaluations, and incident reviews.

These measures complement the commitments described in the S1-1 policies and directives table and in SKF's Code of Conduct (see G1-1).

Prevention of workplace accidents [S1-1_23]
Preventing health and safety risks in the workplace is a core element of SKF's commitment to achieving zero accidents. This commitment is embedded in the Group's strategic approach to employee well-being and operational safety. Further details are outlined in table S1-1 for policies and directives which references the SKF Group Environment, Energy, Health and Safety Policy, setting expectations for safe working conditions across all SKF operations.

S

S1 Own workforce, cont.

Policies and directives related to own workforce

Name	Background/objective	Key content	Scope / key stakeholders	Accountability	IRO number
SKF Group Environmental, Energy, Health and Safety Policy	Addresses work-related injuries, ill-health and related stress risks. Objective is to ensure safe and healthy workplaces across all SKF operations.	Focuses on occupational health, safety and well-being: prevention of incidents through proactive risk assessment and EHS management.	**Scope and stakeholders targeted** Applies to the entire SKF workforce – employees, contractors, and visitors across global operations. **Stakeholders involved in the development of policy** Group Quality & EHS and Group Sustainability are key stakeholders in the design of the Policy, with input given from Business Areas, Business Units and EHS managers. The Group Health & Safety Committee, where employee representatives are present, also reviews and gives input before final approval of the policy.	EHS managers are appointed in the regions, Business Areas, Business Units and local management teams across SKF. The operational management teams make sure that appropriate attention, resources and investments are given to health and safety in their respective units. The responsibility of the policy lies with SVP for commercials and operations development and the Chief Financial/Sustainability Officer. Accountability of the policy lies with the President & CEO.	18, 19, 21
SKF Group DEI, Employee Wellbeing, Employee Feedback and Flexible Work Directive	Addresses discrimination[1], unequal treatment, work-related stress, and the need for inclusive, healthy work environments.	Promotes an inclusive and respectful work environment by preventing discrimination and ensuring equal opportunities, while also laying out principles to enhance employees' overall well-being and a healthy work-life balance through flexible work arrangements and regular employee feedback.	**Scope and stakeholders targeted** Applies to all SKF employees in its own workforce globally. **Stakeholders involved in the development of directive** SKF Group People Experience, DEI & Wellbeing, Culture, Leadership & People Development leaders are key stakeholders involved in the development of the directive.	Responsibility lies with the Senior Vice president for Group People Experience, with implementation responsibilities assigned to People Experience Managers, and all employees. Accountability of the directive lies with the President & CEO.	18, 20, 22, 23
SKF Group Total Reward & Benefits Directive	Aims to ensure that the SKF Group Total Reward Philosophy is consistently applied across SKF Group for all employees. It provides a unified framework for designing, delivering, and governing total reward practices that support business objectives and employee engagement. It also enables local adaptation within a globally coherent structure, ensuring compliance with legal requirements and typical reward practices in each market. Additionally, the directive aims to foster a culture of transparency and build employee understanding of how their pay is determined and how they can influence it.	Provides a unified framework for designing, delivering, and governing total reward practices that support business objectives and employee engagement. It promotes fair, equitable and transparent total rewards practices delivered in compliance with applicable laws and regulations in the countries where SKF operates. The highest standard, set either by the directive or applicable local laws and regulations, shall be applied and prevail.	**Scope and stakeholders targeted** Applies to all SKF employees in its own workforce globally. **Stakeholders involved in the development of directive** Group People Experience, Group Total Reward.	Responsibility lies with the Senior Vice president for Group People Experience, with implementation responsibilities assigned to local People Experience organizations, leadership teams, and all managers with direct reports. Accountability of the directive lies with the President & CEO.	20, 22, 23

1) SKF's non-discrimination commitments, as outlined in the SKF Group Code of Conduct, are aligned with ESRS S1-1 §24(b) and cover all protected grounds under EU regulation, as well as additional grounds defined in SKF's Code of Conduct (see G1-1), including race, colour, ethnicity, gender, sex, gender identity, sexual orientation, age, civil or social status, nationality, disability, medical conditions (including pregnancy), genetic information, caste, religion, political affiliation, union membership and other unique or ordinary traits.

S

S1 Own workforce, cont.

Name	Background/objective	Key content	Scope / key stakeholders	Accountability	IRO number
SKF Group Global freedom of Association and Collective Bargaining Directive	Aims to protect and promotes employees' rights to freedom of association and collective bargaining, in line with international labour standards.	Guarantees employees' rights to freely join or form trade unions and participate in collective bargaining. Aims to prohibit discrimination, intimidation, or retaliation related to union activities. Aims to ensure access to formal representation and constructive social dialogue between management and employee representatives. The directive promotes the integration of union representatives into relevant workplace committees, including SKF health and safety committee.	**Scope and stakeholders targeted** Applies to all employees and their elected representatives across all SKF Group companies, including manufacturing plants, sales and central offices, subsidiaries, and in some cases strategic suppliers. **Stakeholders involved in the development of directive** Group People Experience and Group Labour Affairs update the directive. Group Legal & Compliance supervises the implementation.	Responsibility lies with the Senior Vice president for Group People Experience, with implementation responsibilities assigned to Business Areas, Business Units, Country Labour Affairs, and local People Business Enablers (PBEs). Accountability of the directive lies with the President & CEO.	18, 20, 22, 23
SKF Group Talent Development Directive	Establishes a structured, inclusive framework for continuous talent and leadership development, ensuring all employees have equal opportunities to grow, build critical skills, and support SKF's long-term business success. The directive provides structured training, leadership development, and career progression programs with equal access for all employees.	Establishes a structured, inclusive framework for continuous talent and leadership development. The directive is designed to: Prevent, mitigate, and remediate actual and potential impacts by ensuring all employees have equal access to development opportunities, reducing skill gaps, and supporting succession planning for critical roles. Address risks such as lack of successors, skill shortages, and reduced competitiveness by providing structured training, leadership development, and career progression programs. Pursue opportunities for innovation, internal mobility, and strategic upskilling, supporting both individual growth and long-term business success. Monitor effectiveness through global KPIs, PX Scorecard reporting, annual calibration, and mandatory learning and development reporting.	**Scope and stakeholders targeted** Applies to all SKF employees globally. **Stakeholders involved in the development of directive** Group People Experience, PX Learning and Development managers, Business leaders, PX Managers and employees via employee feedback.	Responsibility lies with the Senior Vice president for Group People Experience, with implementation responsibilities assigned to Business Units and People Experience managers. Accountability of the directive lies with the President & CEO.	20, 21, 22

S1 Own workforce, cont.

S1-2

Process for engaging with own workforce and workers' representatives about impacts [S1-2_27a-e; 28]

SKF engages with its workforce through regular direct and indirect engagement practices that capture employee insights and inform how material impacts, risks and opportunities are identified and managed.

Direct worker engagement [S1-2_27a-e, AR 18; AR19]

Direct engagement is facilitated through regular townhall meetings and team dialogues, which are held across business areas, business units, regions and functions. These sessions provide opportunities for employees to interact with leadership, including the SKF Group CEO, and to raise questions or concerns. Additionally, SKF conducts quarterly global pulse surveys that aim to anonymously assess employee engagement and provide input for monitoring workforce sentiment and well-being.

To ensure a feedback loop, local managers are responsible for reviewing survey dashboards with their teams, interpreting results by engagement driver, and co-creating action plans. Progress is tracked centrally, and insights are escalated to the People Experience committee for strategic follow-up. Results from surveys are shared during the CEO-led "CEO Quarterly Updates" sessions, which are open to all employees globally and employees can ask questions during the townhall or via the email ask@skf. com.

Worker representative engagement [S1-2_27a-e, AR22]

SKF engages with worker representatives through formal consultations and dialogues in line with national and European legislation, as well as the Global Framework Agreement. The European Works Council (EWC) and World Union Council (WUC) serve as platforms for collaboration between worker representatives and management (see S1-8). The WUC convenes annually to discuss labour matters and share updates on Group priorities, with a dedicated EWC meeting held alongside for European delegates. Additional engagement formats, such as union dialogues, are tailored to specific workforce segments or topics. Frequency and scope vary depending on the subject matter. Oversight of the entire worker representative engagement process is provided by the Labour Affairs Director within the Global People Experience Management team.

Insight into the perspectives of vulnerable or marginalized groups [S1-2_28]

While SKF does not formally categorize its workforce into specific vulnerable sub-groups, the company actively seeks to surface the perspectives of potentially marginalized employees through targeted initiatives and inclusive engagement formats. Women leadership programmes such as "SHE Leads" support gender equity in management roles, while DEI workshops, accessibility audits, and regional well-being assessments help to identify, and address potential barriers faced by employees. Inclusion-related topics are systematically addressed through surveys and team meetings. To gain deeper insights, SKF fosters close collaboration between People Experience (PX), DEI and Wellbeing Leads, and regional PX teams.

S1-3

Process to remediate negative impacts and channels for own workforce to raise concerns

Grievance mechanism and the processes for providing remedy [S1-3_32a-d, AR28; AR30]

SKF is committed to ensuring that all employees have access to safe, trusted, and effective channels to raise concerns and seek remedy when negatively impacted. SKF maintains a structured grievance mechanism and multiple entry points to support its workforce in voicing concerns and receiving appropriate follow-up. Employees are encouraged and expected to report any behaviour that violates the SKF Code of Conduct. Concerns can be raised through various ways, such as informal channels, including direct dialogues with local managers, People Experience teams, anonymously via surveys or via the primary formal grievance channel, the Ethics and Compliance Reporting Line. These channels are designed to address a wide range of concerns, from workplace misconduct to potential Code of Conduct violations. The reporting line is hosted on an external landing page accessible via SKF's intranet, Code of Conduct, and skf.com, and it allows for both written and oral submissions. Additional entry points include email, phone, physical meetings, or direct dialogue with a manager. Local and regional management are responsible for handling day-to-day intake, while Group Compliance reviews all incoming concerns and assigns them to the appropriate investigator. Possible remedies are classified based on the severity of the violation and the outcomes of any prior corrective actions. Remedies may include coaching, process changes, or disciplinary action.

Effectiveness of the channels [S1-3_32e, AR32]

Reporting trends and resolution metrics are monitored by Group Compliance. Awareness is reinforced through e-learnings, intranet updates and leadership communication. Feedback is used to continuously improve channel effectiveness.

Procedures and policies for protection against retaliation [S1-3_33, AR31]

SKF prohibits retaliation against anyone raising concerns in good faith, in line with SKF Group whistleblowing policy, see G1-1. SKF strives to handle all cases professionally, confidentially and in accordance with established internal investigation procedures. More details on governance and oversight are described in section G1-1.

S1-4

Taking action on material impacts on own workforce, and approaches to managing material risks and pursing opportunities related to own workforce, and effectiveness of those actions

SKF has implemented a set of actions to address material impacts, risks and opportunities (IROs) identified for the own workforce. Together, these actions aim to prevent and remediate negative outcomes, strengthen risk management, and capture opportunities that enhance safety, fairness and capability building across the organization. Outcomes of these actions are reflected in S1-5 metrics, as well as in observed changes across governance processes, workforce practices, and qualitative feedback mechanisms. This is supported by the policies, directives, and oversight described in S1-1.

Ensuring health and safety across all operations [S1-4_36a;38d;40a-b;43, MDR-A_68b-c]

To remediate the negative impacts associated with work-related injuries and ill-health, SKF operates a Group-wide occupational health and safety management system certified to ISO 45001:2018. This system ensures compliance with legal and Group requirements, supports customer and stakeholder expectations, and provides a structured framework for systematic and continuous improvements. High-level principles are defined in the SKF Group Environmental, Energy, Health and Safety Policy, while detailed procedures are implemented through the EHS management system at Group, country, and site levels to maintain consistency and effectiveness across all operations. The system is supported by the SKF Code of Conduct and aligned with the ISO 45001 standard, ensuring a robust and accountable approach to health and safety. SKF also requires contractors and other third parties working on SKF premises or on its behalf to meet the same health and safety standards as SKF employees. Before work begins, contractors undergo risk assessments and safety inductions. For work at customer or supplier sites, SKF evaluates potential risks and agrees on control measures before activities start, ensuring a safe work environment for all parties. The management system covers both physical and psychological health, aiming to create a safer work environment and support overall well-being, with a long-term commitment to zero workplace accidents. It applies to employees at SKF sites, those travelling or working off-site on behalf of SKF (e.g., maintenance engineers at customer locations), contractors, and visitors.

SKF applies systematic processes to identify hazards and assess risks across all operations. Risk assessments are conducted regularly and are reviewed after accidents and serious near misses. Corrective and preventive

S

S1 Own workforce, cont.

actions are implemented based on the hierarchy of controls, prioritizing hazard elimination.

Clear roles and responsibilities for health and safety are defined at all organizational levels. EHS coordinators support managers in implementing requirements. All employees and agency workers receive health and safety training during onboarding, with additional role-specific training for high-risk activities such as electrical work, working at heights, and hot work. Training is provided during working hours and aligned with legal and Group requirements to ensure competence and compliance.

SKF fosters a culture of transparency and proactive risk management. All employees are required to report incidents, and proactive reporting of near misses and unsafe conditions is required to identify risks early and prevent harm. Recordable accidents are investigated using a structured process, resulting in corrective and preventive measures. Where relevant, findings and lessons learned are shared across the Group to prevent recurrence. These actions are ongoing with monthly performance reviews for health and safety. Progress is assessed through accident and severity rates, which are expected to decline over time. Effectiveness can be referred to the Health & Safety metrics section (S1-14) where the proactivity and accident graph is presented.

In 2025, SKF implemented a global IT application to standardize incident reporting, investigation, and follow-up across all sites.

To strengthen machine safety, during 2025, SKF applied an "investment-ready" approach, requiring risk assessments and management training before capital investments in new machinery. This ensures that safety considerations are integrated into equipment design, procurement, and installation, reducing long-term risks and improving compliance with Group standards.

Building an inclusive and equitable workplace [S1-4_36a-b; 39, MDR-A_68a-c]

To address IROs related to potential discrimination, non-equal treatment, possible gender pay gaps and potential human rights violations of the own workforce, SKF advances its Global Diversity & Inclusion Ambition running through 2030, supported by the SKF Code of Conduct and directives on DEI, Employee Wellbeing, Employee Feedback and Flexible Work (see S1-1 for detailed information). The ambition is operationalized across all major employee touchpoints, talent acquisition and development, succession planning, internal mobility, performance management and related processes. These are regularly reviewed to identify and remove bias or barriers, ensuring equal treatment and opportunities for all. The framework is tailored to each Business Area and Business Unit and region's specific needs and driven by SKF's Purpose and Values of Collaboration, Curiosity, Courage and Care. During 2025, SKF delivered learning opportunities through various platforms and provided access to training on psychological safety, diversity and inclusion, anti-harassment and unconscious bias.

SKF engages with its workforce through bi-annual People Business Reviews and PX scorecard reviews, involving Business Areas, Business Units and Group Management in discussions on gender KPIs, senior leader experience, succession planning, and diversity initiatives. These scorecards also track effectiveness via inclusion metrics like the Diversity and Inclusion Pulse Scores from the Team Pulse survey. Targets linked to actions in the DE&I 2030 plan include objectives related to leadership diversity and DEI pulse scores. For detailed information, including gender balance targets and progress tracking under the 2024–2030 plan, see S1-5.

Promoting gender equality and pay equity across SKF's operations – [S1-4_36a-b, MDR-A_68a-c]

SKF recognizes that longstanding industry practices, workforce patterns and structural dynamics in manufacturing can contribute to gender pay gaps and inequities. In response to IROs concerning actual negative impact on gender pay gap and potential negative impact on pay equity and, more broadly, risks of non-equal treatment, SKF has taken targeted actions to mitigate these risks and promote fair compensation. The strategy propelling this work is built on five pillars: advocacy, education, tools and analytics, processes, and governance.
Key activities included launching a job architecture initiative, revitalizing and enhancing SKF's existing job role catalogue to strengthen the foundation for equitable remuneration. Managers accessed e-learnings on salary setting, covering pay equity, gender pay gaps, and pay transparency, while recruiting managers received specialized training to ensure non-biased hiring practices. Employees were also given access to these resources in multiple local languages. SKF continued its annual equal pay analyses, monitored compensation offers and promotions, and rolled out a new analytics tool enabling regression analysis to support proactive pay equity actions. The tool provides visibility to pay equity positioning and has the capability to suggest pay increases on an individual basis. Training in the tool was provided to local PX professionals, involved in pay equity monitoring. Throughout the year, SKF has also taken steps to improve employees' access to a clear and comprehensive overview of their total remuneration. Efforts to enhance pay transparency included publishing informative articles on the global intranet and providing employees with more detailed insights into the criteria used for salary setting and progression. These actions are further supported by the SKF Code of conduct, SKF People policy and its directive for SKF Group DEI, Employee Wellbeing, Employee Feedback and Flexible Work directive, and the SKF Group Total Reward Directive (see S1-1).

Enhancing training and skills development for the future [S1-4_36a-b, MDR-A_68a-c; 68e]

During 2025, SKF continued to strengthen a culture of continuous learning by equipping employees with capabilities aligned to the SKF strategy. SKF enhanced access to flexible, self-driven learning through quarterly 'SKF Learning Weeks', which offered short, focused learning modules and facilitated team reflections integrated into daily work routines. Each 'Learning Week' was aligned with the current strategic theme for that period such as brand transformation and innovation. Employee participation in each 'Learning Week' has ranged from approximately 10 to 20% of SKF's total workforce globally. Feedback from participants is being collected and will inform the design and focus of future 'Learning Weeks'. Actions for learning and development applies to all SKF's own workforce, with ongoing implementation and annual and periodic reviews to ensure continued relevance and impact.

Another key action for training and skills development, building on the skills-based people practices initiated in 2024, is the start of a structured job architecture initiative. The aim is to create a clear framework for career paths and skills development, support transparency, internal mobility, and targeted learning.

SKF's actions towards positive impacts for learning and development is supported by a set of policies and directives, including the SKF Group DEI, Employee Wellbeing, Employee Feedback and Flexible Work directive, and the SKF Group Talent Development directive (see S1-1). The desired outcome is for SKF employees to feel a strong sense of professional growth and support, recognizing clear pathways for career and skill development, fostered by encouragement and guidance from managers and mentors.

S1 Own workforce, cont.

METRICS AND TARGETS

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets for IRO equal treatment and opportunities for all [MDR-T_79b, MDR-T_80; 80b]

While employment decisions are always based on candidates' merit, skills and qualifications, SKF aims to fostering a more balanced and inclusive workplace. To achieve this, SKF is taking further actions to improve gender representation across all levels of the organization by setting clear, measurable targets. By 2030, SKF aims to reach at least 30% representation of historically under-represented genders across the organization, a minimum of 30% in management roles, and at least 35% in senior leadership positions. This initiative is part of the broader objective of enabling a diverse and inclusive workplace and is linked to the People Policy, specifically the SKF Group Directive for DEI, Employee Wellbeing, Employee Feedback and Flexible Work.

The target setting process [S1-5_47a-c; MDR-T_80a; 80h]

The Global D&I Ambition 2030 targets were set in consultation with Group People Experience, Business Areas, Business Units and Group Management. The aim was for SKF to have realistic achievable targets, yet being ambitious enough to move the needle visibly towards a more balanced gender representation by 2030. Progress is monitored through 'PX Scorecards' and D&I targets are reviewed annually to ensure they remain relevant as well as compliant with current legislations. Performance is monitored quarterly, and lessons learned inform adjustments to initiatives and processes.

Scope for target [MDR-T_ 80c, MDR-M, MDR-T (i), BP_2]

The target applies to SKF's global workforce, with the exception of employees based in the United States, which are excluded from global gender and DEI targets. For more information see accounting principles for S1-9 on diversity metrics.

Supporting initiatives [MDR-T_80j]

To achieve this target, SKF has established measurable KPIs and initiatives. One example is "Elevate", a global virtual program for female leadership and career development, which has been successfully run for six consecutive years. Going forward, Elevate will be open to all genders, ensuring equal access to leadership development opportunities. Additionally, SKF's Global Leadership Development Programs and the Global Graduate Program each have gender balance targets for every graduating class.

Baseline metrics for targets [MDR-T_80d]

Baseline values for base year 2023:

- Top Managers (global): 22.2% representation of the under-represented gender.
- Management roles (global): 20.2% representation of the under-represented gender.
- Total employees (global): 21.5% representation of the under-represented gender.

Monitoring and governance [MDR-T_79a;80e, S1-5_44;47]

Progress toward these targets is monitored through quarterly PX scorecards and annual reviews. Stakeholder engagement is integral to this process, involving the Corporate People Experience function, the DEI and Wellbeing Manager, and local People Experience teams, supported by People Business Enablers. These efforts are aligned with the actions described in S1-4 under the Global D&I Ambition Plan. Specific KPIs are also set by Business Areas, Business Units and regions, with a time horizon for aspiring to achieve these targets by 2030, while local targets may differ based on local business needs and context.

For the material IROs on work-related stress, enabling a diverse and inclusive workplace, training and skills development, potential discrimination and non-equal treatment, possible gender pay gaps and lack of pay equity, and potential human rights violations of the own workforce, SKF has not set measurable, time-bound targets at this stage. Progress is monitored through qualitative measures and key indicators, and SKF is evaluating the introduction of formal targets as methodologies and data capabilities evolve.

SKF has a long-term commitment to Zero Accidents established in year 2000 based on the conviction that work-related injuries and ill-health can be prevented. Today, SKF doesn't set any quantitative or time-bound targets beyond the overall commitment to zero accident. This reflects the belief that any level of harm is unacceptable and that continuous improvement should be driven by this uncompromising commitment, see S1-4 actions for how SKF works proactively with health & safety. Going forward there is an aim to define and improve a set of indicators to be able to further monitor efforts striving to support the commitment to zero accidents.

Targets [MDR-T, S1-5_80d; 80j]

Targets	Baseline (baseline year)	2024 status	2025 status
Top Managers (global): 35% representation of the under-represented gender by 2030	22.2% (2023)	23.1%	25.5%
Management roles (global) 30% representation of the under-represented gender by 2030	20.2% (2023)	20.7%	21.2%
Total employees (global): 30% representation of the under-represented gender by 2030	21.5% (2023)	22.5%	23.3%

S1 Own workforce, cont.

S1-6

Characteristics of the Undertaking's Employees

Employees by Gender [S1-6_50a; AR 55]

Gender	Number of employees (head count)
Male	28,536
Female	8,735
Other	0
Not reported	0
Total employees	**37,271**

Employees by country breakdown[1] [S1-6_50a; AR 55]

Country	Number of employees (head count)
China	5,725
Germany	4,908

1) In accordance with ESRS S1-6 paragraph 50(a), SKF discloses the number of employees by country for countries in which it has 50 or more employees representing at least 10% of its total number of employees. In 2025, China and Germany met both thresholds and are presented separately.

Employees by Gender and Employment Type [S1-6_50b; AR 55]

	Female	Male	Other	Not disclosed	Total
Number of employees	8,735	28,536	0	0	**37,271**
Number of permanent employees	8,079	27,601	0	0	**35,680**
Number of temporary employees	656	935	0	0	**1,591**
Number of non-guaranteed hourly employees	NA	NA	NA	NA	NA
Number of full-time employees	8,219	28,067	0	0	**36,286**
Number of part-time employees	516	469	0	0	**985**

Employees by Region and Employment Type [S1-6_50b; AR 55]

	EMEA	The Americas	China and Northeast Asia	India and Southeast Asia
Number of employees	19,765	7,518	5,968	4,020
Number of permanent employees	18,754	7,301	5,954	3,671
Number of temporary employees	1,011	217	14	349
Number of non-guaranteed hourly employees	NA	NA	NA	NA
Number of full-time employees	18,902	7,407	5,966	4,011
Number of part-time employees	863	111	2	9

[S1-6_50f] The most representative number in the financial statement can be found in Note 25. However, the figures differ due to different measurement methodologies. S1-6 tables report the actual headcount, defined as the number of individuals in the workforce as of the reporting date. This figure is based on registered employees at year-end, irrespective of working time arrangements or notice periods (see accounting principles S1-6). In contrast, Note 25 in the financial statements reports the 'average number of employees', calculated as total working hours divided by the normal working time for the period.

[S1-6_50c] In the reporting period, the overall employee turnover rate was 13.84%.

Accounting principles S1-6 [MDR-M]

All SKF employees, are maintained in a central master data system at SKF. All data provided in these sustainability statements are based on this repository. The numbers for 2025 include employees from acquisitions being made throughout the year. The gender data presented in this report is based on gender as recorded in the master data and does not fully represent the diversity of gender identities.

When it comes to the contract-type, SKF is differentiating between permanent and temporary contracts as well as part-time and full-time. However, SKF is not breaking down the data into non-guaranteed hourly employees, as SKF doesn't primarily engage with these types of insecure contract arrangements for any of its employees worldwide. Therefore, this data is not applicable. Global definitions for these contract types apply across all SKF locations to ensure consistency and comparability. National definitions have not been used, and country-level figures have been aggregated into total values following this standardized approach.

The number of employees is calculated based on headcount and reported as of the end of the financial year (FY25). SKF defines the number of employees based on their last working day, regardless of whether they still have a valid employment contract (e.g. during a notice period). Therefore, employees who have been made redundant are not included in the count once their final working day has passed, even if their notice period extends beyond that date. Representation based on gender is retrieved from SKF's employee master data, where such personal data is stored and linked to employee records. This data is collected and processed in accordance with applicable data protection regulations.

S1 Own workforce, cont.

S1-8

Collective bargaining and social dialogue coverage [S1-8_60a-c; 63a, AR70]

Employee coverage through collective bargaining agreements (CBAs) is considered a key indicator for the quality of social dialogue. In Europe, SKF has full coverage (100%) in 9 countries: Austria, Belgium, Finland, France, Italy, Netherlands, Romania, Spain and Sweden. Other countries where SKF operates demonstrates substantial levels of coverage with 90% in Germany, 85% in Czech Republic, 77% in Bulgaria and 75% in Poland, which confirms a widespread commitment to structured and inclusive industrial relations. Globally, 61% of SKF's total workforce is covered by CBA's.

During 2025, SKF Introduced a SKF Group Freedom of Association and Collective Bargaining Directive (for more details see S1-1) that goes beyond local legislation and reflects SKF's commitment to international labour standards and respectful workplace dialogues.

Accounting principles S1-8 [S1-8_63b, AR_66, MDR-M]

Collective bargaining is defined as the consultation and negotiation process between employers and worker representatives to establish working conditions. SKF's definition of collective bargaining and social dialogue aligns with the ESRS standards. In the majority of countries where SKF operates, CBAs have been established with local unions and/or national unions.

With representatives from 21 countries, SKF is ensuring representation from Africa, Asia, Europe, North America, and South America. For further details see worker representation in S1-2.

In some non-EEA countries, CBAs are not in place due to limited union presence, local legislation or socio-political factors which could restrict or discourage collective bargaining practices. Despite this, ensuring fair working conditions for all employees remains a top priority for SKF. Through SKF's global world Union Council framework, employees in these countries are still covered under corporate and regional agreements that uphold the same high labour standards found worldwide.

S1-9

Diversity metrics

SKF's age distribution shows a majority of employees in the 30–50 range and a notable presence of employees over 50 in senior roles, reflecting expected career progression and contributing to leadership continuity. The lower representation of employees under 30 highlights the relevance of SKF's initiatives and actions under S1-4 to attract and develop early-career talent, ensuring future capability and resilience. These efforts also support SKF's S1-5 targets and contribute to positioning SKF as an attractive workplace. They also align with principles set out in S1-1 and related directives on diversity, equity and inclusion, employee well-being, feedback, and flexible work. In addition, SKF's evolving approach to skill-based hiring and development, as referenced in the SKF's Talent Attraction and Development directive (S1-1), aims to place greater emphasis on skills and competencies rather than years of experience, supporting a more inclusive and future-ready workforce.

Accounting principles S1-9 [MDR-M]

SKF relies on raw data for its assessments. The calculations are conducted based on headcount, with data disaggregated by gender, age, and role. The scope of diversity metrics showing the raw data includes all employees in SKF's own workforce, for overall reporting consistency throughout this report.

The Board refers to the SKF Board of Directors, which constitutes the highest governance body for the organization. The absolute numbers mentioned pertains to Board members elected by the annual general meeting. Group Management is defined as the operational management team of the SKF Group. Top Management refers to the top 390 managers within the SKF Group, with the actual number in this population subject to change over time.

Total employees refer to the overall number of employees at SKF as of the end of 2025, as set ot in S1-6. Managers are defined as employees who have at least one employee as a direct report.

Collective bargaining coverage

Coverage rate	Employees EEA countries[1]	Employees Non-EEA regions[1]	Workplace representation EEA only[1]
0–19%		Asia	
20–39%		The Americas	
40–59%			
60–79%			
80–100%	Germany		Germany

1) >50 employees representing >10% total employment

Workforce diversity by gender and age [S1-9_66a-b]

	Gender		Age		
	Men	Women	<30	30-50	>50
The Board	12	3	0	4	11
Group Management	8	4	0	4	8
Top Management	291	99	0	198	192
Managers	3,551	948	85	3,106	1,308
Total employees	28,536	8,735	5,089	21,192	10,990

S1 Own workforce, cont.

S1-10

Adequate wages

SKF pays adequate wages to all employees in its own workforce and ensures that wages and other benefits meet at least the adequate wages benchmarks and are rendered in full compliance with laws and collective agreements. SKF conducts a central audit annually.

S1-13

Training and skills development metrics [S1-13_82; 83b]

In an era of consistent change, SKF has embraced a culture of continuous learning to maintain a competitive edge. Recognizing the risks associated with skills gaps, talent attrition and a weakened employer brand, SKF has prioritized initiatives that create the right environment and foster self-driven learning and development. This commitment is critical in positioning SKF as a forward-thinking employer which offers personal and professional growth.

SKF emphasizes the importance of employee-driven learning to maintain up-to-date competencies. In 2025, staff recorded an average of 8.5 formal learning hours and workers 1.7 hours in the learning management system. These figures exclude informal learning gained through daily interactions, collaboration, and external training. SKF emphasizes the significance of informal learning, which is gained through daily interactions, knowledge sharing, and collaboration.

Accounting principles S1-13 [AR77 a-b, MDR-M]

SKF reports recordable hours of formal learning captured in its global Learning Management System (LMS). The calculation set out by ESRS have been used: total number of training hours offered to and completed by employees per gender category divided by the total number of employees per gender category. The headcount figures are based on S1-6 data. The metric includes all individuals in an employment relationship with SKF, full-time or part-time, permanent or temporary, in line with ESRS definitions of the own workforce and excludes consultants and agency workers. Informal and social learning, as well as externally completed formal training, are not captured in the recordable hours of formal learning. "Staff refers to white-collar employees, and "workers" to blue-collar employees.

Performance reviews are conducted once per year at SKF and aligns with the definition set out by ESRS.

S1-14

Health and safety metrics

SKF gives top priority to health and safety by working systematically to prevent accidents and reducing health risks. This commitment is a cornerstone of building a sustainable company. Proactive work is central to EHS management, with a strong focus on prevention and continuous improvement to avoid future incidents. See S1-4 for ongoing actions in this area.

Health and safety management system [S1-14_88a;AR]

At SKF, approximately 79% of all workers including agency workers (around 33,000 people) are covered by a certified health and safety management system. The system primarily includes manufacturing sites, workshops, logistics and technical centres. Among SKF employees, 78% (around 29,000 people) are covered. In addition, 84% of the contingent workforce under SKF's management control (around 3,800 people) are also covered by the certified health and safety management system. No specific types of employees or contingent are excluded.

Proactive incident reporting [S1-14_88b-c:88e]

During the reporting year, SKF recorded a total of 137 work related injuries and cases of work related ill-health, representing a reduction from 207 cases in the previous year. Over the same period, proactive incident reporting continued to increase, demonstrating strengthened risk identification and prevention efforts across the organization. No work related fatalities occurred during the reporting year. The accident rate improved to 2.01 in 2025, compared with 2.97 in 2024[1)], reflecting a positive development in SKF's overall health and safety performance.

1) In the Annual report 2024 the accident rate was 0.59 since the calculation was based on OSHAS recommendation of using 200, 000 worked hours, this year the calculation is following ESRS guideline, where 1,000,000 hours are used instead.

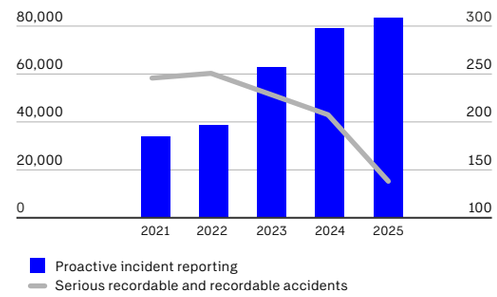
Percentage of employees with regular performance reviews completed by gender [S1-13_83a;84]

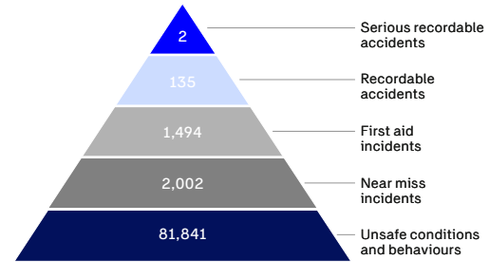
Year	Category	Total Employees	Women	Men
2025	Total employees	37,271 (33%)	8,735 (38%)	28,536 (30%)
	Eligible employees	12,256 (97%)	3,358 (97%)	8,563 (98%)
2024	Total employees	38,743 (35%)	8,830 (44%)	29,913 (33%)
	Eligible employees	12,471 (97%)	3,444 (97%)	9,027 (97%)

Avarage training hours per employee by gender and category [S1-13_83b;84]

Year	Category	Total Avarage Hours	Women Avarage hours	Men Avarage hours
2025	Staff	8.5	8.4	8.5
	Workers	1.7	2.2	1.6
2024	Staff	14.2	14.4	14.1
	Workers	3.5	4.3	3.4

Proactive incident reporting vs accidents





SKF confirms that during the reporting period, no fatalities occurred among other workers (such as value chain workers) operating on SKF premises due to work-related injuries or ill-health.

Accounting principles S1-14 [MDR-M]

All health and safety incidents at SKF are addressed and managed locally where the incident occurred or was identified, with support from other parts of the organization if needed.

Work-related recordable accidents are reported within three working days. SKF encourages all other types of incidents to be reported as close to the time of occurrence as possible to support timely response and continuous improvement, but allows reporting on a monthly basis. Fatalities are included in the category of serious recordable accidents, which are defined as work-related injuries and ill-health that lead to fatality, loss of a body part, or irreversible damage or illness.

S1 Own workforce, cont.

Recordable accidents encompass all work-related injuries and ill-health that result in loss of consciousness, more than one day away from work, restricted work activity or job transfer, or require medical treatment beyond first aid. First aid incidents refer to any one-time treatment and subsequent observation of minor injuries, such as scratches, cuts, burns, and splinters, which do not ordinarily require medical care. Near miss incidents are defined as occurrences where no injury, ill-health, or fatality takes place. The accident rate is calculated in alignment with ESRS: Accident rate, including number of serious recordable accidents and recordable accidents are multiplied with 1,000,000 worked hours and divided by actual worked hours. This indicates the number of work-related injuries per 500 full time people in the workforce over a 1-year timeframe.

Until and including 2025, the definitions used by SKF for reporting injuries and ill-health have not been fully aligned with ESRS definitions. Specifically, the separation between accidents and ill-health cases has not been consistently applied, and in some instances, cases of ill-health may have been reported under the category of accidents in the EHS reporting system. An unsafe condition is one that may cause injury, ill-health or fatality, while unsafe behaviour refers to the performance of a task or activity in a manner that may lead to similar consequences.

Work-related injuries and work-related ill-health arise from exposure to hazards at work; however, other types of incidents can occur that are not connected with work itself. For its first year of reporting under ESRS, SKF has applied the phase-in option for disclosures related to ill-health. SKF is currently not able to report the total/combined number of days lost due to work-related injuries and work-related ill-health. SKF has previously reported lost days due to injuries and fatalities as separate metrics and is now currently reviewing how lost days for work-related ill-health, in accordance with ESRS definition of ill-health, can be collected on a global scale to ensure inclusion of this metric for next year.

All health and safety performance data and incidents at SKF are collected in SKF's incident management application while the data related to headcount has been collected from the SKF financial reporting system for sites and units included in the Group's ISO 45001:2018 certification.Newly acquired sites and companies are given a time period before being included in the scope. All certified sites are subject to internal Group EHS audits every one to three years.

A number of SKF employees are qualified as Group internal auditors, and these individuals audit sites to ensure compliance with the standards, the Group Environmental, Energy, Health and Safety policy, and related Group instructions and requirements. In addition to internal audits, SKF engages a third-party certification body to audit compliance with this standard at both the Group and site levels.

S1-16

Remuneration metrics [S1-16_97a-c]

Gender pay gap and CEO to median employee pay ratio [S1-16_95;97a-b]

	2025	2024
Gender pay gap	19%	19%
CEO to median employee pay ratio	69:1	75:1

The global unadjusted gender pay gap is a metric that compares the average pay by gender across all roles collectively in SKF, regardless of level or job type. One of the main individual factors explaining SKF's gender pay gap is an under-representation of women in senior and higher-paid roles, and an over-representation of women in junior and lower-paid positions. Eliminating the unadjusted gender pay gap is an important area of work for SKF. Mitigating actions are described under S1-4 (building and inclusive workplace and remuneration metrics) and includes e.g. tracking gender KPI's in PX scorecards and educating managers and PX professionals on the topic of gender pay gap.

It's important to distinguish between the so-called unadjusted gender pay gap and the principle of equal pay. While the unadjusted gender pay gap is a metric that compares the average pay by gender across all roles collectively worldwide regardless of level or job type, pay equity refers to when employers offer equal pay for work of equal value. SKF is committed to ensuring that employees are paid equally for the same work or work of equal value. This commitment is embedded in the Group Total Reward Directive (see S1-1) and reinforced through annual pay equity analyses with corrective actions where needed.

Accounting principles S1-16 [MDR-M]

Unadjusted gender pay gap

The unadjusted gender pay gap calculation is based on all employees' total remuneration per contracted hour paid out during 2025, see scope of employees in S1-6.

The calculation is aligned with the methodology defined in ESRS. The broad definition of pay applied reflects the ESRS requirements, and includes all types of remuneration including fixed and variable pay and benefits (in cash or in kind) with a monetary value. SKF collects remuneration data from local payroll systems, which is consolidated at the group level with currency conversions applied using relevant exchange rates. All figures are converted to Swedish Krona (SEK) to ensure comparability across markets. Employees' from acquisitions finalized in the fourth quarter of 2025 are excluded from the dataset.

Annual total remuneration ratio

The CEO to median employee pay ratio is determined using the same data set employed for calculating the unadjusted gender pay gap. It's subject to exchange rate fluctuations, which may affect year-on-year comparisons.

S1-17

Incidents, complaints and severe human rights impacts [S1-17_103a-c;104a-b]

Incident type	Number
Complaints through the SKF Ethics & Compliance Reporting Line	368
Incidents of discrimination including harassment reported	36
Complaints reported through channels other than the SKF reporting line	0
Amount of fines, penalties and compensation for damages provided for complaints or incidents of discrimination	0
Severe human rights incidents	0
Amount of fines, penalties and compensation for damages provided for severe human rights incidents	0

Accounting principles S1-17 [S1-17_103d, MDR-M]

The scope of calculations includes all employees in SKF's own workforce, and the company relies on raw data without any estimates. The reporting period for this data spans from January 1 to December 31. All financial figures are converted to SEK.

SKF established an Ethics & Compliance Reporting Line which aligns with the ESRS standard definition for grievance mechanisms. In 2021, SKF implemented a process to ensure that concerns regarding harassment and discrimination reported locally, whether via email or in person to the People Experience team, are also documented and reported centrally.

S

S2 Workers in the value chain

SKF has an extensive global value chain, with workers engaged across diverse industries and regions. Recognizing the importance of these relationships, SKF actively collaborates with suppliers and customers to promote responsible business conduct throughout the value chain. This includes improving working conditions, fostering ethical practices, and ensuring respect for human rights both upstream and downstream. SKF's commitment is supported by a policy suite that sets clear expectations for suppliers, distributors, and other partners. To uphold these standards, SKF applies risk-based monitoring through its Responsible Sourcing Program and engages with downstream partners to encourage transparency and sustainability in product use and distribution.

	Description of IRO	Type of IRO	Value chain	Time horizon
S2 – Working conditions & Equal treatment and opportunities for all				
26	**Improving working conditions together with suppliers** The SKF Code of Conduct for suppliers and sub-contractors mandates fair work conditions and health and safety standards. Through responsible sourcing, theGroup is actively collaborating with suppliers to improve working conditions in risk regions, resulting in an actual positive impact for workers in the value chain.	Actual Positive Impact	↑	Long-term
27	**Work-related injuries and ill-health of workers in the value chain** SKF acknowledges that work-related injuries and health issues can occur within both the upstream and downstream segments of its value chain, despite ongoing efforts to mitigate these risks. Workers throughout the value chain may be exposed to conditions that could lead to injuries or fatalities. As a globally operating company, SKF sources materials and sells products in various countries, where there is an inherent risk of potential negative impact on value chain workers being situated in regions with less stringent labour protections.	Potential Negative Impact	↑ ↓	Short-term
28	**Potential sub-standard working conditions for workers in the value chain** SKF's upstream and downstream value chain for both direct and indirect materials is widespread both geographically and across sectors, where some regions and sectors may have potential risks related to working conditions (lack of collective bargaining and freedom of association) and unequal treatment (possible harassment and discrimination) of employees.	Potential Negative Impact	↑ ↓	Short-term
S2 – Other work-related rights				
29	**Possible human rights violations in upstream & downstream value chain** SKF's global and extensive upstream and downstream value chain presents an inherent risk of negative impact related to human rights, including forced labour and child labour. These risks pose significant concerns, as certain regions and sectors may be more susceptible to rights violations. The existence of such risks underscores the potential for serious negative impacts on workers in the value chain, particularly in regions where labour protections are insufficient.	Potential Negative Impact	↑ ↓	Mid-term

↑ Upstream Own operations ↓ Downstream

STRATEGY

S2 – ESRS 2 SBM 3

Material impacts, risks and opportunities and their interaction with strategy and business model [ESRS 2, SBM-3_43]

The material IROs related to value chain workers were identified through SKF's double materiality assessment (DMA), in line with the requirements in ESRS 2 IRO-1. Some IROs were assessed as material because of the severity of the impact taking precedence over its likelihood, particularly in relation to child labour, forced labour, discrimination, and limitations on freedom of association (see table SBM-3).

Strategic integration of IROs related to workers in the value chain [ESRS 2, SBM-2_43, ESRS 2 SBM-3_48b, S2 SBM-3_10a;11d]

SKF's value chain includes tens of thousands of suppliers, distributors and agents across the globe, spanning multiple industries, geographies and risk profiles. These partnerships are essential for delivering products and services while also for supporting local economies and creating job opportunities. SKF's global reach brings opportunities but also a clear responsibility: to respect human rights and promote fair, safe and inclusive working conditions in all parts of the value chain. This responsibility is deeply embedded in SKFs business model and strategy and how SKF approaches sustainability and risk.

Operational context and Interests and views of stakeholders [S2 SBM-2, S2 SBM-3_10]

All identified IROs apply across SKF's upstream and/or downstream value chain and are managed through a combination of policies (S2-1), supplier screening, audits, training (S2-4), grievance mechanisms, and escalation procedure (S2-3). These measures are primarily implemented through the Responsible Sourcing programme and governed by the SKF Code of Conduct (S2-1). SKF's disclosures under ESRS 2 for interest and views of stakeholders (see ESRS 2 SBM-2) underlines the stakeholder input from regional purchasing teams, responsible sourcing auditors, Group Sustainability, Group Compliance, and external industry initiatives (such as the Responsible Minerals Initiative and NIR) to contributing to identifying these IROs.

Scope in relation to workers in the value chain [S2 SBM-3_11a i-v; 11b; 11d-e; 12; 13]

SKF's disclosures under ESRS 2 include value chain workers who are likely to be materially impacted through the company's upstream and/or downstream operations. The scope covers workers employed by entities in SKF's upstream value chain, such as those involved in the extraction, processing, and manufacturing of raw materials and components. This includes tier 1 suppliers and beyond. Additionally, the scope includes workers on SKF sites but not part of the company's own workforce, such as those employed by third-party service providers for cleaning, catering, security, and inspection activities. In the downstream value chain, SKF engages with logistics providers, distributors, and agents.

Vulnerable Groups [S2 SBM-3_11a-v]

SKF recognizes that certain groups of value chain workers may be more likely to experience negative impacts due to their characteristics or context. SKF has conducted a structured assessment to understand where vulnerable workers may be present in its upstream value chain. The assessment applies a negative impact-based lens, focusing on potential existence due to characteristics in the geographic regions and industrial sectors relevant to SKF.

Migrant Workers

Migrant workers are considered vulnerable due to limited access to legal protection and susceptibility to poor recruitment practices. There is heightened potential for migrant worker presence within Southeast Asia and the Middle East, within sectors such as metals and bearing related industries.

S S2 Workers in the value chain, cont.

Workers in lower-wage, manual or labour-intensive roles
Low skilled workers are considered vulnerable due to low bargaining power; low wage competitiveness and higher likelihood of physical labour linked to unsafe working conditions. Various locations and sectors are linked to the use of low-skilled labour.

Temporary and seasonal workers
Temporary and seasonal workers are considered vulnerable due to limited access to legal mechanisms, lower bargaining power and excessive overtime. Locations within Eastern Europe and South America, within sectors such as packaging and manufacturing have a potential reliance on temporary and seasonal workers.

Female workers
Female workers are considered vulnerable due to economic and structural factors such as occupational segregation. Female workers are commonly utilized in manufacturing and packaging industries, within South-East Asia and Central America.

Children and young workers
Children and younger workers are considered vulnerable due to the imbalance of power and inherent susceptibility to negative risk factors. Regions such as South and Central America and South-East Asia within manufacturing and metal processing, are considered heightened likelihood. SKF monitors for cases of child labour and confirms none have been identified within SKF supply chain.

Dependencies and vulnerability in the upstream value chain
In parallel with evaluating the potential presence of vulnerable workers, SKF also assessed the mutual dependencies between the company and its suppliers. Through this assessment SKF identified that SKF has a high concentration of spend with a relatively small group of suppliers, some of which provide components of strategic importance with limited substitutes available. SKF also identified that in some instances suppliers are highly reliant on SKF as a customer, indicating a reverse dependency.

IMPACTS, RISKS, AND OPPORTUNITIES MANAGEMENT

S2-1
Policies related to value chain workers
[S2-1_16; 17a-c; 18-19, MDR-P_65a]
The SKF Codes of Conduct are applicable for all SKF suppliers, subcontractors, distributors, agents, and intermediaries worldwide. These policies explicitly prohibits human trafficking, forced labour, and child labour and they are non-negotiable. Requirements are trickled down through the policies set out in S2-1 table on the next page and in SKFs purchasing contracts which all applies to relevant industry norms, international standards and guidelines, including the International Bill of Human Rights, ILO Core Conventions and the UN Guiding Principles on Business and Human Rights.

SKF communicates its policies to all business relationships in the value chain in various ways, including at supplier conferences, via the supplier web-portal, during risk-based supplier Code of Conduct audits, supplier training on the Code of Conduct and as a ongoing part of the supplier development process. Suppliers agree to adhere to CoC4S principles by signing the General Terms and Condition, as evidence of acceptance and commitment. SKF's purchasing teams choose which suppliers to work with and are key to achieving SKF's responsible sourcing objectives. Their actions are guided by policies set out in table S2-1 on the next page. Purchasing practices are continuously reviewed to ensure alignment with the SKF Code of Conduct for suppliers, sub-contractors, distributors, agencies and other intermediaries and to avoid potential conflicts with any of the SKF policies addressing value chain workers.

As of the reporting period, SKF has not detected any cases of non-respect of these international standards in its upstream or downstream value chain. In addition to the policies in S2-1, SKF's suppliers and contractor's are required to comply with the principles set out by the SKF Group Environmental, Energy, Health and Safety Policy (see S1-1).

S2-2
Process engaging with value chain workers about impacts [S2-2_20; 22a-c; 22e, S2-2_23, AR 18; AR20]
SKF collaborates with a broad range of stakeholder groups, including workers throughout the value chain, to prevent and mitigate actual and potential adverse impacts. This engagement also fosters transparency, strengthens SKFs due diligence practices, and supports continuous improvement across sourcing, operations, and product stewardship.

Direct Worker Engagement [S2-2_22a-b]
Worker interviews are conducted as part of on-site audits, providing an opportunity to capture workers' perspectives on human rights, labour conditions, health and safety, and access to grievance channels. These interviews are guided by a standardized audit checklist that includes targeted questions on working conditions and awareness of rights. In addition to interviews, SKF maintains an open and confidential grievance mechanism, the SKF Ethics and Compliance Reporting Line (see S2-3). Engagement frequency is determined by audit schedules and the nature of reported concerns. While audits are conducted based on risk prioritization, the reporting line remains continuously accessible, ensuring that workers can engage with SKF as needed.

Indirect worker engagement with third parties [S2-2_22a-b; 22d; 23]
SKF engages indirectly with value chain workers through participation in multi-stakeholder platforms and third-party initiatives that serve as credible proxies for worker perspectives. These include globally recognized networks such as the UN Global Compact, the Responsible Steel Initiative (RSI), and the Responsible Minerals Initiative (RMI). Through these initiatives, SKF remains informed about emerging risks and trends related to human rights, labour conditions, and responsible sourcing across high-risk sectors and geographies. These platforms help SKF understand the broader context in which these workers operate and inform the company's approach to risk management.

The target stakeholder group for both forms of engagement includes all workers in the value chain, with particular attention to those in high-risk sectors and geographies, as well as vulnerable groups such as women, migrant workers, and young workers. These groups are considered in the design of audit protocols and engagement strategies, although SKF doesn't currently track engagement outcomes by demographic category.

Oversight of direct and indirect engagement is provided by the Responsible Sourcing Committee, Group Compliance, and Regional Purchasing Offices, ensuring that feedback is escalated appropriately and informs decision-making. Effectiveness of SKF's engagement is assessed through the quality of feedback received through engagement forums. Insights from direct engagement have led to updates in the supplier audit checklist. Insights from our engagement have led to program updates such as the updated audit checklist.

S2-3
Process to remediate negative impacts and channels for value chain workers to raise concerns
Process of implementing remedial actions [S2-3_25; 27a, S2-4_33c, AR 21, S2 SBM-3_11c]
SKF addresses potential and actual negative impacts on value chain workers through its Responsible Sourcing Programme, which includes structured risk assessments, supplier audits, and escalation procedures. Where material negative impacts are identified, SKF distinguishes between systemic risks such as forced labour in specific commodity supply chains, and individual incidents, such as non-compliance findings during audits. Remedial actions are initiated when non-compliance is identified through audits or reported via grievance mechanisms. All deviations, regardless of audit score, require suppliers to submit a Corrective Action Report (CAR), outlining root causes, corrective steps, and timelines. Follow-up audits and verifications are conducted to ensure that remediation has been implemented effectively. In cases of severe or repeated non-compliance, contracts may be reviewed for suspension or termination.

S

S2 Workers in the value chain, cont.

Policies and directives related to value chain workers

Name	Background / objective	Key content	Scope / key stakeholders	Accountability	IRO number
SKF Code of Conduct for Suppliers and Sub-Contractors (CoC4S)	Aims to ensure that all suppliers and sub-contractors uphold fair working conditions, prevent work-related injuries and ill-health, and respect human rights throughout SKF's upstream value chain.	Requires adherence to international human rights and labour standards (e.g., ILO Core Conventions, UN Guiding Principles), prohibits child and forced labour, discrimination, and harsh treatment; mandates fair wages, working hours, freedom of association, safe workplaces, grievance mechanisms, and compliance with all applicable laws. Also covers environmental responsibility, anti-corruption, and continuous improvement.	**Scope and stakeholders targeted** Applies to all suppliers and sub-contractors globally, including their own supply chains. **Stakeholders involved in the development of policy** Group Sustainability, Group Legal & Compliance	Accountability for implementation lies within SKF Business Operations, supported by SKF Group Legal & Compliance responsible for policy ownership, governance and oversight.	26, 27, 29
SKF Code of Conduct for Distributors	Aims to ensure that distributors maintain high ethical standards, prevent sub-standard working conditions, and respect human rights in SKF's downstream value chain.	Prohibits child and forced labour, discrimination, and corruption; requires fair treatment, freedom of association, safe and healthy workplaces, fair wages, and compliance with all applicable laws. Emphasizes environmental care and regular monitoring of adherence.	**Scope and stakeholders targeted** Applies to all distributors handling SKF products and services worldwide. **Stakeholders involved in the development of policy** Group Sustainability, Group Legal & Compliance.	Accountability for implementation lies within SKF Business Operations, supported by SKF Group Legal & Compliance responsible for policy ownership, governance and oversight.	27, 28, 29
SKF Code of Conduct for Agents and Other Intermediaries	Aims to prevent unethical practices and human rights risks among agents and intermediaries acting on behalf of SKF, ensuring integrity and fair treatment for all workers involved.	Demands honesty, integrity, and compliance with all laws; prohibits child and forced labour, discrimination, and corruption; requires fair wages, working hours, freedom of association, safe workplaces, and environmental responsibility. Mandates transparent ownership and regular monitoring of adherence.	**Scope and stakeholders targeted** Applies to all agents and intermediaries involved in SKF's commercial operations globally. **Stakeholders involved in the development of policy** Group Legal & Compliance.	Accountability for implementation lies within SKF Business Operations, supported by SKF Group Legal & Compliance responsible for policy ownership, governance and oversight.	28, 29

Where needed, external partners may support capacity building and effective remedy, particularly in high-risk regions. These practices reflect SKF's broader commitments to human rights and responsible business conduct, outlined in the SKF Group Code of Conduct.

Whistleblower policy and channels for raising concerns [S2-3_27b-d; 28, AR22; AR26; AR 28]

SKF recognizes the importance of having effective grievance mechanisms in place for all workers in the value chain. This is reinforced by SKF Group Speak Up & Whistleblowing policy, which is aligned with the EU Whistleblower Protection Directive. The policy guarantees reporter anonymity, prohibits retaliation, and safeguards personal data (see G1-1 for detailed information).

SKF provides access to its Ethics and Compliance Reporting Line for all external stakeholders to raise concerns directly to SKF. The line can be accessed confidentially via phone, email, mail or an online portal and reporters may choose to remain anonymous. Information about the reporting line is distributed during supplier audits, through the Code of Conduct audit checklist, via onboarding for distributors, agents and intermediaries. This ensures that workers across the value chain have access to channels for raising concerns and seeking remedy for human rights impacts. Additional information on how the reporting line is governed and managed is provided in section G1-1. Value chain workers may also have access to grievance mechanisms provided by their direct employer, or through local third-party systems.

SKF supports the use of these mechanisms and encourages suppliers to ensure accessibility and protection for those who speak up.

In 2025, SKF improved channel awareness and access among suppliers and their workers by sharing dedicated materials during Code of Conduct audits, which were also made available for download from the SKF Responsible Sourcing web page (see action S2-4).

Procedures and policies for protection against retaliation [S2-3_28; 27d; AR26]

All individuals affected by SKF's business activities, including suppliers, their employees, agents, intermediaries, distributors, and contractors, are encouraged and expected to report actual or suspected violations.

When concerns involve value chain workers, SKF collaborates with relevant business partners to investigate and implement appropriate remedial actions. This may include corrective action plans, follow-up audits, or, in severe cases, escalation to the Responsible Sourcing Committee.

Effectiveness of the channels [S2-3_27d; AR27]

Awareness-raising and access efforts are ongoing, and SKF is exploring ways to monitor trust, usage and outcomes more systematically. SKF's grievance processes are guided by the UN Guiding Principles on Business and Human Rights and prioritize respectful dialogue and fair resolution.

S2 Workers in the value chain, cont.

S2-4

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities

Process to identify the appropriateness of the actions [S2-4_31; 32a-b; 32d; 33a-b; 34a-b, AR 29, S2-4_38]

As of the reporting period, SKF doesn't yet have dedicated programmes in place to fully address due diligence requirements related to downstream value chain workers. Recognizing the importance of responsible business conduct across the entire value chain, SKF acknowledges this gap and is actively exploring ways to enhance its due diligence practices. This includes evaluating the expansion of the Code of Conduct audit scope and strengthening engagement with distributors and agents to assess and mitigate potential human and labour rights risks in downstream operations. SKF's actions focus on upstream suppliers due to our established leverage and ongoing relationships with these suppliers. The actions below do not relate to any downstream value chain partners.

SKF identifies and prioritizes actions to manage impacts, risks, and opportunities related to impacts and dependencies on value chain workers through a structured process embedded in its Responsible Sourcing Programme.

This process begins with supplier screening and continues through audits, engagement activities, and governance escalation mechanisms. The appropriateness of actions is assessed through a tiered escalation framework. In procurement, the responsible sourcing process directly informs internal sourcing decisions including purchasing, in addition supplier engagement strategies.

All potential suppliers are initially screened against a set of minimum sustainability and compliance criteria aligned with the SKF Code of Conduct for suppliers (see S2-1) where expectations related to product and service category are included. Suppliers must provide documentation demonstrating that they meet the minimum standards which are reviewed by SKF's internal auditors. Only suppliers that meet the required baseline qualify to be onboarded and managed under SKF's Responsible Sourcing programme. Screening is the entry point – and the first opportunity to identify sustainability risks in the supply chain.

Once suppliers enter the programme, they are assessed and monitored through a combination of risk classification, audits, and continuous engagement. SKF maintains a high-risk region list covering 40 countries in Asia, 18 in the Americas, 45 in Africa, 1 in Oceania, and 5 in Europe. This list is continuously updated and approved by the Responsible Sourcing Committee. SKF also applies a flexible escalation model: if red flags are identified during other supplier activities such as quality reviews or buyer visits, the supplier may be escalated for a full Code of Conduct audit, even if not originally flagged by the risk model. In addition to case-by-case escalation, SKF conducts systemic reviews of the responsible sourcing process to identify systemic risks or recurring patterns.

The responsible sourcing programme is governed by the Responsible Sourcing Committee, managed by Supplier Sustainability as part of Group Sustainability, and implemented in close collaboration with regional purchasing teams and SKF auditors operating in five key countries. The Responsible Sourcing Committee evaluates whether the actions taken for affected workers are sufficient or whether further steps, such as contract suspension or termination, are warranted.

In cases where business pressures conflict with impact mitigation, SKF's governance structure ensures that human rights considerations take precedence, with escalation to the Responsible Sourcing Committee when needed. This governance structure allows SKF to ensure that all actions, whether corrective, preventive, or strategic, are appropriate to the context and contribute meaningfully to the protection and empowerment of value chain workers.

SKF also pursues material opportunities for the upstream value chain, by embedding responsible labour practices into procurement onboarding processes, and capacity-building to support suppliers in improving their understanding of labour rights, health and safety, and environmental standards.

Supplier Risk assessments and audits [S2-4_31; 32d, MDR-A_68a-e, AR 22; AR33-35]

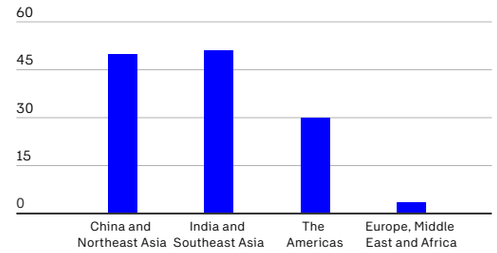
SKF applies a risk-based approach to supplier assessments, with increased audit focus on countries classified as high-risk according to internationally recognised instruments and SKF's internal risk. Suppliers in these regions are regularly audited against the SKF Code of Conduct for suppliers and sub-contractors, which includes standards on health and safety, labour rights, ethics and environmental practices. These audits directly support the management of material IROs such as working conditions and work-related injuries and ill-health. Suppliers may also be selected for Code of Conduct audits if potential issues are flagged during quality reviews or site visits by SKF staff.

The 2025 refinements were developed through dedicated working sessions involving Group Sustainability, Group Compliance, and regional purchasing teams. These sessions focused on integrating indicators for vulnerable worker groups, including women, migrant workers, and persons with disabilities, ensuring that the checklist reflects evolving stakeholder expectations and regulatory requirements. The enhanced checklist was rolled out in the second half of 2025 and is now used across all Code of Conduct audits. It supports SKF's ability to identify, assess, and respond to material impacts on value chain workers, while also enabling comparability and consistency in audit outcomes.

Audits are conducted on-site, sometimes unannounced, by SKF's internal responsible sourcing auditors or external third parties. Suppliers must provide full access to documentation and allow confidential worker interviews. Each audit results in a score, ranging from "Fully approved" to "Not approved." All deviations, regardless of score, require submission of a CAR (see S2-3). Re-audits and site follow-ups are used to verify that remediation has been implemented. If critical issues are not resolved, SKF may terminate the supplier relationship.

During the year, SKF continued to implement targeted actions to improve supplier audit performance, supported by enhanced collaboration between sourcing teams and suppliers on Code of Conduct expectations. As part of these efforts, 40 suppliers improved their scores following corrective actions verified through follow-up assessments. Audit volumes remained stable across the period, indicating improvement rather than audit dilution. The effectiveness of this action is tracked through audit score trends, corrective action closure rates, and follow-up audit outcomes. Indicators are reviewed quarterly to inform future audit focus and sourcing decisions. While no specific numeric target is formally linked to this action, the overall ambition is to increase the share of suppliers rated "Fully approved" or "Business approved" over time. This is a continuous programme with audit and re-audit cycles scheduled at intervals of 6 months, 12 months, or 3 to 5 years, depending on supplier risk, performance, and the severity of identified deviations. The programme is delivered through Group Sustainability, Group Compliance, and regional purchasing teams. Costs are covered within SKF's sustainability and sourcing budgets. Where needed, external auditors are contracted to supplement internal capacity.

Number of audits



S2 Workers in the value chain, cont.

Training and communication [S2-4_31, MDR-A_68a-e, AR22]

To support the process of identifying actions and manage material IROs for value chain workers (see S2-4 Managing Risks, Pursuing Opportunities, and Preventing Negative Impacts) ongoing actions for training have been performed as key actions for 2025. SKF auditors provide ongoing training and support to regional purchasing teams, helping them align sourcing decisions with programme expectations. Purchasing teams are responsible for engaging with suppliers, monitoring improvement plans and contributing to the suppliers' remediation. This action contributes to several material IROs, including working conditions, substandard conditions and occupational health risks, discrimination and harassment, equal treatment and opportunities, and forced and child labour.

In 2025, SKF conducted supplier training sessions reaching approximately 218 suppliers across China, India, and the Americas. These sessions focused on the SKF Code of Conduct for suppliers and sub-contractors, the audit process, and SKF's expectations around labour rights, health and safety, and environmental performance. Common topics included machine safety, chemical handling, employment practices, and working hours. Training materials also addressed grievance mechanisms, Diversity, Equity & Inclusion, and SKF's supplier escalation and remediation process. In parallel, SKF regularly trains its internal stakeholders, particularly sourcing teams and responsible sourcing auditors: 85 regional buyers in China received training on responsible purchasing practices, one new auditor was trained in India to support audit capacity in India and Southeast Asia, and three persons in the Americas were trained to support the auditing team. These trainings are designed to strengthen awareness of human rights and labour risks, and to build capacity for supporting supplier improvement and enforcing the Code of Conduct.

Since 2020, 807 suppliers have participated in classroom-based training. Over the years, these efforts have supported a long-term improvement in supplier performance, reflected in a gradual increase in the number of suppliers receiving "Business approved" or "Fully approved" score. This indicates a positive correlation between training participation and audit outcomes.

Effectiveness is tracked using both qualitative and quantitative methods. Supplier participants are asked to submit their three most important takeaways after each session, which helps tailor content to local needs. Audit score trends, the number of corrective actions, and improvements over time are reviewed by Group Sustainability and Responsible Sourcing Committee and regional teams. Internally, training engagement is monitored through attendance tracking and feedback sessions. Training sessions are planned on an annual rolling basis and are adapted based on audit results and regional risks. Trainings are held using a mix of in-house experts and external facilitators. Costs are embedded in SKF's sustainability and sourcing budgets.

Responsible sourcing of raw materials from conflict affected and high-risk areas [S2-4_31; 32a-b; 32d; 34a-b; 35, MDR-A_68a-e;, AR22]

SKF is committed to promote ethical practices in the supply chain regarding minerals sourced from conflict-affected and high-risk areas (CAHRAs), such as the Eastern Democratic Republic of the Congo (DRC) and neighbouring countries, to ensure that SKF sourcing practices do not contribute to human rights abuses, armed conflicts or environmental degradation.

SKF requires suppliers who provide products which contain tin, tantalum, tungsten, gold, and the derivatives of cassiterite, columbite-tantalite, and wolframite ("Conflict Minerals"), and whose materials are used in SKF products sold to the market, to adopt a policy for responsible sourcing of these materials. These requirements are based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals and form a key component of SKF's broader Responsible Sourcing programme.

SKF takes a structured approach to mitigating these risks. When minerals from non-conflict-free sources are identified through supplier declarations or traceability checks, SKF engages with the supplier to verify the origin and, if necessary, initiates a transition plan to compliant sourcing. Where no viable remediation pathway exists, SKF may proceed with disengagement, including termination of the business relationship as part of escalation measures. These steps are part of SKF's supply chain due diligence process, which also includes annual screening and continuous improvement through dialogue and monitoring.

SKF is an active member of the Responsible Minerals Initiative (RMI), which provides tools, audit protocols and smelter-level traceability data. RMI participation strengthens SKF's ability to assess upstream risks, inform sourcing decisions, and align with international expectations (see S2-2 for details on third-party stakeholder engagement).

Effectiveness is monitored through supplier disclosures and traceability declarations, by follow up actions on flagged sources, verification of smelters and refiners' compliance through RMI tools and assessments. Progress is reviewed annually through supplier screening and the ongoing development of SKF's responsible sourcing protocols. See S2-1 for more information on policy oversight and governance of supplier ethics, business ethics and compliance. SKF aims to minimize reliance on non-compliant sources and continually improve upstream visibility.

SKF's actions related to managing impacts on value chain workers are supported through SKFs existing sustainability and procurement budgets. These resources cover activities such as supplier audits and training. Costs are embedded within broader sustainability and sourcing allocations rather than tracked as a standalone prgramme.

Future funding for these actions will continue to be allocated through the same internal budgeting process, primarily within sustainability and procurement cost centres. SKF anticipates maintaining resources at a level consistent with current commitments, with flexibility to adjust based on regulatory developments and risk assessments. No separate dedicated budget is planned at this stage.

Incidents, complaints and severe human rights impacts [S2-4_36]

During the reporting period, 11 complaints were reported via the ethics and compliance reporting line related to the upstream or downstream value chain. Out of these, none of them where severe human rights incidents. No other cases were reported through any other channels.

METRICS AND TARGETS

S2-5

Description of targets related to workers in the value chain [S2-5_41, MDR-T_81a]

While no numeric targets are in place for the identified IRO's, SKF maintains a clear ambition to strengthen transparency and accountability across its value chain by introducing new actions and tracking their effectiveness.

G Governance

G1 Business Conduct

Ethical business conduct is a cornerstone of SKF's culture, and it's centered around doing the right thing, together. SKF takes responsibility towards employees, shareholders, customers, suppliers, society at large and the local communities in which SKF operates. Business conduct is guided by the Code of Conduct, which serves as the foundation for ethical, responsible, and sustainable operations across its global organization. Core values are Collaboration, Curiosity, Courage, and Care to foster integrity, trust, and innovation throughout the company.

	Description of IRO	Type of IRO	Value chain	Time horizon
G1 – Corporate culture				
30	**Fostering a strong corporate culture for a better tomorrow** SKF's corporate culture entails the Group's purpose, values, and policies where the SKF Code of Conduct is fundamental. Successfully fostering a strong corporate culture leads to increased efficiency and a more positive influence on the own workforce. SKF's corporate culture guides its business conduct, ensuring that all decisions made align with the Group's core values and principles. This adherence to a strong ethical framework, including anti-corruption and anti-bribery programs, results in better decision-making across the company contributing with a positive impact not only to the own operations and value chain, but also society at large.	Actual Positive Impact	↑ Own operations ↓	Short-term
31	**Breaches against the SKF Code of Conduct** Any potential breaches of SKF's Code of Conduct would have a material negative impact on the group.	Potential Negative Impact	↑ Own operations ↓	Short-term

↑ Upstream Own operations ↓ Downstream

	Description of IRO	Type of IRO	Value chain	Time horizon
G1 – Protection of whistleblowers				
32	**Protection of whistleblowers** SKF provides a globally available, externally hosted whistleblowing service, the SKF Ethics and Compliance Reporting Line, which is also accessible externally for suppliers and customers. SKF's Group Whistleblowing policy prohibits any retaliation towards anyone raising concerns in good faith. SKF goes beyond legal requirements as the Group is convinced that protecting whistleblowers is integral to fostering a culture of transparency and trust within the company.	Actual Positive Impact	↑ Own operations ↓	Short-term
33	**Lack of adequate protection of whistleblowers** The potential lack of sufficient protection for whistleblowers presents an inherent risk for SKF, given the company's size and global presence. Employees who report unethical behaviour or misconduct may face the fear of retaliation, which could discourage them from coming forward with important information. This environment may lead to a culture of silence, where critical issues remain unaddressed, ultimately undermining the company's commitment to ethical practices and accountability. Ensuring robust protection for whistleblowers is essential to fostering a transparent workplace where employees feel safe to speak up without fear of retribution.	Potential Negative Impact	↑ Own operations ↓	Short-term
G1 – Corruption and bribery				
34	**Potential corruption and bribery leading to fines and/or reputational damage including loss of business** SKF recognizes the significant financial risk associated with possible occurrence of corruption and bribery. Although SKF has over many years had a strong focus on business ethics in its corporate values and continues to incorporate these values in the corporate culture in all regions (through training and awareness, risk assessments, investigations, audits and internal controls), some countries where SKF has operations face general issues of corruption.	Risk	↑ Own operations ↓	Short-term

G1 Business Conduct, cont.

IMPACTS, RISKS, AND OPPORTUNITIES MANAGEMENT

ESRS 2 IRO-1

Description of the process to identify and assess material impacts, risks and opportunities

SKF has identified and assessed impacts, risks and opportunities for business conduct based on stakeholder dialogues. This includes both internal and external stakeholders, such as customers, suppliers, civil society, and investors. Interest and views of stakeholders are described under SBM-2.

Corporate culture

SKF's efforts to foster a strong corporate culture for a better tomorrow are considered to have a positive effect. Combined with a high scale and a widespread impact it's a material IRO. At the same time, any potential breaches of the SKF's Code of Conduct would have a material negative impact on the Group.

Protection of whistleblowers

SKF is considered to have an actual positive impact for protection of whistleblowers. The impact stretches across the complete value chain as the whistleblowing service is available not only to own employees, but also externally for suppliers and customers. SKF deems it to be an actual positive impact since it is already occurring and moving beyond the legal requirements. The scale of the impact is high with spread of the impact being medium, using the methodology described in IRO-1.

Whilst SKF is considered to have an actual positive impact within the topic protection of whistleblowers there is also an inherent risk of the protection not being adequate. Even if the likelihood for lack of adequate protection of whistleblowers is considered low this IRO becomes material as the severity is considered to take precedence over its likelihood.

Corruption and bribery

Addressing corruption and bribery risks is crucial for SKF as it poses significant financial and reputational risks, including potential fines and loss of business. Although SKF has over many years had a strong focus on business ethics in its corporate values and continues to incorporate these values in the corporate culture in all regions (through training and awareness, risk assessments, investigations, audits and internal controls), SKF has operations in some countries where these issues are more prominent. This IRO becomes material due to a significant potential impact on EBIT even though the likelihood is considered minimal.

SKF's policies and actions to manage these IROs with trainings and by creating awareness are described under G1-1.

G1-1

Business conduct policies and corporate culture

The SKF Code of Conduct represents the DNA of SKF and describes the principles of SKF's corporate culture, thus outlining SKF's fundamental responsibilities and business conduct expectations. The SKF Code of Conduct sets not only SKF's expectations in relation to regulatory compliance, but also outlines the skills, attitude and mindset expected of SKF employees in terms of how to behave and interact with SKF's business partners and each other. Senior Management sets the tone from the top and ensures operational ownership of compliance to the SKF Code of Conduct. There are several subordinate policies, directives and standards related to the SKF Code of Conduct which further define the details of the commitments in the Code. The SKF Code of Conduct and its subordinate policies, directives and standards apply to all SKF's units and employees worldwide. It's accessible online both internally and externally. For managing third parties, the Group has a SKF Code of Conduct for suppliers and subcontractors, as well as one for distributors, agents and intermediaries, publicly available on skf.com.

In 2025, SKF started the implementation of the new SKF Code of Conduct, updated at the end of 2024 to align with its new purpose, values and an evolving regulatory and technological landscape. While SKF's core commitments remain unchanged, SKF recognized the need to refresh the SKF Code of Conduct to align with both external and internal developments, ensuring its continued relevance and effectiveness.

As part of the process to revise the SKF Code of Conduct, SKF engaged in an inclusive dialogue with employees representing different functions of the Group through surveys and interviews to identify their needs and expectations, conducted extensive research, and benchmarked against external standards. Representatives of the World Union Council were part of the steering committee for the SKF Code of Conduct update project and represented the employee stakeholder group. The updated version was approved by SKF's Board of Directors, Group Management and trade union representatives.

In 2025, SKF launched a comprehensive review of its policy governance structure and Group policies to further strengthen its internal governance framework. This initiative is a key milestone in the implementation of a renewed governance model that reflects organizational changes and ensures alignment with the evolving regulatory landscape.

The review process was designed to be inclusive and transparent. SKF engaged relevant corporate functions and internal stakeholders in structured dialogues to ensure that the updated policies address all material internal and external requirements.

To enhance the robustness and relevance of the policy framework, SKF also conducted a preliminary benchmarking exercise against industry peers and regulatory best practices. This ensures that the governance model not only meets compliance obligations but also supports long-term value creation and responsible business conduct.

The SKF Code of Conduct is the baseline for SKF corporate responsibility, business conduct and ethical behaviour and provides the foundation for compliance documents within SKF. Below the Code of Conduct, policies, directives, standards, as well as other supplementary documents, complete the structure of governing documents at SKF. As a commitment to transparency, the updated policies are also published externally.

Key contents in the SKF Code of Conduct [G1-1_MDR-P_65a]

In the SKF Code of Conduct, the company recognizes the strong responsibility towards people and business partners, the society and communities SKF operates in, the environment and the climate. The SKF Code of Conduct outlines SKF's overarching commitments and responsibilities in the areas of Governance, Social and Environment.

The governance section of the SKF Code of Conduct covers governance, ethics and compliance related topics, namely fair business and competition, anti-corruption and ethical behaviour, international trade compliance, secure use of company information, assets and resources and innovation and responsible use of technologies.

The social section of the SKF Code of Conduct covers people, social topics and human rights related topics, namely care for people and respect for human rights, diversity, equity and inclusion, health and safety and privacy, integrity and security.

The environmental section of the SKF Code of Conduct covers environment, climate and resource related topics, namely environmental sustainability and integrity, circularity and environment and use of resources.

Building on the SKF Code of Conduct, the Group upholds strong governance practices to ensure adherence to applicable laws and regulations in all the above-mentioned areas.

These policies are all part of SKF's compliance programme and supplemented by more detailed Group directives and standards where appropriate. Both Group directives and standards are accessible online internally, while all Group policies are available online internally on the intranet and externally on the corporate website.

Third party standards and initiatives [G1-1_MDR-P_65d]

In the Group's business conduct policies, SKF commits to the following internationally recognized principles, guidelines and initiatives which promote sustainable and ethical business practices:

- The United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.
- The International Labour Organization's core conventions.
- OECD's Guidelines for Multinational Companies on Responsible Business Conduct.

Implementation, training and awareness [G1-1_10g; MDR-A]

SKF has implemented a Group-wide compliance programme to prevent, detect and correct non-compliance with legislation and policies as well as ensure a corporate culture based on ethical business conduct and good business practices. This programme adheres to international

G1 Business Conduct, cont.

guidelines from the EU, the US and the UK authorities (Department of Justice, UK Bribery Act, and EU ICP) and includes the elements of management commitment, risk assessment, training and awareness, policies, procedures and whistleblowing, investigations, and audits.

SKF adopts a decentralized operating model, where accountability and commitment to compliance including the SKF Code of Conduct and SKF's corporate culture, rest at the Business Areas and Business Units. The Group-wide compliance programme, together with common processes and tools governed by the respective corporate functions provides the respective Business Areas and Business Units with the framework and ensures compliance, risk management and synergies across the Group. Adherence to local laws is the responsibility of the respective legal entities. SKF's major sites have in-house lawyers that monitor and support the companies to comply with local requirements beyond the requirements in the Group's compliance programme.

In light of the de-centralized operating model, the Business Area and Business Unit Presidents are responsible for the effective implementation of the SKF Code of Conduct and the Ethics & Compliance programme in their respective Business Areas and Business Units. The Chief Compliance Officer follows up on the Business Areas' and Business Units' implementation of the same with the Business Area and Business Units presidents. In addition, the Chief Compliance Officer chairs the SKF Compliance Leadership Team consisting of management representatives from all Business Areas and Business Units. The team shall ensure that priorities and activities are aligned across the Business Areas and Business Units, as well as

Policies and directives related to business conduct matters *[G1-1_MDR-P]*

The following policies are detailing the overarching commitments related to business conduct matters in the SKF Code of Conduct:

Name	Background / objective	Key content	Scope/key stakeholders	Accountability	IRO number
Group Anti-Corruption policy	SKF is fully committed to conducting business in compliance with applicable laws and regulations and thereby participate in the global fight against corruption.	Zero tolerance for corrupt activity including inappropriate gifts or hospitality, bribery, facilitation payments and conflict of interest as well as SKF's policy to not give political donations.	**Scope** All SKF's units. **Key Stakeholder** All employees worldwide. **Stakeholder involved in the development of the policy** Group Compliance together with corporate functions.	Described under implementation, training and awareness.	30, 31, 34
Group Fair Competition policy	Eliminate practices that hinder fair competition and to actively foster and preserve a healthy, competitive economy.	Zero tolerance for engagement in activities detailed in the policy which may constitute violations of applicable antitrust laws and regulations.	**Scope** All SKF's units. **Key Stakeholder** All employees worldwide. **Stakeholder involved in the development of the policy** Group Compliance together with corporate functions.	Described under implementation, training and awareness.	30, 31, 34
Group Communication policy	Communication is vital to SKF's business, and it aims to build trust, strengthen stakeholder relationships, ensure fair valuation of SKF's financial instruments, and attract talent by aligning with SKF's core values.	Information on requirements and obligations related to the prohibition of insider trading.	**Scope** All SKF's units. **Key Stakeholder** All employees worldwide. **Stakeholder involved in the development of the policy** Group Compliance together with corporate functions.	Described under implementation, training and awareness.	30, 31, 34

G1 Business Conduct, cont.

drive risk assessment, participate in investigations and ensure operational ownership of compliance in the business operation.

To ensure employee awareness and effective communication of Group policies and measures, SKF conducts periodic global awareness campaigns, such as the 'Global Compliance week', and all policies are readily accessible online. In addition, there is a Group-wide programme of online training courses for general awareness on compliance and business ethics that are mandatory for all employees having an SKF email address. The training courses cover a wide range of topics, providing general awareness of the policies on good business conduct, such as Antitrust in relation to competitors 93% (94%), Corruption at SKF 95% (96%), How to avoid antitrust risks in the sales channel 98% (99%), Ethical leadership 86% (85%), and Reporting ethical concerns 87% (96%), Export control compliance 78% (92%), Information security awareness 81% (na) and Personal data protection 95% (96%). The numbers represent the percentage of the total number of employees in scope who have completed the training as per January 2026 with last year result in brackets. Every employee with an SKF email address is assigned an onboarding package of trainings when starting at SKF. To ensure continuous awareness and coverage of any changes in requirements or expectations, all trainings are refreshed with a frequency of one to three years depending on the subject of the training. In addition, all employees with an SKF email address are required to commit to the SKF Code of Conduct on an annual basis. The trainings are also available on-demand online for employees with access to the internal learning portal.

Cont. Policies and directives related to business conduct matters *[G1-1_MDR-P]*

The following policies are detailing the overarching commitments related to business conduct matters in the SKF Code of Conduct:

Name	Background / objective	Key content	Scope/key stakeholders	Accountability	IRO number
Group International Trade policy	SKF is fully committed to conducting business in compliance with applicable laws and regulations.	Requiring full compliance with applicable trade regulations, export control rules, customs and import legislation and international sanctions and embargoes.	**Scope** All SKF's units. **Key Stakeholder** All employees worldwide. **Stakeholder involved in the development of the policy** Group Compliance together with corporate functions.	Described under implementation, training and awareness.	30, 31, 34
Group Information Security and Data Privacy Policy	SKF recognizes that confidentiality, integrity and availability of information is essential for innovation, optimizing business operations and delivering value to our stakeholders.	The minimum requirements on how SKF shall collect, process and protect personal data and any type of information.	**Scope** All SKF's units. **Key Stakeholder** All employees worldwide. **Stakeholder involved in the development of the policy** Group Compliance together with corporate functions.	Described under implementation, training and awareness.	30, 31
Group Speak-up and Whistleblowing policy	SKF is committed to the high ethical standards outlined in the SKF Code of Conduct. Nonetheless, situations may arise that cause concern and it is crucial for SKF to be informed of such matters. SKF shall foster an environment where individuals feel safe expressing their thoughts and raise concerns without fear of judgment or retaliation.	Information on SKF's procedures for raising concerns including the whistleblowing channel as well as SKF's policy of non-retaliation.	**Scope** All SKF's units. **Key Stakeholder** All employees worldwide. **Stakeholder involved in the development of the policy** Group Compliance together with corporate functions.	Described under implementation, training and awareness.	30, 31, 32, 33

G1 Business Conduct, cont.

Identification, reporting and investigation of concerns [G1-1_10a;10c;10e, G1-3_18b-c]

SKF has several mechanisms for identifying concerns about behaviour contradicting the SKF Code of Conduct and underlying policies, such as management reviews, internal controls, internal audits and Code of Conduct audits (Responsible Sourcing programme).

Where SKF employees experience or notice behaviours that are not in line with SKF's Code of Conduct they are requested to report it to their manager, local People Experience function or to other senior managers. Employees can also raise concerns or seek advice via the SKF Ethics and Compliance Reporting Line, a whistleblowing line which is set up subject to the legal requirements in the EU Whistleblowing Directive. The reporting line consists of an external system hosted by a third party. Reports can be made anonymously, unless this is prohibited by local legislation.

The SKF Ethics and Compliance Reporting Line is also available to external parties, such as suppliers and distributors, through skf.com. SKF employees and others can report concerns in their own language via a designated web portal or by calling a local telephone number.

SKF is committed to investigating business conduct incidents, including incidents of corruption and bribery, promptly, independently and objectively. All concerns that are reported to the SKF Ethics & Compliance Reporting Line, via other channels, or otherwise identified by the central functions through other mechanisms, are reviewed and assessed by Group Compliance, for assignment to an appropriate independent investigator. Concerns deemed as critical are communicated on a case-by-case basis to the General Counsel and SVP Legal & Compliance and to the Board of Directors' Audit and Sustainability Committee. In addition to regularly scheduled dedicated meetings (as detailed in GOV-1), any time deemed the Chief Compliance Officer directly reports material compliance issues, risks, findings and root causes, as well as remediation plans where appropriate, to the Board of Directors' Audit and Sustainability Committee.

The number of concerns reported and investigated is an important KPI of the effectiveness of SKF's compliance programme. The goal is to increase awareness about and compliance with the SKF Code of Conduct, for example via additional e-learnings, to gradually decrease the number of serious concerns reported and investigated. Internal control issues, training completion rates and the number of reported and substantiated ethical concerns give SKF indications on the need for improving the compliance programme.

SKF's compliance programme actions to prevent or mitigate risks are focused on the main risks identified in the Group's yearly compliance risk assessment. During 2025 SKF engaged approximately 500 managers from all Business Areas and Business Units, regions and corporate functions in a self-assessment of key compliance risks. The number of units participating is a KPI for the quality of the risk assessment. The conclusions of the risk assessment are the basis for mitigation plans per Business Area, Business Unit and for the Group. For functions most at risk for corruption and bribery see G1-3.

SKF has dedicated Legal & Compliance officers in all Business Areas and Business Units. Together with the Chief Ethics & Compliance Officer, the Business Areas and Business Units develop a compliance plan based on risks and incidents. This is approved by the Audit and Sustainability Committee on an annual basis. Positive examples of the compliance activities, such as employee and business partner engagement, are shared with the Group's Compliance Core Team.

G1-3

Prevention and detection of corruption and bribery

SKF addresses anti-corruption and anti-bribery as part of the Group's compliance programme. The SKF Code of Conduct outlines the overall prohibition of corrupt practices, including bribery, and is supplemented by the Group compliance programme on anticorruption which includes different elements to support the prevention and detection of corruption and bribery, such as policies, directives and standards as well as trainings. Prohibition of corruption and bribery is also included in the SKF Code of Conduct for suppliers and sub-contractors, the SKF Code of Conduct for Distributors and the SKF Code of Conduct for Agents and other Intermediaries.

The Group Anti-Corruption Policy, described under G1-1, is supplemented by directives to provide more detailed requirements related to the overarching prohibition on corrupt practices. These are:

- Group directive on Gifts, Hospitality and Third-Party Travel Expenses.
- Group directive on Avoidance of Conflict of Interest.
- Group directive on Third-Party Risk Management.

The Group also provides guidelines related to conflict of interest as well as a due diligence checklist to be used when appointing and using distributors and agents.

The policies, directives and standards are all readily accessible online internally for all employees, and the SKF Code of Conduct is readily accessible online both internally and externally. The Code of Conducts for third parties are provided to the third party or otherwise referenced as part of the onboarding and thereafter when required. When a supplier is subject to SKF's Code of Conduct audit, compliance with the SKF Code of Conduct for suppliers and sub-contractors including sections related to prohibition of corruption and bribery is audited.

To support general awareness about anti-corruption and anti-bribery in the Group, SKF provides group-wide e-learnings, such as "Corruption at SKF" and "Reporting ethical concerns" as described under G1-1. These global training courses are mandatorily assigned to all employees, including the CEO and the employee representatives in the board, on a regular basis and on-demand if needed, and are included in the onboarding programme for new recruits. In addition, all staff employees are assigned a conflict of interest training for general awareness purposes every year, that also includes a step where the employee shall confirm that any conflicts of interest will be disclosed as per SKF's policy.

As described under G1-1, the Business Areas and Business Units presidents are responsible for implementing the Anti-Corruption compliance programme in their respective Business Area and Business Unit, thus also responsible for providing further trainings to address Business Area and Business Unit specific risks as well as to conduct due diligence when required.

Allegations and incidents of corruption and bribery including procedures, investigations and reporting of findings are described under G1-1.

SKF is continuously working to strengthen its efforts to fight corruption. In 2025, the Group has reviewed the anti-corruption compliance programme, including an update of the policy and directives and of the global trainings provided by the Group on anti-corruption, as well as a reinforcement of the third-party due diligence process, by updating the minimum requirements and process for third party due diligence in the new Group directive on third-party risk due diligence.

The mandatory general awareness e-learning on anti-corruption at SKF has been updated and re-assigned to all employees, including those in high-risk functions, for whom the Group has also planned to provide specialized training.

G1 Business Conduct, cont.

Operations assessed for risks related to corruption [G1-1_10h, G1-3_21b]

SKF's compliance risk assessment for 2025 indicates that the risk of corruption is in general low, while slightly higher in regions of high risk of corruption. The identified main corruption risk is conflict of interest, especially in high-risk regions. In addition, SKF has determined that the purchasing and sales functions carry elevated corruption exposure risks. Employees in purchasing roles are exposed to supplier selection and contract negotiation. These activities inherently carry a heightened risk of unethical behaviour and key risk factors include conflict of interest and bribery. Sales personnel often interact with state-owned entities as well as distributors and local agents, especially in markets with high corruption risks. Key risk factors in these interactions include commission arrangements lacking transparency, kickbacks and opportunities for bribery related to deal-closing.

Together with Group Compliance, each Business Area and Business Unit consolidates the results and sets an action plan in accordance with the results of the high-level risk assessment. At SKF's manufacturing units, risk-based ethics and compliance reviews are carried out, in conjunction with environmental, health and safety audits. The purpose is to assist units in their work to identify and address specific ethics and compliance risks, including corruption. During 2025, 13 such reviews have been carried out.

100% of functions identified as at risk are covered by the legal and compliance training programme, which includes both mandatory and optional training assignments designed to enhance awareness and understanding of key ethics and compliance topics.

METRICS AND TARGETS

Targets

SKF does't have any official targets for Business Conduct for 2025, although SKF's ambitions include:

- Assigning dedicated compliance e-learning modules to all employees, ensuring comprehensive coverage of relevant compliance topics and fostering awareness and guidance across the organization.
- Conducting thorough risk assessments across all Business Areas and Business Units to identify critical issues and implement targeted mitigation measures that support a proactive compliance culture.

SKF's overarching ambition is to achieve 100% compliance with the Code of Conduct. These ambitions are supported by internal KPIs to monitor progress and ensure continuous improvement.

G1-4

Incidents of corruption and bribery

During 2025, SKF confirmed three incidents of corruption or bribery. Local units have, based on root causes for the breaches in procedures and standards, taken appropriate measures, such as strengthened internal controls and updated procedures. SKF was neither convicted nor liable to pay any fines for violation of anti-corruption or anti-bribery laws.

Accounting principles G1-4 [MDR-M]

Incidents of corruption and bribery is based on actual reported cases, and periodic awareness campaigns aim to enhance the reporting of incidents. SKF is continuously investigating all incidents of corruption and bribery involving SKF employees, and for some cases, external law firms are consulted. The process is further described under "Identification, reporting and investigations of concern" in G1-1.

Appendix

Statement on due diligence

GOV-4
Statement on due diligence

Core element of due diligence	Paragraphs in the sustainability statement
a. Embedding due diligence in governance, strategy and business model	GOV-1 The role of the administrative, management and supervisory bodies
	GOV-2 Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	GOV-3 Integration of sustainability-related performance in incentive schemes
	GOV-5 Risk management and internal controls over sustainability reporting
	SBM-1 Strategy, business model and value chain
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
	G1-1 Business conduct policies and corporate culture
	S1 - ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
	S2 – ESRS 2 SBM 3 – Material impacts, risks and opportunities and their interaction with the business model
	E1 - ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
	E1-1 Transition plan for climate change mitigation
b. Engaging with affected stakeholders in all key steps of the due diligence	GOV-2 Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	SBM-1 Strategy, business model and value chain
	SBM-2 Interests and views of stakeholders
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
	IRO-1 Description of the process to identify and assess material impacts, risks and opportunities
	S1-2 Process for engaging with own workforce and workers' representatives about impacts
	S1-3 Process to remediate negative impacts and channels for own workforce to raise concerns
	S2-2 Process for engaging with value chain workers about impacts
	S2-3 Process to remediate negative impacts and channels for value chain workers to raise concerns
c. Identifying and assessing adverse impacts	GOV-5 Risk management and internal controls over sustainability reporting
	SBM-1 Strategy, business model and value chain
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
	IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

Core element of due diligence	Paragraphs in the sustainability statement
c. Identifying and assessing adverse impacts, cont.	G1 ESRS IRO-1 Description of the process to identify and assess material impacts, risks and opportunities
	E1 ESRS 2 IRO-1 description of the process to identify and assess material climate-related impacts, risks and opportunities
d. Taking actions to address those adverse impacts	SBM-1 Strategy, business model and value chain
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
	G1-1 Business conduct policies and corporate culture
	G1-3 Prevention and detection of corruption and bribery
	S1-3 Process to remediate negative impacts and channels for own workforce to raise concerns
	S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing opportunities related to own workforce, and effectiveness of those actions
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities
	E1-1 Transition plan for climate change mitigation
	E1 ESRS 2 IRO-1 Description of the process to identify and assess material climate-related impacts, risks and opportunities
	E1-2 Policies related to climate change mitigation and adaptation
	E1-3 Actions and resources in relation to climate change policies
e. Tracking the effectiveness of these efforts and communicating	GOV-1 The role of the administrative, management and supervisory bodies
	GOV-2 Information provided to, and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	GOV-3 Integration of sustainability-related performance in incentive schemes
	GOV-5 Risk management and internal controls over sustainability reporting
	SBM-1 Strategy, business model and value chain
	G1-1 Business conduct policies and corporate culture
	G1-3 Prevention and detection of corruption and bribery
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	S2-5 Targets
	E1-1 Transition plan for climate change mitigation
	E1-4 Targets related to climate change mitigation and adaption

Disclosure requirements

IRO-2

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS data points from other EU legislation (IRO-2)

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate Law reference	Page/relevance
ESRS 2, GOV-1	21(d) Board's gender diversity	x		x		Page 33
	21(e) Percentage of board members who are independent			x		Page 33
ESRS 2, GOV-4	30 Statement on due diligence	x				Page 33
ESRS 2, SBM-1	40(d)(i) Involvement in activities related to fossil fuel activities	x	x	x		Not relevant
	40(d)(ii) Involvement in activities related to chemical production	x		x		Not relevant
	40(d)(iii) Involvement in activities related to controversial weapons	x		x		Not relevant
	40(d)(iv) Involvement in activities related to cultivation and production of tobacco			x		Not relevant
ESRS E-1	14 Transition plan to reach climate neutrality by 2050				x	Pages 46–47
	16(g) Undertakings excluded from Paris-aligned benchmarks		x	x		Not relevant
ESRS E1-4	34 GHG emission reduction targets	x	x	x		Pages 57–58
ESRS E1-5	38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Page 59
	37 Energy consumption and mix	x				Page 59
	40–43 Energy intensity associated with activities in high climate impact sectors	x				Page 62
ESRS E1-6	44 Gross scope 1,2,3 and total GHG emissions	x	x	x		Page 60
	53–55 Gross GHG emissions intensity	x	x	x		Page 62
ESRS E1-7	56 GHG removals and carbon credits				x	Page 62

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate Law reference	Page/relevance
ESRS E1-9	66 Exposure of the benchmark portfolio to climate-related physical risks			x		Not stated (phase-in)
	66(a), 66(c) Disaggregation of monetary amounts by acute and chronic physical risk, location of significant assets at material physical risk		x			Not stated (phase-in)
	67 (c) Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Not stated (phase-in)
	69 Degree of exposure of the portfolio to climate-related opportunities			x		Not stated (phase-in)
ESRS E2-4	28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material
ESRS E3-1	9 Water and marine resources	x				Not material
	13 Dedicated policy	x				Not material
	14 Sustainable oceans and seas	x				Not material
ESRS E3-4	28 (c) Total water recycled and reused	x				Not material
	29 Total water consumption in m^3 per net revenue on own operations	x				Not material
ESRS 2, SBM3 – E4	16 (a) (i) Activities negatively affecting biodiversity sensitive areas	x				Not material
	16 (b) Material negative impacts with regards to land degradation, desertification or soil sealing	x				Not material
	16 (c) Whether operations affect threatened species	x				Not material

Disclosure requirements, cont.

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate Law reference	Page/relevance
ESRS E4-2	24 (b) Sustainable land / agriculture practices or policies	x				Not material
	24 (c) Sustainable oceans / seas practices or policies	x				Not material
	24 (d) Policies to address deforestation	x				Not material
ESRS E5-5	37(d) Non-recycled waste	x				Page 68
	39 Hazardous waste and radioactive waste	x				Page 68
ESRS 2, SBM3-S1	14(f) Risk of incidents of forced labour	x				Page 71
	14(g) Risk of incidents of child labour	x				Page 71
ESRS S1-1	20 Human rights policy commitments	x				Page 71–73
	21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Page 71–73
	22 Processes and measures for preventing trafficking in human beings	x				Page 71–73
	23 Workplace accident prevention policy or management system	x				Page 71–73
ESRS S1-3	32(c) Grievance/complaints-handling mechanisms	x				Page 74
ESRS S1-14	88(b)-(c) Number of fatalities and number and rate of work- related accidents	x		x		Page 79
	88 (e) Number of days lost to injuries, accidents, fatalities, or illness	x				Page 79
ESRS S1-16	97(a) Unadjusted gender pay gap	x		x		Page 80
	97(b) Excessive CEO pay ratio	x				Page 80
ESRS S1-17	103 (a) Incidents of discrimination	x				Page 80
	104 (a) Non-respect of UNGPs on Business and Human Rights, ILO principles, or OECD guidelines	x		x		Page 80
ESRS 2, SBM3 – S2	11(b) Significant risk of child labour or forced labour in the value chain	x				Pages 81–82

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate Law reference	Page/relevance
ESRS S2-1	17 Human rights policy commitments	x				Page 82
	18 Policies related to value chain workers	x				Pages 82–83
	19 Non-respect of UNGPs on Business and Human Rights, ILO principles, or OECD guidelines	x		x		Page 82
	19 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8			x		Page 82
ESRS S2-4	36 Human rights issues and incidents connected to its upstream and downstream value chain	x				Pages 84–85
ESRS S3-1	16 Policies related to consumers and end-users	x				Not material
	17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Not material
ESRS S3-4	36 Human rights issues and incidents	x				Not material
ESRS S4-1	16 Policies related to consumers and end-users	x				Not material
	17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Not material
ESRS S4-4	35 Human rights issues and incidents	x				Not material
ESRS G1-1	10(b) United Nations Convention against Corruption	x				Pages 87–88
	10(d) Protection of whistleblowers	x				Pages 87–88
ESRS G1-4	24(a) Fines for violation of anti-corruption and anti-bribery laws	x		x		Page 91
	24(b) Standards of anti-corruption and anti-bribery	x				Page 91

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Auditor's limited assurance report of AB SKF (publ)'s statutory sustainability statement

To the general meeting of the shareholders of AB SKF (publ), corporate identity number 556007-3495

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for AB SKF (publ) for the financial year 2025. The sustainability statement is included on pages 31-95 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of European Sustainability Reporting Standards (ESRS),
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement,
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8 (EU Taxonomy).

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1–29, 98–144 and 147–162. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of sustainability statement in accordance with Chapter 6, paragraphs 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Other matters

Prior year's sustainability statement has not been subject to limited assurance procedures in accordance with FAR's recommendation RevR 19 and consequently prior year's information in the sustainability statement for 2024 has not been subject to limited assurance procedures in accordance with that recommendation.

Auditor's responsibility

Our responsibility is to express a conclusion on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of AB SKF (publ) in accordance with professional ethics for auditors in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Chief Executive Officer prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

Our review procedures concerning the entity's process for identifying sustainability information to be reported included, but were not limited to:

- Obtained an understanding of the process by:
- Performing inquiries to understand the sources of the information used by management, and

Auditor's limited assurance report, cont.

- Reviewing the entity's internal documentation of its process
- Evaluated whether the evidence obtained from our procedures about the process implemented by the entity is consistent with the description of the process set out on page 39–40 in the sustainability statement.

The review procedures with respect to the sustainability statement included but were not limited to the following:

- By inquiries obtain an understanding of the entity's control environment, reporting processes, and information systems relevant to the preparation of its sustainability statement
- Evaluate whether information identified to be material by the entity´s the process for identifying sustainability information reported, is included in the sustainability statement
- Evaluate whether the structure and the presentation of the sustainability statement is in accordance with the requirements in ESRS
- Perform inquiries of relevant personnel and analytical procedures on selected disclosures in the sustainability statement
- Perform substantive assurance procedures on a sample basis on selected disclosures in the sustainability statement
- Perform inquiries and analytical procedures to evaluate whether the methods, data and significant assumptions used to make estimates in the sustainability statement are appropriate and applied consistently.

The review procedures with respect to the EU Taxonomy included but were not limited to the following:

- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement
- Evaluated whether the activities within the EU Taxonomy are consistent to the financial statements and related notes
- Evaluated processes, documentation and assessment of eligibility and alignment with the economic activities and technical screening criteria within the EU Taxonomy
- Evaluated whether the reporting is in accordance with the requirements in EU Taxonomy.

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Chief Executive Officer for AB SKF (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the entity. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Gothenburg, March 6, 2026

Deloitte AB

Signature on Swedish original

Hans Warén
Authorized public accountant

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Amounts in MSEK unless otherwise stated. Amounts in parentheses refer to comparable figures for 2024.

SKF Group's formal Annual Report is presented on pages 14–29, 31–95, 98–144 and 148–150. It has been audited by SKF's external auditors. See the Auditor's Report on pages 145–146.

Consolidated income statements

MSEK	Note	January–December 2025	2024
Net sales	2	91,583	98,722
Cost of goods sold	6	–67,058	–71,349
Gross profit		**24,525**	**27,373**
Research and development expenses	5	–3,409	–3,326
Selling expenses	6	–12,657	–12,763
Administrative expenses	6	–961	–601
Other operating income	7	3,480	1,263
Other operating expenses	7	–3,284	–1,645
Income from associated companies		61	38
Operating profit		**7,755**	**10,339**
Financial income	8	289	479
Financial expenses	8	–1,619	–1,729
Profit before taxes		**6,425**	**9,089**
Income tax	9	–2,176	–2,202
Net profit		**4,249**	**6,887**
Net profit attributable to:			
Shareholders of AB SKF		3,927	6,474
Non-controlling interests		322	413
Basic earnings per share (SEK), before and after dilution	17	8.62	14.22

Consolidated statements of comprehensive income

MSEK	Note	January–December 2025	2024
Net profit		**4,249**	**6,887**
Items that will not be reclassified to the income statement			
Remeasurements of post-employment benefits	18	623	731
Assets at fair value through other comprehensive income	14	–307	80
Income tax	9	–241	–150
		75	**661**
Items that may be reclassified to the income statement			
Currency translation adjustments		–7,243	2,914
Assets at fair value through other comprehensive income	14	—	—
Income tax	9	—	—
		–7,243	**2,914**
Other comprehensive income, net of tax		**–7,168**	**3,575**
Total comprehensive income		**–2,919**	**10,462**
Total comprehensive income attributable to			
Shareholders of AB SKF		–2,819	9,938
Non-controlling interests		–100	524

Comments on the consolidated income statements

General

The Group's income statement for 2025 included the result of the divested ring and seal operation in Hanover, Pennsylvania, USA for the period 1 January–30 April.

Net sales

In 2025, net sales amounted to MSEK 91,583 (98,722) corresponding to a decrease of –7.2% compared to 2024. The change of the Swedish krona towards other currencies had a negative impact in 2025 of –6.6%. Structural changes accounted for –0.2%. Net sales in local currencies decreased with –0.4%.

Sales development y-o-y, %	Q1	Q2	Q3	Q4	Full year
Organic	–3.5	–0.2	2.0	0.0	–0.4
Structure	0.5	–0.4	–0.2	–0.5	–0.2
Currency	0.0	–9.0	–6.9	–10.6	–6.6
Total	**–3.0**	**–9.6**	**–5.1**	**–11.1**	**–7.2**

Operating profit

Operating profit for the year was MSEK 7,755 (10,339). Operating profit included items affecting comparability of MSEK –3,918 (–1,844), whereof MSEK –2,946 (–1,364) related to ongoing restructuring and cost reduction activities, including the full cost of the rightsizing activity in the Industrial business. In addition, MSEK –1,356 (–133) related to the separation of the Automotive business and MSEK –584 (–347) primarily related to impairment of fixed assets. It also included MSEK +224 related to profit from sale of the manufacturing site in Luton, UK as well as MSEK +744 related to profit from sale of the aerospace business in Hanover, USA.

Financial income and expenses, net

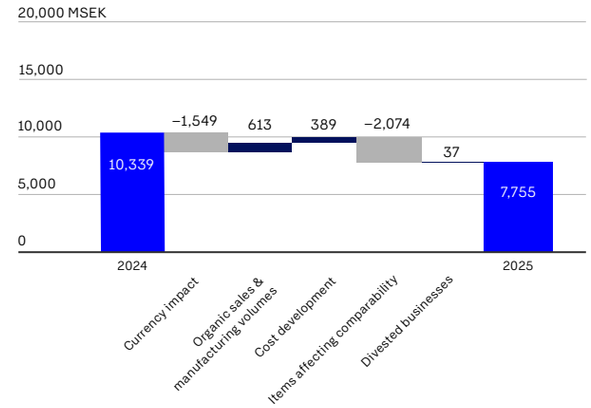
The financial income and expenses, net for 2025 was MSEK –1,330 (–1,250). Exchange rate fluctuations had a more negative impact in 2025 compared to 2024 while interest expenses were higher in 2024. For more information about the changes year-over-year, see Note 8.

Taxes

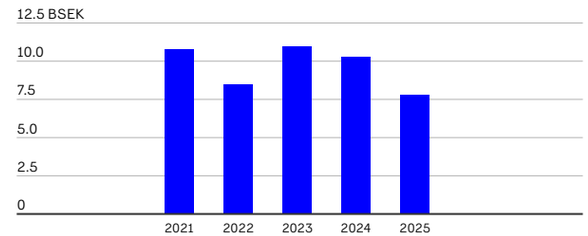
The effective tax rate for the year was 33.9% (24.2). The tax rate was negatively impacted by the Automotive separation and adjustments due to differences between local and functional currency. Excluding these items, the effective tax rate was 26.8% in 2025. For more information, see Note 9.

Values by quarter MSEK	Q1	Q2	Q3	Q4	Full year
Net sales	23,966	23,166	22,482	21,969	91,583
Operating profit	2,885	1,300	2,007	1,563	7,755
Profit before taxes	2,595	859	1,687	1,284	6,425
Basic earnings per share (SEK)	3.95	1.13	2.30	1.25	8.62

Operating profit development y-o-y



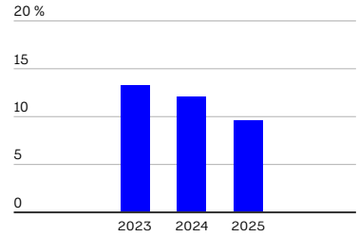
Operating profit



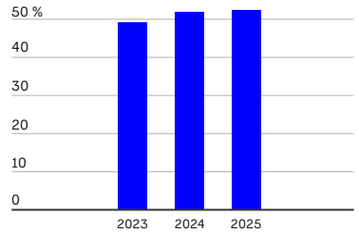
Consolidated balance sheets

MSEK	Note	As of 31 December 2025	2024
ASSETS			
Non-current assets			
Goodwill	10	10,925	12,574
Other intangible assets	10	3,487	4,671
Property, plant and equipment	11	27,785	30,470
Right-of-use assets	12	2,900	3,564
Long-term financial assets	14	1,238	1,424
Deferred tax assets	9	4,095	3,369
Investments in joint ventures and associated companies	22	553	565
Other long-term assets		902	982
		51,885	**57,619**
Current assets			
Inventories	13	23,677	26,182
Trade receivables	14	15,408	16,600
Other short-term assets	15	5,780	6,057
Other short-term financial assets	14	482	330
Cash and cash equivalents	14	8,984	11,031
		54,331	**60,200**
Assets classified as held for sale	28	206	1,594
Total assets		**106,422**	**119,413**
EQUITY AND LIABILITIES			
Equity attributable to shareholders of AB SKF		53,558	59,649
Equity attributable to non-controlling interests	27	2,110	2,320
		55,668	**61,969**
Non-current liabilities			
Long-term financial liabilities	20	12,001	12,685
Long-term lease liabilities	12, 20	2,167	2,714
Provisions for post-employment benefits	18	7,004	8,502
Deferred tax provisions	9	1,955	1,905
Other long-term provisions	19	1,731	1,424
Other long-term liabilities		139	80
		24,997	**27,310**
Current liabilities			
Trade payables	20	11,207	12,553
Short-term provisions	19	2,035	1,157
Short-term lease liabilities	12, 20	728	802
Other short-term financial liabilities	20	444	4,559
Other short-term liabilities	21	11,327	10,930
		25,741	**30,001**
Liabilities classified as held for sale	28	16	133
Total equity and liabilities		**106,422**	**119,413**

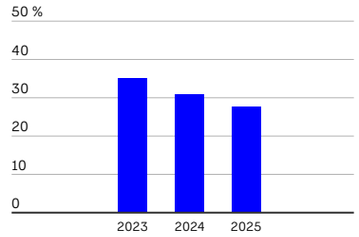
Return on capital employed



Equity/assets



Gearing



Comments on the consolidated balance sheets

Net working capital

On 31 December 2025, net working capital as percentage of sales was 30.4% (30.6) consisting of the following components:

- Inventories amounted to MSEK 23,677 (26,182) being 25.9% (26.5) of annual sales. The decline in inventories was attributed to volumes by MSEK +144, net of divestments and acquisitions, and to currencies by MSEK –2,649.
- Trade receivables amounted to MSEK 15,408 (16,600) which is 16.8% (16.8) of annual sales. The change in trade receivables was attributable to volume increase with MSEK +667, net of divestments and acquisitions, and to currencies with MSEK –1,859. The average days of outstanding trade receivables were 65 days (67).
- Trade payables amounted to MSEK 11,207 (12,553) corresponding to 12.2% (12.7) of annual sales. The change attributable to volume was MSEK –313, net of divestments and acquisitions, and the remaining MSEK –1,033 was attributable to currencies.

Property, Plant and Equipment

On 31 December 2025, plant and property amounted to MSEK 27,785 (30,470). This was as a percentage of annual sales 30.3% (30.9). The change attributable to currencies was MSEK –3,174.

Net debt

Net debt amounted to MSEK 12,052 (16,472) at the end of 2025.

Post-employment benefit provisions totaled MSEK 6,372 (7,729) at year end, representing a net decrease of MSEK 1,357 (net decrease of 848), which was attributable to:

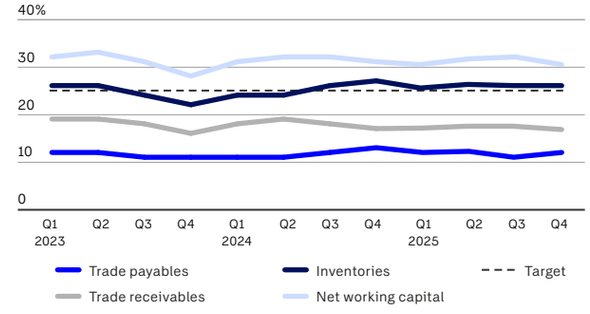
- Cash payments of MSEK –924 (–1,411)
- Actuarial gains and losses of MSEK –623 (–731)
- Expenses of MSEK 759 (945)
- Acquired/divested businesses of MSEK 0 (0)
- The remainder was attributable to currency differences.

Loans totaled MSEK 12,089 (16,526), at the end of 2025, representing a decrease of MSEK 4,437. The change was primarily attributable to the repayment of bonds of MSEK –3,483.

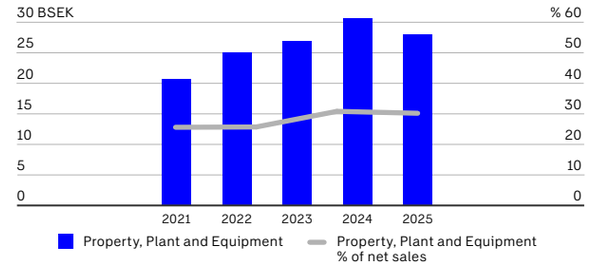
Equity

During the year, equity decreased from MSEK 61,969 to MSEK 55,668. Net profit amounted to MSEK 4,249 (6,887) and dividends paid were MSEK 3,613 (3,833). Currency translation had a negative effect of MSEK –7,243 (2,914). Remeasurements had a positive net of tax effect of MSEK 623 (731). The capital structure target is a net debt/equity ratio, excluding pension liabilities, below 40%. This together with the self-funding principle in the new strategic framework, operating cash flow to fund investments and shareholder distribution, underpins the Group's financial flexibility and its ability to execute on the strategy, while maintaining a strong credit rating. On 31 December 2025, the net debt/equity ratio, excluding pension liabilities, was 10.2% (14.1).

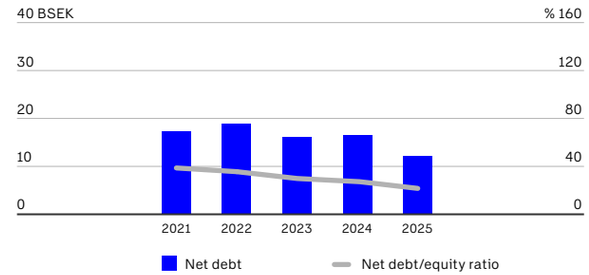
Net working capital as % of annual sales



Property, Plant and Equipment as % of net sales



Net debt/equity



Consolidated statements of cash flow

MSEK	Note	January–December 2025	2024
Operating activities			
Operating profit		7,755	10,339
Adjustments for			
Depreciation, amortization and impairment	6	4,624	4,432
Net gain/loss on sales of businesses and property, plant and equipment		–1,029	–15
Other non-cash items		1,780	961
Income taxes paid		–2,490	–2,357
Contributions to and payments under post-employment defined benefit plans	18	–724	–1,206
Associated companies		–8	–23
Changes in working capital			
Inventories		–549	–2,224
Trade receivables		–805	872
Trade payables		–284	850
Other operating assets and liabilities, net		743	–302
Interest and other financial items		–621	–535
Net cash flow from operating activities		**8,392**	**10,792**
Investing activities			
Additions to intangible assets	10	–4	–14
Additions to property, plant and equipment	11	–3,821	–5,077
Sales of property, plant, equipment, and intangible assets	10, 11	347	80
Acquisitions of businesses, net of cash and cash equivalents	3	—	–587
Divestments of businesses, net of cash and cash equivalents	4	2,188	—
Tax payments related to sales of business		–210	—
Investment in/sale of equity securities		—	–4
Net cash flow used in investing activities		**–1,500**	**–5,602**
Net cash flow after investments before financing		**6,892**	**5,190**

MSEK	Note	January–December 2025	2024
Financing activities			
Proceeds from medium- and long-term loans		246	464
Repayments of medium- and long-term loans		–3,729	–3,153
Payments of leases		–901	–885
Cash dividends to shareholders of AB SKF and non-controlling interests		–3,613	–3,832
Funding of post-employment benefits		–200	–210
Other financing items		26	—
Investments in financial assets		–234	–30
Sales of financial assets		116	73
Net cash flow used in/from financing activities		**–8,289**	**–7,573**
Net cash flow		**–1,397**	**–2,383**
Cash and cash equivalents at 1 January		11,031	13,311
Cash effect excluding acquired/sold businesses		–3,585	–2,493
Cash effect from acquired/sold businesses		2,188	110
Translation effect		–650	103
Cash and cash equivalents on 31 December		**8,984**	**11,031**

Comments on the consolidated statements of cash flow

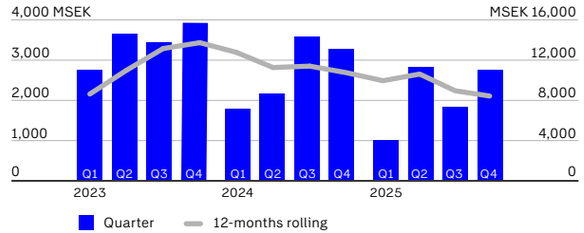
The consolidated statements of cash flow have been adjusted for exchange rate effects arising upon the translation of foreign subsidiaries' balance sheets to SEK, as these do not represent cash flows. Cash and cash equivalents comprises of cash free, cash on time deposits at banks and debt securities maturing within three months at the time of the investment.

Cash flow from operating activities
Net cash flow from operating activities, which is the primary cash flow measure used in the Group, amounted to MSEK 8,392 (10,792) in 2025. Other non-cash items included expenses for which the cash flow has not yet occurred. The lower cash flow is mainly driven by a lower operating profit in 2025 due to high items affecting comparability while changes in working capital were on same levels as in 2024. Cash outflow from items affecting comparability during 2025 is estimated to approximately BSEK –3. Interest and other financial items included interest paid of MSEK –567 (–786), interest received of MSEK 318 (443), and the remainder related primarily to realized derivatives on commercial flows between Group companies.

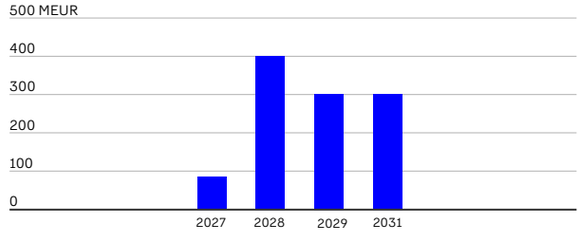
Cash flow after investments before financing
Cash flow after investments before financing reached MSEK 6,892 (5,190) in 2025. Adjusted for acquisitions and divestments of businesses, the cash flow amounted to MSEK 4,914 (5,777). During the year the Group divested the ring and seal operation in Hanover, Pennsylvania, USA which generated a net cash inflow of MSEK 1,978.

Cash flow used in financing activities
Cash flow used in financing activities included a payment of MSEK –200 (–210), net of taxes, related to contribution to the defined benefit retirement plan in the USA.

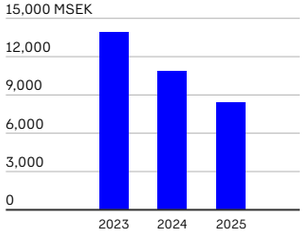
Cash flow from operating activities



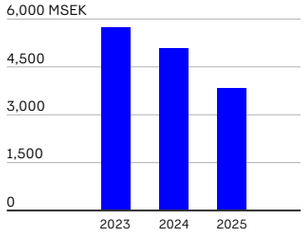
Debt structure



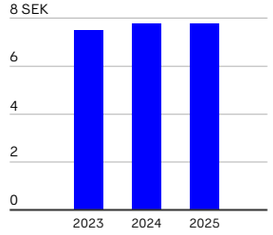
Cash flow from operating activities



Additions to Property, Plant and Equipment



Paid dividend per A and B share



The Board of Directors' proposed distribution of surplus for the year 2025, which is subject to approval at the Annual General Meeting in April 2026, includes an ordinary dividend of SEK 7.75 per share, see Note 16.

Comments on the consolidated statements of cash flow, cont.

Change in net debt

MSEK	2025 Closing balance	Cash changes	Businesses acquired/sold	Other non-cash changes	Translation effect	2025 Opening balance
Loans[1]	12,089	–3,483	—	31	–985	16,526
Post-employment benefits, net[2]	6,372	–924	—	44	–477	7,729
Lease liabilities	2,895	–901	—	664	–384	3,516
Other short-term financial assets[3]	–320	–92	—	–4	44	–268
Cash and cash equivalents	–8,984	3,585	–2,188	—	650	–11,031
Net debt	**12,052**	**–1,815**	**–2,188**	**735**	**–1,152**	**16,472**
Derivatives[4] included in Other financing items	—	—	—	—	—	—

MSEK	2024 Closing balance	Cash changes	Businesses acquired/sold	Other non-cash changes	Translation effect	2024 Opening balance
Loans[1]	16,526	–2,689	5	23	691	18,496
Post-employment benefits, net[2]	7,729	–1,416	—	237	330	8,578
Lease liabilities	3,516	–885	26	1,355	184	2,836
Other short-term financial assets[3]	–268	8	—	152	–20	–408
Cash and cash equivalents	–11,031	2,493	–110	—	–103	–13,311
Net debt	**16,472**	**–2,489**	**–79**	**1,767**	**1,082**	**16,191**
Derivatives[4] included in Other financing items	—	—	—	—	—	—

1) Excludes derivatives, see Note 20.
2) Other non-cash changes include remeasurements as well as expenses on defined benefit plans, see Note 18.
3) Other short-term financial assets exclude derivatives, see Note 14. Cash changes of MSEK –92 (8) is explained by investment in financial assets of MSEK –186 (–7) and sale of financial assets of MSEK 94 (15).
4) Financing activities to hedge short- and long-term loans. Other financing items in cash flow include cash flow from derivatives as stated in the table and interest premium for the repayment of loans.

Consolidated statements of changes in equity

	Equity attributable to owners of AB SKF							
MSEK	Share capital	Share premium	FV OCI reserve	Translation reserve	Retained earnings	Subtotal	Non-controlling interests[1]	Total
Opening balance 1 January 2024	**1,138**	**564**	**89**	**2,119**	**48,833**	**52,743**	**2,213**	**54,956**
Net profit	—	—	—	—	6,474	6,474	413	6,887
Hyperinflation adjustment[3]	—	—	—	—	389	389	—	389
Components of other comprehensive income								
Currency translation adjustments	—	—	—	2,803	—	2,803	111	2,914
Change in FV OCI assets	—	—	80	—	—	80	—	80
Remeasurements of post-employment benefits	—	—	—	—	731	731	—	731
Income taxes	—	—	—	—	–150	–150	—	–150
Transactions with shareholders								
Non-controlling interests	—	—	—	—	—	—	—	—
Cost for Performance Share Programmes, net[2]	—	—	—	—	–20	–20	—	–20
Dividends	—	—	—	—	–3,416	–3,416	–417	–3,833
Other	—	—	—	—	15	15	—	15
Closing balance 31 December 2024	**1,138**	**564**	**169**	**4,922**	**52,856**	**59,649**	**2,320**	**61,969**
Net profit	—	—	—	—	3,927	3,927	322	4,249
Hyperinflation adjustment[3]	—	—	—	—	222	222	—	222
Components of other comprehensive income								
Currency translation adjustments	—	—	—	–6,806	—	–6,806	–437	–7,243
Change in FV OCI assets	—	—	–307	—	—	–307	—	–307
Remeasurements of post-employment benefits	—	—	—	—	608	608	15	623
Income taxes	—	—	—	—	–241	–241	—	–241
Transactions with shareholders								
Non-controlling interests	—	—	—	—	16	16	–16	—
Cost for Performance Share Programmes, net[2]	—	—	—	—	9	9	—	9
Dividends	—	—	—	—	–3,529	–3,529	–84	–3,613
Other	—	—	—	—	10	10	–10	—
Closing balance 31 December 2025	**1,138**	**564**	**–138**	**–1,884**	**53,878**	**53,558**	**2,110**	**55,668**

1) See Note 27 for details.
2) See Note 23 for details.
3) See Note 1 for details.

Fair value through other comprehensive income reserve

The fair value through other comprehensive income (FV OCI) reserve accumulates changes in the fair value of assets recognized directly in other comprehensive income, net of tax, with the exception of any dividends and any impairment losses. See Note 14 for details on FV OCI assets.

Translation reserve

Exchange differences relating to the translation from the functional currencies of the SKF Group's foreign subsidiaries into SEK are accumulated in the translation reserve. Upon the sale of a foreign operation, the accumulated translation amounts are recycled to the income statement and included in the gain or loss on the disposal. Additionally, gains and losses on hedging instruments meeting the criteria for hedges of net investments in foreign operations are recognized in the translation reserve net of tax. See Note 26 for details.

Notes to the consolidated financial statements

1 Accounting policies

Basis of presentation
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Furthermore, the Group is in compliance with the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, as well as their interpretations (UFR).

The Annual Report of the Parent Company, AB SKF, has been signed by the Board of Directors on 6 March 2026. The income statement and balance sheet, and the consolidated income statement and consolidated balance sheets are subject to adoption at the Annual General Meeting on 21 April 2026.

The consolidated financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below or in respective note.

Basis of consolidation
The consolidated financial statements include the Parent Company, AB SKF and those companies in which it directly or indirectly exercises control, and hereafter is referred to as "the Group", "SKF" or "the SKF Group". Control exists when the Group has the right to direct the relevant activities of a company, is exposed to variable returns and canuse those rights to affect those returns. For the vast majority of the Group's subsidiaries control exists via 100% ownership. There is also a very limited number of subsidiaries controlled by SKF where ownership is between 50–100%. The largests of such companies are SKF India Ltd. and SKF India (Industrial) Ltd., publicly listed companies in India of which the Group has control via ownership of 52.6% of the voting rights. For the subsidiaries where less than 100% is owned, the non-controlling interests are shown separately within equity.

Translation of foreign financial statements and items denominated in foreign currency
AB SKF's functional currency is the Swedish krona (SEK), which is also the Group's reporting currency.

All foreign subsidiaries report in their functional currency, being the currency of the primary economic environment in which the subsidiary operates. Upon consolidation, all balance sheet items are translated to SEK based on the year-end exchange rates. Income statement items are translated at average exchange rates, with an exception for those mentioned below in hyperinflation reporting. The accumulated exchange differences arising from these translations are recognized via other comprehensive income to the translation reserve in equity. Such translation differences are reclassified into the income statement upon the disposal of the foreign operation.

Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at the respective transaction date.

Assets and liabilities denominated in a foreign currency, primarily receivables, payables and loans, have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains and losses related to trade receivables and payables, and other operating receivables and payables, are included in other operating income and other operating expenses. The exchange gains and losses relating to other financial assets and liabilities are included in financial income and financial expenses.

Exchange rates
The exchange rates in below table have been used when translating the financial statements of foreign subsidiaries operating in the countries into SEK.

			Average rates		Year-end rates	
Country	Unit	Currency	2025	2024	2025	2024
Argentina	1	ARS	0.01	0.01	0.01	0.01
China	1	CNY	1.37	1.47	1.31	1.51
EMU countries	1	EUR	11.06	11.44	10.81	11.46
India	100	INR	11.31	12.63	10.23	12.87
Brazil	1	BRL	1.76	1.97	1.65	1.78
United Kingdom	1	GBP	12.95	13.53	12.41	13.83
USA	1	USD	9.85	10.57	9.19	11.01

Hyperinflation reporting
Argentina is classified as a hyperinflation economy since 2018 and since 2022 Turkey is classified as a hyperinflation economy. Since SKF has operations in these countries, the Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies and restated the financial statements accordingly. The Argentinian index used in the restatement is the Argentinian Consumer Price Index published by the Argentinian Statistical Institute and amounted to 10,121.4 (7,694.0) as per 31 December 2025. The Turkish index used in the restatement is the Consumer Price Index published by the Turkish Statistical Institute and amounted to 3,513.9 (2,684.6) as per 31 December 2025.

Revenue
Revenue consists of sales of products or services to both end customers and distributors in the normal course of business. Service revenues are defined as business activities, billed to a customer, that do not include physical products or where the supply of any product is subsidiary to the fulfilment of the contract. Any products that are included in service contracts are reported as separate performance obligations and classified as revenue from products.

Revenue is recognized when the control has been transferred to the customer. Sales are recorded net of allowances for volume rebates, sales returns and other variable considerations if it is highly probable that they will occur.

Revenues from products are recognized at a point in time. Revenues from service and/or maintenance contracts are either recognized at a point in time or over time. In those contracts where the service is delivered to the customer over time, the revenue is accounted for over the duration of the contract with the use of either the input or output methods. These are different methods to measure the progress towards a complete satisfaction of a performance obligation. Revenue from all other service contracts is accounted for at a point in time. Revenues recognized over time is not deemed material.

Any anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable.

For revenue presented per customer industry, segment and geographic area, see Note 2.

Critical accounting estimates and judgements
Management believes that the following areas contain the most key judgements and the most significant sources of estimation uncertainty used in the preparation of the financial statements, where a different opinion or estimate could lead to significant changes to the Group's financial statements in the upcoming year.

- Judgement on the realizability of deferred tax assets (Note 9).
- Judgements in recoverability of the carrying value of internally developed software (Note 10).
- Estimates and key assumptions used in impairment testing of intangible assets (Note 10).
- Judgements used in determening extension options for right of use assets (Note 12).
- Significant assumptions used in the calculation of the post-employment benefit obligations (Note 18).
- Judgements used in the recognition and disclosure of provisions and contingent liabilities (Note 19).
- Climate risks are taken into consideration in investing decisions and impairment testing.

1 Accounting policies, cont.

Climate risk assessment
SKF sees both risks and opportunities related to climate, but no known material climate related risks affecting the financial statements of 2025 for the SKF Group have been identified. SKF's core business is based on well-established technology and the Group is diversified in terms of products, customers, geographic markets and industries. Based on this diversification, SKF does not anticipate that climate related business risks will have substantive financial or strategic impact on Group level. Some specific market sectors will be negatively affected, such as the demand for SKF products for diesel and gasoline engines. However, other sectors will be positively affected, such as the market demand for SKF products for electric motors. Overall, SKF believes that the climate-related business opportunities outweigh the risks.

New accounting principles
New accounting principles 2025
IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2025. None of these are expected to have a material effect on the SKF Group's financial.

New accounting principles 2026
IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2026. None of these are expected to have a material effect on the SKF Group's financial.

2 Segment information

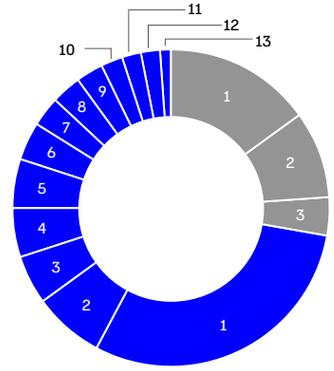
Each operating segment is defined as those business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. In the case of SKF, the CODM is defined as Group Management which makes decisions about allocation of resources to the segments and also to assess their performance on a regular basis. The internal reporting package comprises two segments, Industrial and Automotive.

This segment information includes sales and operating profit related to all significant industrial and automotive customers. Segment profit represents the business result generated by the capital employed of the segment and includes allocated corporate expenses and eliminations.

Segment assets include all operating assets used and controlled by a segment and consists principally of property, plant and equipment, intangible assets, external trade receivables and inventories. Segment liabilities include all operating liabilities used and controlled by a segment and consists principally of external trade payables, other provisions as well as accruals. Reconciling items to the Group's reported assets and liabilities include consolidation eliminations, all tax-related balances as well as items

2 Segment information, cont.

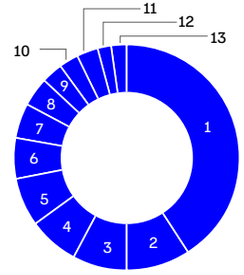
Net sales by customer industry – Total



1 Industrial distribution, 30%
2 Aerospace, 7%
3 High speed machinery and electrical drives, 5%
4 Heavy industries, 5%
5 Railway, 5%
6 Other industrial, 4%
7 Agriculture, food and beverage, 3%
8 Renewable energy, 3%
9 Marine, 3%
10 Off-highway, 2%
11 Traditional energy, 2%
12 Material handling, 2%
13 Automation, 1%

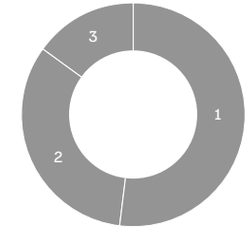
1 Light vehicles, 15%
2 Vehicle aftermarket, 9%
3 Commercial vehicles, 4%

Net sales by customer industry – Industrial



1 Industrial distribution, 41%
2 Aerospace, 9%
3 High speed machinery and electrical drives, 8%
4 Heavy industries, 7%
5 Railway,7%
6 Other industrial, 6%
7 Agriculture, food and beverage, 5%
8 Renewable energy, 4%
9 Off-highway, 3%
10 Marine, 3%
11 Traditional energy, 3%
12 Material handling, 2%
13 Automation, 2%

Net sales by customer industry – Automotive



1 Light vehicles, 52%
2 Vehicle aftermarket, 33%
3 Commercial vehicles, 15%

2 Segment information, cont.

of a financial interest bearing nature, including post-employment benefit assets and provisions.

Asymmetrical allocations affecting the segments relate primarily to post-employment benefits where non-financial expenses are allocated to the segments although the related provisions are not.

Additionally, receivables and payables related to sales between segments are not allocated to the segments. Such items are sold to and settled directly with SKF Treasury Centre, the Group's internal bank, thereby becoming financial in nature.

Industrial is structured according to a regional approach and is managed as one segment comprising of four regions: Europe, Middle East and Africa, The Americas, China and Northeast Asia, India and Southeast Asia.

Industrial sells to customers in the global industrial market, directly and indirectly through SKF's worldwide distributor network. Key customers are companies within industrial drives, heavy industry (such as metals, mining, cement, and pulp and paper), other industrial (such as automation and machine tool), railway, marine, energy (such as wind and solar) and aerospace. These customer industries are served both directly to OEMs and end-users as well as indirectly through SKF's network of industrial distributors.

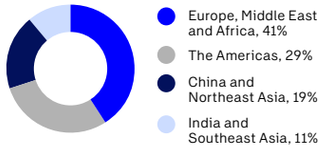
Automotive sells to customers in the global automotive market, directly or indirectly through SKF's distributor network. Key customers are manufacturers of cars, light and heavy trucks, trailers, buses, two-wheelers and the vehicle aftermarket.

For more information about the segments and their related products, see page 12.

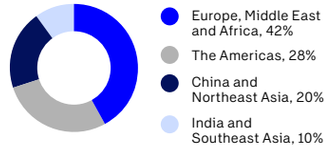
Net sales are allocated according to the location of the respective customer. Of the Group's total net sales by customer location, 19% (19) were located in USA, 16% (15) in China, and 8% (8) in Germany.

Non-current assets exclude financial assets, deferred tax assets and post-employment benefit assets. Non-current assets are allocated according to the location of the subsidiaries. Of the Group's total non-current assets as defined above, 24% (27) were located in USA, 12% (12) in Germany, and 19% (19) in China.

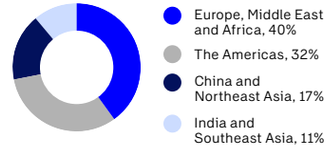
Net sales by geographic area – total



Net sales by geographic area – Industrial



Net sales by geographic area – Automotive



MSEK	Net sales by customer industri 2025	2024	Contribution to profit before tax 2025	2024
Industrial	65,614	69,475	7,975	9,285
Automotive	25,969	29,247	–220	1,054
Subtotal operating segments	**91,583**	**98,722**	**7,755**	**10,339**
Financial net	—	—	–1,330	–1,250
Total	**91,583**	**98,722**	**6,425**	**9,089**

MSEK	Depreciation and amortization 2025	2024	Impairments 2025	2024	Additions to property, plant and equipment, intangible assets and right-of-use assets 2025	2024
Industrial	3,514	3,580	490	310	3,574	5,039
Automotive	561	506	59	36	847	987
Total	**4,075**	**4,086**	**549**	**346**	**4,421**	**6,026**

MSEK	Assets 2025	2024	Liabilities 2025	2024
Industrial	62,489	70,089	14,772	15,427
Automotive	20,019	22,719	6,530	6,568
Subtotal operating segments	**82,508**	**92,808**	**21,302**	**21,995**
Financial and tax items	16,355	17,710	24,057	30,113
Eliminations and other unallocated items	7,559	8,895	5,395	5,337
Total	**106,422**	**119,413**	**50,754**	**57,445**

Geographic disclosure MSEK	Net sales by customer location 2025	2024	Non-current assets 2025	2024
Sweden	2,160	2,248	3,484	3,354
Europe, Middle East and Africa excl. Sweden	35,413	37,528	16,927	18,262
The Americas	26,843	30,758	14,118	17,826
China and Northeast Asia	17,463	18,158	8,788	10,316
India and Southeast Asia	9,704	10,030	2,399	2,491
Eliminations	—	—	204	–196
Total	**91,583**	**98,722**	**45,920**	**52,053**

3 Acquisitions

Accounting policy
All business combinations are accounted for in accordance with the purchase method. At the date of acquisition, when control is obtained, the acquired assets, liabilities and contingent liabilities (net identifiable assets) are measured at fair value.

Any excess of the cost of acquisition over fair values of net identifiable assets of the acquired business is recognized as goodwill.

Companies acquired during the year are included in the financial statements as of acquisition date.

In 2025, the goodwill from last years acquisition of John Sample Group's Lubrication and Flow Management business was adjusted by MSEK 9 due to recalculations of the deferred tax liabilites.

In 2024, SKF had a cash outflow of MSEK 565 for the acquisition of John Sample Group's Lubrication and Flow Management businesses. See table below. This acquisition strengthens SKF's regional capabilities in Southeast Asia, with a particular focus on customers in engineered solutions, heavy industries and mobile equipment. In 2024, SKF also had a cash outflow of MSEK 22 for the acquisition of two smaller businesses within the magnetic bearing business in Europe.

MSEK	2025	2024
Total fair value of net assets acquired		
Intangible assets, excluding goodwill	—	239
Property, plant and equipment	—	5
Right-of-use assets	—	26
Non-current assets	—	14
Current assets	—	327
Non-current liabilities	9	–78
Current liabilities	—	–105
Fair value net assets acquired	**9**	**428**
Goodwill	–9	240
Total acquisition cost	**—**	**668**
Cash and cash equivalents acquired	—	–103
Cash outflow	**—**	**565**

4 Divestment of businesses

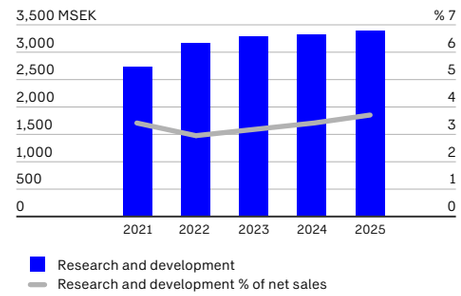
During 2025, the Group divested its ring and seal operation in Hanover, Pennsylvania, USA. The divestment within the aerospace business resulted in a total cash inflow of MSEK 2,188 and a net gain of MSEK 745. The gain is included in the operating profit for the Industrial segment as an other operating income and item affecting comparability.

During 2024, the Group had no divestment of businesses.

MSEK	2025	2024
Goodwill	467	—
Other intangible assets	206	—
Property, plant and equipment	183	—
Deferred tax assets	—	—
Other non-current assets	—	—
Current assets	618	—
Deferred tax provisions	—	—
Non-current liabilities	—	—
Current liabilities	–31	—
Non-controlling interest	—	—
Net assets disposed of	**1,443**	**—**
Profit/loss	745	—
Total consideration	**2,188**	**—**
Cash and cash equivalents divested	—	—
Cash outflow for previous years divestments	—	—
Total cashflow	**2,188**	**—**

5 Research and development

Research and development % of net sales



Research and development expenditure, excluding developing IT solutions, totalled MSEK 3,409 (3,326), corresponding to 3.7% (3.4) of annual sales.

6 Expenses by nature

MSEK	2025	2024
Employee benefit expenses including social charges	26,907	28,023
Raw material and components consumed including traded products	28,754	32,972
Change in work in process and finished goods	22,821	–1,347
Depreciation, amortization and impairments	4,624	4,432
Other expenses, primarily purchased services, shop supplies and utilities	979	23,959
Total operating expenses	**84,085**	**88,039**

Depreciation, amortization and impairments are accounted for as (MSEK)	2025				2024			
	Depreciation	Amortization	Impairments	Total	Depreciation	Amortization	Impairments	Total
Cost of goods sold	3,042	77	549	3,668	3,014	84	196	3,294
Selling expenses	440	516	—	956	432	556	150	1,138
Total	**3,482**	**593**	**549**	**4,624**	**3,446**	**640**	**346**	**4,432**

7 Other operating income and expenses

MSEK	2025	2024
Other operating income		
Exchange gains on trade receivables/payables	2,292	1,042
Profit from sale of property, plant and equipment	309	81
Profit from divestment of businesses	744	—
Other	135	140
Total	**3,480**	**1,263**
Other operating expenses		
Exchange losses on trade receivables/payables	–2,470	–1,316
Loss from sale of property, plant and equipment	–60	–59
Other	–754	–271
Total	**–3,284**	**–1,645**
Other operating income and expenses, net	**196**	**–382**

8 Financial income and financial expenses

MSEK	2025	2024
Interest income	249	436
Interest expenses	–611	–816
Net gains/losses:		
Net interest cost on post-employment benefits	–291	–273
Exchange differences, net	–722	–396
Other financial income including dividends	216	66
Other financial expenses[1)]	–171	–267
Financial net	**–1,330**	**–1,250**

1) Includes costs for Treasury Function.

Other financial expenses includes costs related to unwinding the discount on provisions, bank charges and other transactional related costs.

The below table specifies which category of financial instrument that gave rise to the financial income and expenses as described above. For a specification of the underlying financial assets and financial liabilities to these categories, see Note 14 and Note 20.

Financial net specified by category of financial instruments (MSEK)	2025			2024		
	Interest income	Interest expenses	Net gains/ losses	Interest income	Interest expenses	Net gains/ losses
Financial assets/liabilities at fair value through profit or loss:						
Designated upon initial recognition	139	—	—	264	—	—
Derivatives held for trading	1	–119	451	—	–274	–50
Financial assets classified as amortized cost	109	—	–335	172	—	–264
Financial assets classified as fair value through other comprehensive income	—	—	12	—	—	1
Other financial liabilities, primarily loans	—	–492	–634	—	–542	–17
Other liabilities including post-employment benefits	—	—	–462	—	—	–541
Total	**249**	**–611**	**–968**	**436**	**–816**	**–870**

Derivatives classified as held for trading are mainly used for economic hedging, which mitigate the effect of certain items in the categories loans, receivables and other liabilities. Net gains/losses are mainly exchange differences and changes in fair value for all the categories except for other liabilities, which includes primarily net interest costs on post-employment benefits and other financial expenses.

9 Taxes

Accounting policy

Taxes include current taxes on profits, deferred taxes and other taxes such as taxes on capital, actual or potential withholding taxes on current and expected transfers of income from Group companies and tax adjustments relating to prior years. Income taxes are recognized in the income statement, except to the extent that they relate to items directly taken to other comprehensive income or to equity, in which case they are recognized in other comprehensive income or directly in equity.

All the companies within the Group calculate current income taxes in accordance with the tax rules and regulations of the countries where the income is taxable.

The Group applies the required balance sheet approach for measuring deferred taxes, where deferred tax assets and provisions are recorded based on enacted tax rates for the expected future tax consequences when the asset is realized or debt regulated. These tax rates are applied on existing differences between accounting and tax reporting bases of assets and liabilities, as well as for tax loss and tax credit carry-forwards. Such tax loss and tax credit carry-forwards can be used to offset future income.

Pillar II income taxes legislation was effective from 1 January, 2024. Under the legislation, the Parent Company will be required to pay top-up tax on profit of its subsidiaries that are taxed at an effective tax rate of less than 15 percent. No top-up tax has been included in the financial statements for the full year 2025. SKF Group has analyzed the financial figures and concluded that the Group not expecting any additional material top-up tax during 2025. The Group will continue to assess the impact of Pillar II income taxes legislation on its future financial performance.

Accounting estimates and judgements

Significant management judgment is required in determining current tax liabilities and assets as well as deferred tax provisions and assets. The process involves estimating the current tax together with assessing temporary differences arising from differing treatment of items for tax and accounting purposes. The process also involves judgements when there is uncertainty over income tax treatments.

In particular, management assesses the likelihood that deferred tax assets will be recoverable from future taxable income. Deferred tax assets are recorded to the extent that it is probable in management's opinion that sufficient future taxable income will be available to allow the recognition of such benefits.

Realizability of net deferred tax assets are assessed by management based on the individual company's profitability history, forecasts of taxable profits as well as length to expiry of the asset. The assessment regarding the possibility of utilizing deferred tax assets attributable to tax loss carry-forwards includes climate-related risks and its impact on future expected taxable profits.

The SKF Group had total unrecognized deferred tax assets of MSEK 89 (108), whereof MSEK 26 (60) related to tax loss carry-forwards and MSEK 63 (48) related to other deductible temporary differences. These were not recognized due to the uncertainty of future profit streams.

Unrecognized deferred tax assets of MSEK 20 (50) related to tax losses and will expire during the period 2026 to 2030. The remaining unrecognized assets will expire after 2030 and/or may be carried forward indefinitely.

The change in the balance of unrecognized deferred tax assets that reduced current tax expense was MSEK 25 (8) mainly relating to the use of tax loss carry-forwards. The change in the balance of unrecognized deferred tax assets that impacted deferred tax expense was MSEK –6 (–28) which resulted from a revised judgement on the realizability of certain tax assets in future years.

Gross value of tax loss carry-forwards

As of 31 December 2025, the Group had tax loss carry-forwards amounting to MSEK 6,778 (4,052) recognized in the balance sheet, which are available for offset against taxable future profits. Such tax loss carry-forwards expire as follows:

2026–2030	899
2031 and thereafter	126
Never	5,753

	2025			2024		
Tax expenses (MSEK)	Income statement	Other comprehensive income	Total taxes	Income statement	Other comprehensive income	Total taxes
Current taxes	–3,018	—	–3,018	–2,077	—	–2,077
Deferred taxes	842	–241	601	–125	–150	–275
Total	**–2,176**	**–241**	**–2,417**	**–2,202**	**–150**	**–2,352**

Taxes charged to other comprehensive income included MSEK –241 (–150) related to remeasurements of post-employment benefits and MSEK 0 (0) related to net investment hedges.

Reconciliation of the statutory tax in Sweden to the actual tax (MSEK)	2025	2024
Tax calculated using statutory tax rate in Sweden	–1,324	–1,872
Difference between statutory tax rate in Sweden and foreign subsidiaries	–287	253
Other taxes	–349	–50
Tax credits and similar items	17	49
Non-deductible/Non-taxable profit items	–260	–914
Changes in tax rates	—	—
Tax loss carry-forwards	–9	95
Current tax referring to previous years	–119	150
Other	155	87
Tax expense in the Income Statement	**–2,176**	**–2,202**

The corporate statutory income tax rate in Sweden was 20.6% (20.6). The actual tax rate on profit before taxes was 33.9% (24.2).

	2025		2024	
Gross deferred taxes per type (MSEK)	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangibles and other assets	121	1,228	289	1,365
Property, plant and equipment	295	1,283	111	1,388
Right of use assets	90	79	52	239
Inventories	661	533	743	622
Trade receivables	88	1	109	3
Provisions for post-employment benefits	1,258	256	1,559	140
Other accruals and liabilities	1,167	167	1,324	41
Tax loss carry-forwards	1,409	—	690	—
Tax credit carry-forwards	509	—	339	—
Other	149	60	137	92
Gross deferred taxes	**5,747**	**3,607**	**5,353**	**3,890**
Net deferred taxes presented in the Consolidated balance sheet	4,095	1,955	3,369	1,905

10 Intangible assets

Accounting policy
Intangible assets are stated at initial cost less any accumulated amortization and any impairment. Amortization is made on a straight line basis over the estimated useful lives and begins once the asset is ready for its intended use. The useful lives are based to a large extent on historical experience, the expected application, as well as other individual characteristics of the asset.

The useful lives are:
- Patents and similar rights up to 11 years
- Software in use 4–12 years
- Customer relationships 10–15 years
- Product development expenditures 3–7 years
- Technology acquired in business combinations 15–18 years
- Other intangibles 3–5 years
- Strategic tradenames indefinite
- Goodwill indefinite.

Amortization and impairments are included in cost of goods sold, selling expenses or administrative expenses depending on where the assets have been used.

Internally developed intangibles
The Group's most significant internally developed intangibles are software in use, developed for internal purposes, and to a minor extent product development. The amortization plan for SKF ERP Programme (SEP) is based on a useful life of 10 years.

Intangible assets with definite useful lives
Intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The determination is usually performed at the cash generating unit (CGU) level but could also be at the individual asset level.

Factors that are considered important are:
- Underperformance relative to historical and forecasted operating results
- Significant negative industry or economic trends
- Significant changes relative to the asset including plans to discontinue or restructure the operation to which the asset belongs.

When there is an indication that the carrying value may not be recoverable based on the above indicators, the profitability of the CGU to which the asset belongs is analyzed to further confirm the nature and extent of the indication. If an indication is confirmed, an impairment loss is recognized to the extent that the carrying amount of the affected assets exceeds its recoverable amount.

Intangible assets with indefinite useful lives
Goodwill and other intangible assets with indefinite useful lives have been allocated to CGUs, and are tested for impairment annually and whenever an indication of impairment exists. The impairment test is carried out at the lowest level at which these assets are monitored by management. The lowest CGU level used for impairment test is the segment level, Industrial and Automotive.

Accounting estimates and judgements
Significant management judgement is required in determining if development expenditures should be capitalized. Such expenses are only capitalized when it is probable that they will result in future economic benefits for the Group and the expenditures during the development phase can be reliably measured. The Group applies stringent criteria before a development project results in the recording of an asset, which include the ability to complete the project, evidence of technical feasibility, intention and ability to use or sell the asset. When evaluating software for internal use, management specifically considers new functionality and/or increased standard of performance to be strong evidence that future economic benefits will be achieved.

In evaluating product development projects, management considers the existence of a customer order as significant evidence of technological and economic feasibility. All other research expenditures as well as development expenditures not meeting the capitalization criteria are charged to research and development expenses in the income statement when incurred.

When there is an indication that the carrying value may not be recoverable, the carrying amount of the asset is compared against its recoverable amount. The recoverable amount is the greater of the estimated fair value less costs to sell and value in use. In assessing value in use, a discounted cash flow model (DCF) is used. This assessment contains a key source of estimation uncertainty because the estimates and assumptions used in the DCF model encompass uncertainty about future events and market conditions. The actual outcomes may be significantly different. However, estimates and assumptions are reviewed by management and are consistent with internal forecasts and business outlook.

The DCF model involves the forecasting of future operating cash flows over a five-year period and includes estimates of revenues, production costs and working capital requirements, as well as a number of assumptions, the most significant being the revenue growth rates and the discount rate. These forecasts of future operating cash flows are built up from business strategic plans representing management's best estimates of future revenues and operating expenses using historical trends, general market conditions, industry trends and forecasts including climate related risks and other currently available information. Estimates are extrapolated using growth rates determined on an individual CGU basis, reflecting a combination of product, industry and country growth factors. A terminal value is then calculated based on the Gordon Growth model, which includes a terminal growth factor representing an outlook not exceeding the market growth for the industry.

Forecasts of future operating cash flows are adjusted to present value by an appropriate discount rate derived from the Group's cost of capital, considering the long-term government bond rate, the corporate spread, the market risk premium, the country risk premium where applicable, and the systematic risk of the CGU at the date of evaluation. Management determines the discount rate to be used based on the risk inherent in the related activity's current business model and industry comparisons.

10 Intangible assets, cont.

MSEK	2025 Closing balance	Additions	Businesses acquired/sold	Disposals	Impairments	Other[1]	Translation effects	2025 Opening balance
Acquisition cost								
Goodwill	11,454	—	–476	—	—	469	–1,687	13,148
Patents, tradenames and similar rights	2,895	1	–129	—	—	128	–482	3,377
Internally developed software	2,701	2	—	—	—	–3	–15	2,717
Customer relationships	4,450	—	–301	—	—	309	–671	5,113
Leaseholds	23	—	—	—	—	–61	–9	93
Product development	209	—	—	—	—	–8	–14	231
Technology	1,213	—	–127	—	—	127	–175	1,388
Other intangible assets	346	1	—	—	—	44	–18	319
Total	**23,291**	**4**	**–1,033**	**—**	**—**	**1,005**	**–3,071**	**26,386**

MSEK	2024 Closing balance	Additions	Businesses acquired/sold	Disposals	Impairments	Other[1]	Translation effects	2024 Opening balance
Acquisition cost								
Goodwill	13,148	—	263	—	—	–694	1,000	12,579
Patents, tradenames and similar rights	3,377	1	1	—	—	–189	283	3,281
Internally developed software	2,717	10	2	—	—	27	–1	2,679
Customer relationships	5,113	—	80	—	—	–406	400	5,039
Leaseholds	93	—	2	—	—	–1	7	85
Product development	231	—	—	—	—	—	8	223
Technology	1,388	1	—	—	—	–133	112	1,408
Other intangible assets	319	2	154	—	—	–29	–8	200
Total	**26,386**	**14**	**502**	**—**	**—**	**–1,425**	**1,801**	**25,494**

MSEK	2025 Closing balance	Amortizations	Businesses acquired/sold	Disposals	Impairments	Other[1]	Translation effects	2025 Opening balance
Accumulated amortization and impairments								
Goodwill	529	—	—	—	53	—	–98	574
Patents, tradenames and similar rights	580	34	—	—	2	–3	–33	580
Internally developed software	2,216	167	—	—	14	–2	–12	2,049
Customer relationships	4,079	282	–229	—	—	237	–581	4,370
Leaseholds	15	—	—	—	—	–10	–3	28
Product development	198	12	—	—	—	–8	–13	207
Technology	1,097	81	–122	—	—	122	–160	1,176
Other intangible assets	166	17	—	—	—	–4	–4	157
Total	**8,880**	**593**	**–351**	**—**	**69**	**332**	**–904**	**9,141**
Net book value	**14,412**							**17,245**

1) Includes reclassification between categories and assets held for sale related to Aerospace operations in the USA (see Note 28). It also includes reclassification to businesses sold, previously classified as assets held for sale (see Note 4).

MSEK	2024 Closing balance	Amortizations	Businesses acquired/sold	Disposals	Impairments	Other[1]	Translation effects	2024 Opening balance
Accumulated amortization and impairments								
Goodwill	574	—	—	—	—	–106	63	617
Patents, tradenames and similar rights	580	26	—	—	—	–45	21	578
Internally developed software	2,049	171	—	—	127	6	–1	1,746
Customer relationships	4,370	309	—	—	—	–317	323	4,055
Leaseholds	28	—	—	—	—	—	2	26
Product development	207	7	—	—	—	—	7	193
Technology	1,176	105	—	—	—	–131	93	1,109
Other intangible assets	157	22	—	—	—	–25	–3	163
Total	**9,141**	**640**	**—**	**—**	**127**	**–618**	**505**	**8,487**
Net book value	**17,245**							**17,007**

1) Includes reclassification between categories and assets held for sale related to Aerospace operations in the USA (see Note 28).

10 Intangible assets, cont.

Impairment losses
Impairments amounted to MSEK –69 (–127) in 2025.

Intangibles with indefinite useful lives
Certain tradenames and trademarks are considered to have indefinite useful lives as the Group anticipates to continue to promote these brands in the foreseeable future. This includes the tradenames and trademarks in Lincoln MSEK 1,212 (1,453), Kaydon MSEK 588 (705), Peer MSEK 197 (237), GBC MSEK 209 (251) and others MSEK 62 (81). Part of Kaydon trademarks, related to the Aerospace business in USA, have been divested during 2025. Net book value amounted to MSEK 129.

Significant intangibles
Internally generated software related primarily to the development of SEP to create and deploy improved processes and solutions across the Group. The balance of capitalized expenditures was MSEK 460 (634), including amortizations of MSEK –160 (–163). Remaining useful life is three years.

Other individual intangible assets that are material for the Group include the customer relationships for Kaydon amounting to MSEK 209 (340) having a remaining useful life of three years.

CGUs with significant intangibles
The CGUs follow the segment reporting. The table shows goodwill and other intangibles with indefinite useful lives allocated to the CGUs Industrial and Automotive, as well as some crucial rates that were used for the DCF calculation.

	2025		2024	
	Industrial	Auto-motive	Industrial	Auto-motive
Goodwill, MSEK	10,661	264	12,189	385
Tradenames, MSEK	1,998	209	2,406	238
Average revenue growth rate, %	2.3	1.6	7.1	3.9
Discount rate, pre tax, %	9.4	9.7	10.6	11.1
Terminal growth factor, %	2.5	2.5	2.5	2.5

The recoverable amounts used in the testing of the CGUs have been calculated based on value in use using the DCF model as described in Accounting estimates and judgements. The most significant assumptions are the discount rate and the growth rates, being both the revenue growth rates and the terminal growth factor. Revenue growth rates are expressed in the above table as the average growth rate over the five-year forecast period. The same discount rate is applied to all cash flows in the five-year forecast period. Additional information on the forecast period as well as the discount rate and growth rates and how they are calculated is described in accounting estimates and judgements above.

A number of sensitivity analyzes were performed to evaluate if any reasonable possible adverse changes in assumptions would lead to impairment. The analyzes focused around decreasing the revenue growth rates to zero, increasing the discount rate by two percentage points and decreasing the operating margin by two percentage points. Each taken individually and while holding all other assumptions constant. No impairment needs were indicated.

11 Property, plant and equipment

Accounting policy
Machinery and supply systems, land, buildings, tools, office equipment and vehicles are stated in the balance sheet at cost, less accumulated depreciation and any impairment loss. A component approach to depreciation is applied. This means that where items of property, plant and equipment are comprised of different components having a cost significant in relation to the total cost of the items, such components are depreciated separately. Depreciation is provided on a straight-line basis and is calculated based on cost. The rates of depreciation are based on the estimated useful lives of the assets, which are subject to annual review.

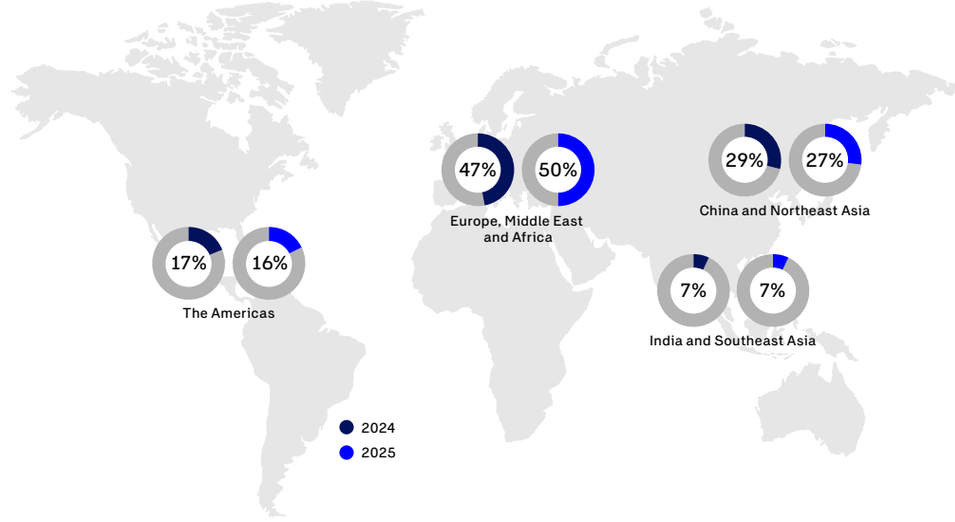
The useful lives are:
- 33 years for buildings and installations
- 10–20 years for machinery and supply systems
- 10 years for control systems within machinery and supply systems
- 4–5 years for tools, office equipment and vehicles.

Depreciation and impairments are included in cost of goods sold, selling expenses or administrative expenses depending on where the assets have been used.

Accounting estimates and judgments
The useful lives are based upon estimates of the periods during which the assets will generate revenue and are based to a large extent on historical experience of usage and technological development. It also includes estimates related to investments connected to the green transition as part of SKF's strategy.

Property, plant and equipment is tested for impairment whenever events or changes in circumstances indicates that the carrying value may not be recoverable.

Geographical distribution of property, plant and equipment 2024–2025



11 Property, plant and equipment, cont.

MSEK	2025 Closing balance	Additions	Businesses acquired/sold	Disposals	Impairments	Other[1]	Translation effects	2025 Opening balance
Acquisition cost								
Buildings	12,760	593	–91	–153	—	–36	–1,276	13,723
Land and land improvements	946	203	—	–6	—	1	–84	832
Machinery and supply systems	39,400	1,734	–273	–306	—	–1,770	–4,182	44,197
Machine tooling and factory fittings	6,194	289	–12	–54	—	551	–559	5,979
Assets under construction including advances[2]	6,741	1,002	—	—	—	–779	–721	7,239
Total	**66,041**	**3,821**	**–376**	**–519**	—	**–2,033**	**–6,822**	**71,970**

MSEK	2025 Closing balance	Depreciation	Businesses sold	Disposals	Impairments	Other	Translation effects	2025 Opening balance
Accumulated depreciation and impairments								
Buildings	6,178	356	–43	–123	213	–132	–527	6,434
Land improvements	110	3	—	—	6	–14	–14	129
Machinery and supply systems	26,897	2,135	–144	–291	256	–2,420	–2,615	29,976
Machine tooling and factory fittings	5,071	190	–6	–41	7	452	–492	4,961
Total	**38,256**	**2,684**	**–193**	**–455**	**482**	**–2,114**	**–3,648**	**41,500**
Net book value	**27,785**							**30,470**

MSEK	2024 Closing balance	Additions	Businesses acquired/sold	Disposals	Impairments	Other[1]	Translation effects	2024 Opening balance
Acquisition cost								
Buildings	13,723	981	—	–43	—	84	540	12,161
Land and land improvements	832	87	—	–3	—	15	28	705
Machinery and supply systems	44,197	2,800	—	–577	—	–268	1,981	40,261
Machine tooling and factory fittings	5,979	364	6	–191	—	–129	263	5,666
Assets under construction including advances[2]	7,239	845	—	—	—	–930	372	6,952
Total	**71,970**	**5,077**	**6**	**–814**	**—**	**–1,228**	**3,184**	**65,745**

MSEK	2024 Closing balance	Depreciation	Businesses sold	Disposals	Impairments	Other	Translation effects	2024 Opening balance
Accumulated depreciation and impairments								
Buildings	6,434	352	—	–10	–20	–152	265	5,999
Land improvements	129	10	—	—	18	–196	18	279
Machinery and supply systems	29,976	1,910	—	–584	207	–1,361	1,341	28,463
Machine tooling and factory fittings	4,961	376	—	–155	12	380	164	4,184
Total	**41,500**	**2,648**	**—**	**–749**	**217**	**–1,329**	**1,788**	**38,925**
Net book value	**30,470**							**26,820**

1) Includes reclassification between categories and assets held for sale related to Aerospace operations in the USA.
2) Contractual commitments for acquisition of property, plant and equipment not yet booked amounted to MSEK 0 (2).

12 Right-of-use assets

Accounting policy

All lease contracts are recognized in the balance sheet, at commencement date, as a right-of-use asset and a lease liability. A contract is or contains a lease if it conveys, to the Group, the right to control the use of an identified asset for a period of time in exchange for a consideration. A right-of-use asset and a lease liability is recognized for all leases with a term of more than 12 months unless the underlying asset is of low value. The right-of-use asset is subsequently accounted for with the same regulations as Property, plant and equipment.

The lease liability is discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used. The incremental borrowing rate is established by SKF Treasury Centre based on currency and maturity of lease contracts. The lease term is determined as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Group also applies the practical expedient for fixed non-lease components and includes them together with any lease component in the contract.

Any future lease modification not registered as a separate contract, is recognized as a remeasurement of the lease liability and an adjustment to the right-of-use asset. For more information on lease liabilities, see Note 20.

Accounting estimates and judgments

Management judgement and assumptions are required to determine the value of the right-of-use assets and the present value of the lease liability. Such judgement and assumptions involve identifying a lease, defining the lease term and defining the discount rate.

Lease expenses for short-term leases, low-value assets and variable lease payments amounted to MSEK 369 (395). The lease expenses correspond in all material aspects to the cash flow for those leases.

During 2025, total cash outflow related to leases amounted to MSEK 901 (885), of which interest expenses related to leases amounted to MSEK 156 (163).

MSEK	2025	2024
Short-term lease expenses	272	310
Low-value asset lease expenses	75	66
Variable lease payments not included in lease liability	22	14
Other	—	5
Total	**369**	**395**

MSEK	2025 Closing balance	Additions	Modifications	Impairments	Reclassification[1]	Translation effects	2025 Opening balance
Acquisition cost							
Premises	4,537	308	3	—	–282	–578	5,086
Vehicles	900	198	–115	—	–150	–73	1,040
Forklifts	342	85	–8	—	–59	–21	345
Machinery	30	2	—	—	–6	–2	36
Office equipment	8	2	—	—	—	–1	7
Other	318	1	—	—	–9	–49	375
Total	**6,135**	**596**	**–120**	**—**	**–506**	**–724**	**6,889**

MSEK	2025 Closing balance	Depreciation	Modifications	Impairments	Reclassification	Translation effects	2025 Opening balance
Accumulated depreciation and impairments							
Premises	2,264	533	65	–2	–284	–258	2,210
Vehicles	597	188	–108	—	–148	–49	714
Forklifts	249	63	—	—	–51	–16	253
Machinery	28	1	1	—	–15	–2	43
Office equipment	12	1	—	—	—	–1	12
Other	85	12	—	—	–9	–11	93
Total	**3,235**	**798**	**–42**	**–2**	**–507**	**–337**	**3,325**
Net book value	**2,900**						**3,564**

1) Includes reclassification for assets held for sale related to Aerospace operations in the USA.

12 Right-of-use assets, cont.

MSEK	2024 Closing balance	Additions	Modifications	Impairments	Reclassification[1]	Translation effects	2024 Opening balance
Acquisition cost							
Premises	5,086	703	246	—	–253	263	4,127
Vehicles	1,040	189	41	—	–37	28	819
Forklifts	345	41	13	—	–16	8	299
Machinery	36	1	—	—	5	—	30
Office equipment	7	—	—	—	—	—	7
Other	375	1	–7	—	–16	25	372
Total	**6,889**	**935**	**293**	**—**	**–317**	**324**	**5,654**

MSEK	2024 Closing balance	Depreciation	Modifications	Impairments	Reclassification	Translation effects	2024 Opening balance
Accumulated depreciation and impairments							
Premises	2,210	536	11	2	–223	110	1,774
Vehicles	714	187	1	—	–59	17	568
Forklifts	253	59	—	—	–15	6	203
Machinery	43	4	1	—	–6	1	43
Office equipment	12	1	—	—	–1	—	12
Other	93	11	–5	—	–10	4	93
Total	**3,325**	**798**	**8**	**2**	**–314**	**138**	**2,693**
Net book value	**3,564**						**2,961**

1) Includes reclassification for assets held for sale related to Aerospace operations in the USA.

13 Inventories

Accounting policy
Inventories are stated at the lower of cost (first-in, first-out basis) or market value (net realizable value). Initially raw materials and purchased finished goods are valued at actual purchase costs, and work in process and manufactured finished goods are valued at actual production costs. Production costs include direct costs such as material and labour, as well as manufacturing overhead as appropriate.

Accounting estimates and judgements
Adjustments to the cost of inventory may be necessary when the cost exceeds net realizable value. Net realizable value is defined as selling price less costs to complete and costs to sell. The estimates used in determining net realizable value are a source of estimation uncertainty. As future selling prices and selling costs are not known at the time of assessment, management's best estimates are used based on current price and cost levels. Adjustments to net realizable value also include estimates of technical and commercial obsolescence on an individual subsidiary basis. Commercial obsolescence is assessed by the rate of turnover and ageing as risk indicators.

MSEK	2025	2024
Finished goods	12,134	14,573
Raw materials and supplies	9,754	9,294
Work in process	1,789	2,315
Total	**23,677**	**26,182**

Inventory values are stated net of a provision for net realizable value of MSEK 1,637 (1,849). The amount charged to expense for net realizable provisions during the year was MSEK 103 (252). Reversals of net realizable provisions during the year were MSEK 38 (26).

14 Financial assets

Accounting policy

Financial assets are classified in three categories and are based on the Groups business model for managing the asset and the asset's contractual cash flow characteristics. The assets can be measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

Financial assets are recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument. Financial assets are initially measured at fair value, which is normally equal to cost. Settlement day recognition is applied for purchases and sales of financial assets.

Financial assets measured at amortized cost are calculated using the effective interest method. For disclosure purpose, fair values have been calculated using valuation techniques, mainly discounted cash flow analysis based on observable market data. For current receivables, such as trade receivables, the carrying amount is considered to correspond to fair value.

Equity securities are measured at fair value. The Group have elected to classify Equity securities at FVOCI since these investments are held as long-term strategic investments. There is no reclassification of fair value gain or loss when the investments are derecognized and the dividends from those investments are recognized in profit or loss when the Group have the right to receive the payments.

Debt securities are valued at fair value based on the current bid price for the securities and they are classified as either at FVPL or at FVOCI depending on the Group's model for managing those securities and on the characteristics of the cash flows.

Derivatives are categorized as held for trading unless they are subject to hedge accounting. Derivatives classified as held for trading are mainly derivatives used in economic hedges where the changes in fair value are taken directly through profit or loss.

Financial assets and allowance for doubtful accounts are recognized with the use of a forward-looking 'expected-loss' impairment model which indicates when the asset may not be recovered. The forward-looking information should capture changes in the market that the customers operate in.

Financial assets are derecognized when the contractual rights to the cash flow have expired or been transferred together with substantially all risks and rewards.

Accounting estimates and judgements

An allowance for doubtful accounts for expected losses on trade receivables is maintained. When evaluating the need for an allowance, management considers the aging of trade receivable balances, and historical write-off experience of customer with similar characteristics. Management also makes an estimation of expected credit losses based on market conditions.

Where discounted cash flow techniques are used the future cash flows are determined (if not stated explicit in the contract) based on the best assessment by management and discounted using the market interest rate for similar instruments.

Financial assets per category 2025

			Fair value through profit or loss			
MSEK	Amortized cost	Fair value through other comprehensive income	At initial recognition	Trading	Total	Of which current
Trade receivables	15,408	—	—	—	15,408	15,408
Cash and cash equivalents	5,374	—	3,610	—	8,984	8,984
Equity securities	—	89	—	—	89	—
Marketable securities	—	—	—	839	839	—
Trading derivatives	—	—	—	162	162	162
Debt securities	—	30	—	—	30	—
Other loans and receivables	600	—	—	—	600	319
Carrying amount	**21,382**	**119**	**3,610**	**1,001**	**26,112**	**24,873**
Fair value	**21,382**	**119**	**3,610**	**1,001**		

Financial assets per category 2024

			Fair value through profit or loss			
MSEK	Amortized cost	Fair value through other comprehensive income	At initial recognition	Trading	Total	Of which current
Trade receivables	16,600	—	—	—	16,600	16,600
Cash and cash equivalents	6,619	—	4,412	—	11,031	11,031
Equity securities	—	400	—	—	400	—
Marketable securities	—	—	—	918	918	—
Trading derivatives	—	—	—	62	62	62
Debt securities	—	26	—	—	26	—
Other loans and receivables	348	—	—	—	348	268
Carrying amount	**23,567**	**426**	**4,412**	**980**	**29,385**	**27,961**
Fair value	**23,567**	**426**	**4,412**	**980**		

Financial assets categorized as amortized cost are assets held to collect contractual cash flows. These include trade receivables, loans granted, funds held with banks and deposits comprising principally of funds held with landlords and other service providers, for which substantially all initial investment is expected to be recovered.

Debt securities and strategic investments in equity securities are categorised as FVOCI. The exception is debt securities held by SKF Treasury Centre which are categorised as FVPL.

Financial instruments are at FVPL when the Group manages such investments and makes purchase and sale decisions based on their fair value. Derivatives are categorized as trading derivatives unless they are subject to hedge accounting.

14 Financial assets, cont.

Fair value hierarchy for financial assets at fair value (MSEK)	Level 1	Level 2	Level 3	2025	Level 1	Level 2	Level 3	2024
Fair value through other comprehensive income								
Equity securities	89	—	—	89	400	—	—	400
Debt securities	30	—	—	30	26	—	—	26
Fair value through profit or loss								
Trading securities	—	—	839	839	—	—	918	918
Cash and cash equivalents	3,610	—	—	3,610	4,412	—	—	4,412
Hedging derivatives	—	162	—	162	—	62	—	62
Trading derivatives	—	—	—	—	—	—	—	—
Total	**3,729**	**162**	**839**	**4,730**	**4,838**	**62**	**918**	**5,818**

Financial assets recorded at fair value, which include the columns Fair value through other comprehensive income and Fair value through profit or loss, are disclosed above according to the hierarchy that shows the significance of the inputs used in the fair value measurements as defined in IFRS 13. The carrying amount is a reasonable approximation of fair value. Level 1 includes financial instruments with a quoted price in an active market. Level 2 bases fair value on models that utilize observable data for the asset or liability other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Such observable data may be market interest rates and yield curves. Level 3 bases fair value on a valuation model, whereby significant input is based on unobservable market data.

Cash and cash equivalents includes cash free and cash on time deposits at banks and debt securities maturing within three months at the the time of the investment. Cash and cash equivalents are measured at amortized cost and fair value through profit and loss.

Cash and Cash equvialents (MSEK)	2025	2024
Cash	6,516	6,434
Cash Equivalents	2,468	4,597
	8,984	**11,031**

			Past due, net of allowance			
Trade receivables by due date (MSEK)	Carrying amount	Not yet due	1–30 days	31–60 days	61–90 days	>91 days
2025	15,408	13,405	1,319	433	157	94
2024	16,600	14,448	1,528	371	150	103

The average days outstanding of trade receivables in 2025 were 65 days (67). Trade receivables as a percentage of annual net sales totalled 16.8% (16.8). Trade receivables included receivables sold with recourse and amounted to MSEK 21 (49). The risk of customer default for these receivables has not been transferred in such a way that the financial assets qualify for derecognition.

The table shows the development of the reserve for credit losses on trade receivables.

Specification of reserve for credit losses (MSEK)	2025	2024
Opening balance 1 January	**445**	**403**
Additions	637	474
Reversals	–601	–382
Changes through the income statement	**36**	**92**
Allowances used to cover write-offs	–19	–69
Acquired/Divested companies	2	3
Currency translation adjustments	–39	15
Closing balance 31 December	**425**	**445**

15 Other short-term assets

MSEK	2025	2024
Value added tax receivables, net	1,907	2,364
Income tax receivables	1,556	1,555
Prepaid expenses	1,151	897
Accrued income	205	231
Advances to suppliers	154	316
Other current receivables	807	694
Total	**5,780**	**6,057**

16 Share capital

	Number of shares authorized and outstanding			Share capital (MSEK)
	A Shares	B Shares	Total	
Opening balance 1 January 2024	29,306,933	426,044,135	455,351,068	1,138
Conversion of A shares to B shares	–322,934	322,934	—	—
Closing balance 31 December 2024	**28,983,999**	**426,367,069**	**455,351,068**	**1,138**
Conversion of A shares to B shares	–53,175	53,175	—	—
Closing balance 31 December 2025	**28,930,824**	**426,420,244**	**455,351,068**	**1,138**

An A share has one vote and a B share has one-tenth of a vote. At the Annual General Meeting on 18 April 2002, it was decided to insert a share conversion clause in the Articles of Association which allows owners of A shares to convert those to B shares. Since the decision was taken, 198,005,923 A shares have been converted to B shares. The quota value for all shares is SEK 2.50.

Dividend policy

The SKF Group's dividend and distribution policy is based on the principle that the total dividend should be adapted to the trend for earnings and cash flow while taking account of the Group's development potential and financial position. The Board of Directors' view is that the ordinary dividend should amount to around one half of the SKF Group's average net profit calculated over a business cycle.

If the financial position of the SKF Group exceeds the target for capital structure, which is described in Note 26, an additional distribution to the ordinary dividend could be made in the form of a higher dividend, a redemption scheme or as a repurchase of the company's own share. On the other hand, in periods of more uncertainty a lower dividend ratio could be appropriate.

Dividend payments

The total surplus of the Parent Company amounted to MSEK 25,967 (22,839), see page 144. The Board has decided to propose to the Annual General Meeting, on 21 April 2026, a dividend of SEK 7.75 per share to be paid to the shareholders in two instalments. The proposed dividend for 2025 is payable to all shareholders registered in Euroclear Sweden AB's share register as per 23 April 2026 with SEK 4.00 and as per 15 October 2026 with SEK 3.75. The total proposed dividend to be paid is MSEK 3,529 (3,529). The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the balance sheet. On 3 April 2025, a dividend of SEK 7.75 per share was paid to the shareholders.

17 Earnings per share

	2025	2024
Net profit attributable to owners of AB SKF (MSEK)	3,927	6,474
Weighted average number of ordinary shares outstanding	455,351,068	455,351,068
Basic earnings per share (SEK)	**8.62**	**14.22**
Dilutive shares from Performance Share Programmes	—	—
Weighted average diluted number of shares	455,351,068	455,351,068
Diluted earnings per share (SEK)	**8.62**	**14.22**

Basic earnings per share is calculated by dividing the net profit or loss attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares outstanding during the period adjusted for all potential dilutive ordinary shares. Performance shares are considered dilutive if vesting conditions are fulfilled on the balance sheet date.

Shares from the Performance Share Programme are not considered dilutive.

18 Provisions for post-employment benefits

Accounting policy

The post-employment provisions and assets arise from defined benefit obligations in plans which are either unfunded or funded. For the unfunded plans, benefits paid out under these plans come from the all-purpose assets of the company sponsoring the plan. The related provisions carried in the balance sheet represent the present value of the defined benefit obligation. For funded defined benefit plans, the assets of the plans are held in trusts legally separated from the Group. The related balance sheet provision or asset represents the deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation. However, an asset is recognized only to the extent that it represents a future economic benefit which is actually available to the Group, for example in the form of reductions in future contributions or refunds from the plan. When such excess is not available it is not recognized, but it is disclosed in the note as an asset ceiling adjustment.

The projected unit credit method is used to determine the present value of all defined benefit obligations and the related current service cost. Valuations are carried out quarterly for the most significant plans and annually for other plans. External actuarial experts are used for these valuations and estimating the obligations and costs involves the use of assumptions. Remeasurements arise from changes in actuarial assumptions and experience adjustments, being differences between actuarial assumptions and what has actually occurred. They are recognized immediately in other comprehensive income and are never reclassified to the income statement.

For all defined benefit plans the cost charged to the income statement consists of current service cost, net interest cost and when applicable past service cost, curtailments and settlements. Any past service cost is recognized immediately. Net interest cost is classified as financial expense while all other expenses are allocated to the operations based on the employee's function as manufacturing, selling or administrative.

18 Provisions for post-employment benefits, cont.

The defined benefit accounting described before is applied only in the consolidated accounts. Subsidiaries, as well as the Parent Company, continue to use the local statutory pension calculations to determine pension costs, provisions and assets in the stand-alone statutory reporting, and when applicable, funding requirements.

Some post-employment benefits are also provided by defined contribution schemes, where the Group has no obligation to pay benefits after payment of an agreed-upon contribution to the third party responsible for the plan. Such contributions are recognized as expense when incurred.

Accounting estimates and judgements

Significant judgements and assumptions are required to determine the present value of all defined benefit obligations and the related costs. Such assumptions vary according to the economic conditions of the country in which the plan is located and are adjusted to reflect market conditions at valuation point. However, the actual costs and obligations that in fact arise under the plans may be materially different from the estimates based on the assumptions due to changing market and economic conditions.

The most significant assumptions can vary per plan but in general include discount rate, pension increase rate, salary growth rate and longevity. These assumptions are established for each plan separately. The discount rate for each plan is determined by reference to yields on high quality corporate bonds (AA-rated corporate bonds as well as mortgage bonds for the plans in Sweden) having maturities matching the duration of the obligation. The pension increase rate assumption is relevant mainly for retired plan members, and refers to the indexation of pension payments tied primarily to inflation. The salary growth rate is relevant for active plan members and reflect the long-term actual experience, the near term outlook and assumed inflation. Longevity reflects the life expectancy of plan members and is established based on mortality tables used for each plan.

	2025						
Amounts recognized in the consolidated balance sheet (MSEK)	USA pension	USA medical	Germany pension	United Kingdom pension	Sweden pension	Other	Total
Present value of unfunded defined benefit obligation	285	417	564	—	232	661	2,159
Present value of funded defined benefit obligation	5,821	—	8,556	2,655	2,355	1,517	20,904
Less: Fair value of plan assets	–5,421	—	–5,791	–3,187	–902	–1,430	–16,731
Impact of asset ceiling	—	—	—	—	—	40	40
Total	**685**	**417**	**3,329**	**-532**	**1,685**	**788**	**6,372**
Reflected as:							
Other long-term assets	—	—	—	—	—	–632	–632
Provisions for post-employment benefits	685	417	3,329	–532	1,685	1,420	7,004
Total	**685**	**417**	**3,329**	**-532**	**1,685**	**788**	**6,372**

	2024						
Amounts recognized in the consolidated balance sheet (MSEK)	USA pension	USA medical	Germany pension	United Kingdom pension	Sweden pension	Other	Total
Present value of unfunded defined benefit obligation	315	519	633	—	280	793	2,540
Present value of funded defined benefit obligation	7,007	—	9,608	2,984	2,403	1,750	23,752
Less: Fair value of plan assets	–6,479	—	–5,927	–3,677	–884	– 1,601	–18,568
Impact of asset ceiling	—	—	—	—	—	5	5
Total	**843**	**519**	**4,314**	**–693**	**1,799**	**947**	**7,729**
Reflected as:							
Other long-term assets	—	—	—	—	—	–773	–773
Provisions for post-employment benefits	843	519	4,314	–693	1,799	1,720	8,502
Total	**843**	**519**	**4,314**	**–693**	**1,799**	**947**	**7,729**

The Group sponsors post-employment defined benefit plans in a number of subsidiaries. The most significant plans are the pension plans in USA, Germany, U.K., and Sweden, which supplement the social security pensions in these countries.

USA

The major USA pension plans represent around 89% of the total USA obligation. Benefits are based on length of service and average final salary, or a years of service multiplier. All these plans are closed for new entrants, who instead are covered by defined contribution pension solutions. The salary and non-Union defined benefit pension plans have been frozen as of December 2016 and in 2021 the remaining active accruing plans were frozen, hence no additional service cost will be accrued for these plans.

Governance of the plans lies with a benefit board whose members are chosen by the board of directors of the USA subsidiary. The plans are subject to regulatory minimum funding requirements based on an adjusted statutory pension formula, which in the case of funding deficits require contributions to achieve full funding in seven years.

The USA subsidiary also sponsors post-retirement health care plans which are closed for new entrants. The plans provide health care and life insurance benefits for eligible retired employees. The company is entitled to receive a subsidy under the U.S. Medicare Program Part D, for prescription drug costs for certain plan participants. On 31 December 2025, this reimbursement right totalled MSEK 1 (1).

Germany

The major German pension plans represent around 87% of the total German obligation. Benefits are based on length of service and final salary, and are indexed when paid. The majority of entitlement conditions are determined in accordance with a governmental pensions act. A plan change affecting around 75% of the participants of the major German pension plan occurred from 1 January 2018. For these participants defined contributions are made, and the value of the contributions is guaranteed to the participants as required by German law. Thus, this plan also qualifies as a defined benefit plan even if the benefit for the participants is equal to the contributions made into the plan.

18 Provisions for post-employment benefits, cont.

United Kingdom

The major plans in the U.K. represent around 92% of the total U.K. obligation. Benefits under these plans are based on length of service and a career average revalued earnings basis, and are indexed when paid. As of April 2012, these plans are closed to new entrants, who instead are entitled to defined contribution pension solutions. Responsibility for the governance of the plan lies jointly with the subsidiary and a board of trustees comprised of representatives of the subsidiary as well as plan participants in accordance with the Plan constitution. The plan is subject to statutory funding objectives based on the local pension calculation, which in the case of funding deficits have an agreed recovery plan to achieve full funding in ten years.

Sweden

The major plan in Sweden is the ITP plan and it represents around 91% of the total Swedish obligation. Benefits are based on final salary and are indexed when paid. Benefits are established in accordance with a collective agreement established between participating Swedish companies. The plan is closed for employees born after 1978, who instead are entitled to a defined contribution pension solution. The Swedish subsidiaries are required to have credit insurance which covers all pension obligations in case of insolvency. For the Swedish subsidiaries, the portions of the ITP pension financed through insurance premiums to Alecta only cover family pension, health insurance and TGL and as such are immaterial. There are no regulatory funding requirements, however, voluntary funding has been provided for the plans through a foundation, which is governed jointly by the company and employee representatives. The foundation must comply with government regulations.

Other

The most significant plans include the funded pension plans in Switzerland, Canada and Belgium. Additionally, there are retirement indemnity plans in France and termination indemnity plans in Italy, where lump sum payments are made upon retirement and termination respectively.

	2025			2024		
MSEK	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
Opening balance 1 January	**26,292**	**–18,563**	**7,729**	**25,713**	**–17,135**	**8,578**
Interest expenses/(income)	1,016	–725	291	980	–707	273
Current service cost	265	—	265	492	—	492
Past service cost	–46	—	–46	2	—	2
Settlements	–12	3	–9	–3	2	–1
Other	244	14	258	160	19	179
Subtotal expenses	**1,467**	**–708**	**759**	**1,631**	**–686**	**945**
Difference between actual return and interest (income)/expenses	—	42	42	—	–897	–897
Actuarial (gains)/losses – demographic assumptions	37	—	37	70	—	70
Actuarial (gains)/losses – financial assumptions	–858	—	–858	28	—	28
Experience adjustments (gains)/losses	121	—	121	89	—	89
Change in asset ceiling	—	35	35	—	–21	–21
Subtotal remeasurements in OCI	**–700**	**77**	**–623**	**187**	**–918**	**–731**
Employer contribution	—	–209	–209	—	–686	–686
Employee contribution	29	–5	24	42	–6	36
Benefit payments	–1,647	908	–739	–1,676	910	–766
Subtotal cash flow[1)]	**–1,618**	**694**	**-924**	**–1,634**	**218**	**–1,416**
Other	8	–100	–92	61	–25	36
Translation differences	–2,386	1,909	–477	334	–17	317
Closing balance 31 December	**23,063**	**–16,691**	**6,372**	**26,292**	**–18,563**	**7,729**

1) Cash outflows for 2026 are expected to be some MSEK 741 which include contributions to funded plans as well as payments made directly by the companies under unfunded plans and partially funded plans.

Components of total post-employment benefit expenses (MSEK)	2025	2024
Post-employment defined benefit expenses	759	945
Post-employment defined contribution expenses	634	693
Total post-employment benefit expenses	**1,393**	**1,638**
Whereof amounts charged to:		
Cost of goods sold	530	736
Selling expenses	470	498
Administrative expenses	102	131
Financial expenses	291	273
Total	**1,393**	**1,638**

18 Provisions for post-employment benefits, cont.

Plan asset composition (MSEK)	2025 Quoted	2025 Unquoted	2025 Total	2024 Quoted	2024 Unquoted	2024 Total
Government bonds	3,804	40	3,844	4,600	—	4,600
Corporate bonds	5,269	—	5,269	6,356	—	6,356
Equity instruments	3,400	1,900	5,300	3,237	1,837	5,074
Real estate	57	593	650	260	827	1,087
Other, primarily cash and other financial receivables	281	1,388	1,669	373	1,078	1,451
Total	**12,811**	**3,921**	**16,732**	**14,826**	**3,742**	**18,568**

To enable consistent, proactive and effective management of the post-employment benefits in line with its business strategy and values, the SKF Group established a Global Pension Committee, a governance body who is responsible to align post-employment benefits to SKF Global Pension Policy. SKF Global Pension Policy sets out principles for managing SKF's pension and other long-term employee benefits within SKF globally.

The SKF Group strives to balance risk in the investments of plan assets by aiming for a range of 30–50% in equity instruments, with the remainder in lower risk/fixed income investments such as corporate and government bonds.

The investment positions for the major pension plans are managed within the asset-liability matching framework. Within this framework, the Group's objective is to match plan assets to the pension obligations by investing in securities with maturities that align with the benefit payments as they fall due, and in the appropriate currency. SKF Treasury Centre regularly monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. Final investment decisions are taken by the local subsidiary/trustee together with SKF Treasury Centre.

Sensitivity analysis of significant assumptions	Change in actuarial assumption	Impact on defined benefit obligations, MSEK
Discount rate	+1%	–1,082
	–1%	2,576
Salary growth rate	+0.5%	168
	–0.5%	–168
Pension increase rate	+0.5%	725
	–0.5%	–697
Longevity	+1 year	676
	–1 year	–706

The sensitivity analysis is based on the change in one assumption while holding all other assumptions constant, see notes to previous table. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity analysis of the defined benefit obligations to changes in assumptions the same method has been applied as when calculating the pension liability recognized within the obligation.

The sensitivity analysis considers the most significant plans in USA, Germany, U.K. and Sweden, and it has been prepared consistently with prior years.

Significant weighted-average assumptions at end of year	2025 USA pension	2025 USA medical	2025 Germany pension	2025 U.K. pension	2025 Sweden pension	2025 Other
Discount rate	5.2	5.1	4.0	5.7	3.7	3.1
Pension increase rate[1]	n/a	n/a	1.9	2.9	2.0	n/a
Salary growth rate[2]	n/a	n/a	2.2	2.9	3.4	3.4
Longevity male/female[3]	20.9/22.8	20.8/22.8	21.0/24.3	21.8/24.1	20.0/20.1	19.0/21,8
Weighted average duration of the plan (in years)[4]	8.4	7.1	14.1	13.1	16.2	9.0

Significant weighted-average assumptions at end of year	2024 USA pension	2024 USA medical	2024 Germany pension	2024 U.K. pension	2024 Sweden pension	2024 Other
Discount rate	5.4	5.4	3.4	5.7	3.5	3.1
Pension increase rate[1]	n/a	n/a	2.0	3.2	2.0	n/a
Salary growth rate[2]	n/a	n/a	2.2	3.2	3.4	4.4
Longevity male/female[3]	20.8/22.5	20.7/22.7	20.8/24.2	21.5/23.4	20.0/24.3	19.7/23.1
Weighted average duration of the plan (in years)[4]	8.2	7.1	14.6	13.5	17.5	8.5

1) Pension increase rate refers to indexation primarily tied to inflation.
2) Salary growth rate for the U.S. pension is n/a as no additional service cost will be accrued for these plans.
3) Longevity is expressed as the life expectancy of a current 65 year old in number of years.
4) Represents the average number of years remaining until the obligation is paid out.
n/a = assumptions not applicable or not significant for the plan.

19 Other provisions and contingent liabilities

Accounting policy

In general, a provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as provisions is management's best estimate of the future cash flows necessary to settle the obligations at the balance sheet date, and the timing of settlement is uncertain.

Claims include both provisions for litigation and warranties, and represent management's best estimate of the future cash flows necessary to settle obligations. Claims that, according to management's best estimate, are too uncertain or judged not to give rise to future cash out, are not included in the amounts set out below, even though such claims may be material. Other long-term employee benefits refer to benefits earned and expected to be settled before employment ends. These provisions are calculated using the projected unit credit method and remeasurements (actuarial gains and losses) are recognized immediately in the income statement.

Restructuring programmes are defined as activities that materially change the way a unit does business. Any related restructuring provisions are recognized when a detailed formal plan has been established and a public announcement of the plan has occurred thereby creating a valid expectation that the plan will be carried out.

When an obligation does not meet the criteria for recognition it may be considered a contingent liability and disclosed. Contingent liabilities represent possible obligations

19 Other provisions and contingent liabilities, cont.

whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. They also include existing obligations where it is not probable that an outflow of resources is required, or the outflow cannot be reliably quantified.

Accounting estimates and judgements

In the normal course of business, SKF is involved in legal proceedings. These proceedings may relate to a number of topics, including but not limited to warranty claims, commercial disputes, intellectual property claims, tax or labour disputes and regulatory inquiries and investigations. SKF reviews outstanding legal cases regularly in order to assess the need for provisions and contingent liabilities in the financial statements. As these various matters are often of a difficult and legally complex nature, significant management judgement is required in determining the existence and amount of provisions. As the estimates may involve uncertainty about future events outside the control of the Group, the actual outcomes may be significantly different, which may affect the financial statements.

Claims include both provisions for litigation and warranties, and represent management's best estimate of the future cash flows necessary to settle obligations, although the timing of the settlement is uncertain. Provisions for litigation are based on the nature of the litigation, the legal process in the applicable jurisdiction, the progress of the cases, the opinions of internal and external legal counsel and advisers regarding the outcome of the case and experience with similar cases. Tax claims in different countries and in different stages of the claim that do not meet the definition of tax liability are recognized as contingent liabilities.

SKF is part of investigations regarding possible violations of anti-trust rules, class action claims and lawsuits. SKF is subject to an investigation in Brazil by the General Superintendence of the Administrative Council for Economic Defense, regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil. As per management judgement, these investigations did not qualify for recognition as other provisions or contingent liabilities. SKF is also involved in a number of legal proceedings other than those described above. SKF's assessment is that such other legal proceedings in aggregate are not likely to entail any risk of having a material effect on SKF's financial position.

Warranty provisions involve estimates of the outcome of claims resulting from defective products, which include estimates for potential liability for damages caused by such defects to the Group's customers. Assumptions are required for anticipated returns and costs replacing defective products and/or compensating customers for damage caused by the Group's products. These assumptions consider historical claims statistics, expected costs to remedy and the average time lag between faults occurring and claims against the Group.

Restructuring provisions involve estimates of the timing and costs of the planned future activities where the most significant estimates relates to the costs necessary to settle employee severance/separation obligations, as well as the costs involved in contract cancellations and other exit costs. These estimates are based on historical experience as well as the current status of negotiations with the affected parties and/or their representatives.

Claims increased during 2025 with MSEK 20, related to warranty claims.

In 2025, the total restructuring costs amounted to MSEK 4,302 (1,497), whereof MSEK 3,350 (1,363) refers to provisions, and includes closure and consolidation of factories as well as a general reduction in headcount driven by new ways of working and simplified organizational structures. This cost includes voluntary and involuntary termination benefits spread over several countries. The majority of the remaining restructuring provisions are expected to be settled in 2026.

The largest items in other employee benefits are pension provisions in Italy, worker's compensation in USA and special payroll tax in Sweden.

Other provisions primarily include insurance, contractual-, and environmental commitments.

MSEK	2025 Closing balance	Provisions for the year	Utilized amounts	Reversal unutilized amounts	Other	Translation effect	2025 Opening balance
Claims	287	118	–52	–27	—	–19	267
Other employee benefits	616	84	–79	–7	–33	–36	687
Restructuring	2,247	3,350	–1,875	–25	–80	–160	1,037
Other	616	117	–58	–55	62	–40	590
Total	**3,766**	**3,669**	**–2,064**	**–114**	**–51**	**–255**	**2,581**

MSEK	2024 Closing balance	Provisions for the year	Utilized amounts	Reversal unutilized amounts	Other	Translation effect	2024 Opening balance
Claims	267	164	–103	–56	1	8	253
Other employee benefits	687	138	–203	–3	–33	32	756
Restructuring	1,037	1,363	–1,376	–23	–31	47	1,057
Other	590	242	–86	–110	8	18	518
Total	**2,581**	**1,907**	**–1,768**	**–192**	**–55**	**105**	**2,584**

MSEK	2025 Of which current
Claims	227
Other employee benefits	55
Restructuring	1,476
Other	277
Total	**2,035**

MSEK	2024 Of which current
Claims	204
Other employee benefits	55
Restructuring	622
Other	276
Total	**1,157**

Contingent liabilities at nominal values (MSEK)	2025	2024
Guarantees	8	45
Tax claims	1,572	2,203
Other contingent liabilities	132	52
Total	**1,712**	**2,300**

20 Financial liabilities

Accounting policy
Financial liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument. Financial liabilities are initially recorded at fair value, which is normally equal to acquisition cost. Transaction costs are included in the initial measurement of financial liabilities that are not subsequently measured at fair value through the income statement. Derivatives are recognized at trade date.

Financial liabilities, excluding derivatives, are classified as Other financial liabilities measured at amortized cost. Amortized cost is measured using the effective interest method. The carrying amount of liabilities that are hedged items, for which fair value hedge accounting is applied, are adjusted for gains or losses attributable to the hedged risks. Derivatives are classified into the category Fair value through profit or loss. Financial liabilities are derecognized when they are settled.

Accounting estimates and judgements
For disclosure purposes, fair values of financial liabilities have been calculated using valuation techniques, mainly discounted cash flow analyses based on observable market data.

Derivatives are measured at fair value and fall into Level 2 of the fair value hierarchy. See Note 14 for a description of the fair value hierarchy.

The maturities for bonds and loans stated in the table below are based on the earliest date on which they can be required to be repaid.

		2025		2024	
MSEK	Maturity	Carrying amount	Fair value	Carrying amount	Fair value
Long-term financial liabilities					
MUSD 100	2027	918	950	1,101	1,128
MEUR 400	2028	4,294	4,344	4,557	4,617
MEUR 300	2029	3,235	3,057	3,429	3,224
MEUR 300	2031	3,212	2,890	3,307	3,048
Long-term lease liabilities	2027 and thereafter	2,167	2,167	2,714	2,714
Other long-term loans	2027–2030	171	171	200	200
Derivatives held for hedge accounting		23	23	91	91
Derivatives held for trading		148	148	—	—
Subtotal long-term financial liabilities		**14,168**	**13,750**	**15,399**	**15,022**
Short-term financial liabilities					
MUSD 3	2025	—	—	3	3
MEUR 300	2025	—	—	3,444	3,400
Trade payables	2026	11,207	11,207	12,553	12,553
Of which trade payable under vendor financing arrangement		984	984	1,546	1,546
Short-term lease liabilities	2026	728	728	802	802
Short-term loans	2026	259	259	485	485
Derivatives held for hedge accounting	2026	—	—	—	—
Derivatives held for trading	2026	185	185	627	627
Subtotal short-term financial liabilities		**12,379**	**12,379**	**17,914**	**17,870**
Total		**26,547**	**26,129**	**33,313**	**32,892**

One loan is subject to fair value hedging. The fixed EUR interest on the MEUR 400 loan, due in 2028, has been swapped into floating EUR interest rate.

More information regarding financial risk management and hedge accounting can be found in Note 26. Methods used for establishing fair value are described in Note 14. Interest rates for the loans are disclosed in Note 11 of the Parent Company.

The Group does not have any pledged assets to secure financial liabilities.

Supply chain financing arrangement
SKF has supply chain financing arrangement (SCF) with a bank under which the bank offers suppliers the option to receive earlier payments. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the suppliers to receive payments from the bank before the invoice due date.

Due dates for the trade payables within SCF are 60–150 days after invoice date. Trade payables not part of the arrangement have payment due dates of 30–180 days after invoice date.

As of 31 December 2025, trade payables under SCF amounted to MSEK 984 (1,546) whereof MSEK 670 (1,089) have already been received by the suppliers.

There were no material business combinations or foreign exchange differences or other non-cash transfers relating to the carrying amount of liabilities subject to SCF.

21 Other short-term liabilities

MSEK	2025	2024
Employee related accruals	3,725	3,700
Accrual for rebates	1,591	1,728
Income tax payables	1,368	949
Deferred income	369	449
Customer advances	427	415
Value added taxes payables, net	647	659
Other current liabilities	1,027	925
Other accrued expenses	2,173	2,105
Total	**11,327**	**10,930**

22 Related parties including associated companies

FAM is a privately owned holding company that manages assets as an active owner with a long-term ownership horizon. FAM is owned by Wallenberg Investments AB, which is owned by the three largest Wallenberg foundations the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Foundation. The Foundations have, since 1917, granted funding to excellent researchers and research projects beneficial to Sweden, primarily to Swedish universities.

The SKF Group has had no indication that FAM has obtained its ownership interest in the Group for other than investment purposes. No significant transactions have been identified between the parties with the exception of dividend paid during the year to FAM. At the end of 2025 FAM is the major shareholder of the Parent Company, holding 29.2% (29.0) of the voting rights and 15.2% (15.0) of the share capital.

Investments in associated companies include a 27% shareholding of Sunstrength Renewables Pvt. Ltd. in India, a 26% shareholding in Clean Max Taiyo Pvt. Ltd. in India, a 42% shareholding of Ningbo Hyatt Roller Co. Ltd. in China, a 30% shareholding in Sinoma Precision Bearings Co. Ltd. in China, a 20% shareholding of Colinx, LLC. in USA, a 5% sharholding in Hunan SUND Technologies Co. Ltd. in China and a 25% shareholding of Schwarz GmbH Technischer Großhandel in Germany.

Transactions with Associated companies (MSEK)	2025	2024
Sales of goods and services	35	41
Purchases of goods and services	510	528
Receivables as of 31 December	—	92
Liabilities as of 31 December	9	17

Other related party transactions include remuneration to key management as specified in Note 23. For a list of significant subsidiaries, see Note 8 to the financial statements of the Parent Company. No other significant transactions with related parties have occurred.

23 Remuneration to key management

Salaries and other remunerations for SKF Board of Directors, President and Group Management

Principles of remuneration for Group Management

In March 2022, the Annual General Meeting adopted the Board of Directors' proposal for principles of remuneration for Group Management, which are summarized below.

Group Management is defined as the President and the other members of the management team. The principles shall apply to remuneration agreed and amendments to remuneration already agreed, after the adoption of the principles by the Annual General Meeting 2022, and, in other cases, to the extent permitted under existing agreements.

The objective of the principles is to ensure that the SKF Group can attract and retain the best people in order to contribute to the SKF Group's mission and business strategy, its long-term interests and sustainability. Remuneration for Group Management shall be based on market competitive conditions and at the same time support the shareholders' best interests.

The total remuneration package for a Group Management member shall consist of the following components: fixed salary, variable salary, pension benefits, conditions for notice of termination and severance pay, and other benefits such as a company car. The components shall create a well-balanced remuneration reflecting individual performance and responsibility as well as the SKF Group's overall performance.

Additionally, the Annual General Meeting 2025, irrespective of the principles of remuneration for Group Management, resolved on SKF's Performance Share Programme 2025 for senior managers and key employees, where Group Management is included. For more information on SKF's Performance Share Programme 2025, see page 129.

Fixed salary

The fixed salary of a Group Management member shall be at a market competitive level. It shall be based on competence, responsibility, experience and performance. The SKF Group shall use an internationally well-recognized evaluation system, in order to evaluate the scope and responsibility of the position. Market benchmarks shall be conducted on a yearly basis.

The performance of Group Management members shall be continuously monitored during the year and shall be used as a basis for annual reviews of fixed salaries.

Variable salary

The variable salary of a Group Management member shall run according to a performance-based programme. The purpose of the programme shall be to motivate and compensate value-creating achievements in order to support operational, financial and sustainability targets and thereby promote the SKF Group's business strategy, sustainability and long-term interests.

The performance-based programme shall have predetermined and measurable criteria which can be both financial and non-financial and which contribute to the company's long-term and sustainable development. The criteria shall primarily be based on the annual financial performance of the SKF Group, such as financial result, growth and capital efficiency, and shall promote sustainability targets of the SKF Group.

The satisfaction of criteria for awarding variable salary shall be measured over a period of one year.

The maximum variable salary shall vary between 50% to 70% of the accumulated annual fixed salary of Group Management members.

Other benefits

The SKF Group may provide other benefits to Group Management members in accordance with local practice. Other benefits can for instance be a company car or health and medical insurance. Premiums and other costs relating to such benefits shall depend on and follow local conditions and local practice but shall represent, as a general rule, a limited value and may amount to not more than 10% of the accumulated annual fixed salary of the members of Group Management.

Pension

The SKF Group shall strive to establish pension plans based on defined contribution models, which means that a premium is paid amounting to a certain percentage of

23 Remuneration to key management, cont.

the employee's annual salary. The commitment in these cases is limited to the payment of an agreed premium to an insurance company offering pension insurance.

A Group Management member shall normally be covered by, in addition to the basic pension (for Swedish members usually the ITP pension plan), a supplementary defined contribution pension plan. By offering this supplementary defined contribution plan, it is ensured that Group Management members are entitled to earn pension benefits based on the fixed annual salary above the level of the basic pension. The normal retirement age for Group Management members shall be 65 years.

For employments governed by rules other than Swedish, pension benefits and other 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 the principles. For employments governed by Swedish rules, the premium for the supplementary pension plan shall be linked to age and amount to a maximum of 40% of the accumulated annual fixed salary not covered by any other pension plan.

Notice of termination and severance pay

A Group Management member may terminate his/her employment by giving six months' notice. In the event of termination of employment at the request of the company, employment shall cease immediately. The Group Management member shall, however, receive a severance payment related to the number of years' service, provided that it shall always be maximized to two years' fixed salary.

Salary and terms of employment for employees

When preparing the principles, the Board of Directors has paid regard to the salary and terms of employment of the employees of the company. Information about employees' total remuneration, the components of the remuneration and the growth and growth rate over time have been part of the basis for the Board of Directors' and the Remuneration Committee's evaluation of the fairness of the principles of remuneration and the limitations which the principles entail.

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

The Board of Directors has established a People Committee. The Committee consists of a maximum of four Board members. The People Committee prepares all matters relating to the principles of remuneration for Group Management, as well as the terms of employment for the President.

The principles of remuneration for Group Management are presented by the People Committee to the Board of Directors that, at least every fourth year, submits a proposal for such principles to the Annual General Meeting for approval. The principles of remuneration shall be valid until new principles have been adopted by the Annual General Meeting. The Board of Directors must approve the terms of employment for the President. The People Committee shall also monitor and evaluate programmes for variable remuneration for Group Management, the application of the principles of remuneration for Group Management and applicable remuneration structures and levels of the SKF Group.

The members of the People Committee are independent of the SKF Group and Group Management. The President and other members of Group Management shall not be present when the Board of Directors processes and resolves on remuneration related matters in so far as they are affected by such matters.

The Board of Directors' right to derogate from the principles of remuneration

The Board of Directors may derogate from the principles of remuneration decided by the Annual General Meeting, 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 SKF Group's long-term interests, including its sustainability, or to ensure the SKF Group's financial viability. As set out above, the People Committee's tasks include preparing the Board of Directors' resolutions in remuneration related matters. This includes any resolutions to derogate from the guidelines.

During 2025, the Board has not made any decisions to derogate from the principles on remuneration. However, the incentive program initiated in 2024, which is connected to the creation of two robust and high-performing businesses, continues as planned during 2025 and 2026. See Note 23 in SKF's 2024 Annual Report, p. 62, for information on the decision to initiate the program, as well as the section "Incentive program in connection with the creation of two robust and high-performing businesses" further down on this page for details regarding the program.

President and Chief Executive Officer

Rickard Gustafson, President and Chief Executive Officer of AB SKF has received remuneration from the company during 2025 governed by the remuneration principles decided upon by the Annual General Meeting; salary and other remunerations amounted to a total of 21,552,909 SEK of which 16,971,409 SEK was fixed annual salary and other benefits.

The pension arrangement for Rickard Gustafson is a combination of the ITP scheme and a defined contribution of 40% of the annual fixed salary above 30 income base amounts.

Rickard Gustafson's shareholdings (own and/or held by related parties) in the company is listed in the Corporate Governance Report.

Group Management

The SKF's Group Management (exclusive of the President), consisting of 11 people at the end of the year, received in 2025 salary and other remunerations amounting to a total of SEK 76,059,551 of which SEK 64,300,549 was fixed annual salary, SEK 11,759,002 was variable salary related to 2024 year's performance, and SEK 6,460,455 was allotment of shares under the Performance Share Programme 2022.

The variable salary for Group Management was according to a short-term performance-based programme primarily based on the financial performance of the SKF Group with criteria such as operating profit and cash flow.

SKF's Performance Share Programmes are further described on page 129.

For Group Management the Board has decided on a defined contribution supplementary pension plan. The plan entitles Group Management members covered to receive an additional pension over and above the basic pension (for Swedish members usually the ITP pension plan). The contributions paid for Group Management members covered by the defined contribution plan are based on each individual's pensionable salary (normally the fixed monthly salary excluding holiday pay, converted to yearly salary) exceeding the level of the basic pension (for Swedish members 30 income base amounts). Group Management members are never covered by both defined benefit pension and defined contribution pension for the same part of their pension entitlements.

Incentive program in connection with the creation of two robust and high-performing businesses

As communicated in SKF´s Remuneration Report 2024, the Board of Directors decided to implement a separate incentive program for Group Management in 2024, following the announcement to initiate a separation of the Automotive business with the aim of a separate listing on Nasdaq Stockholm. The purpose was to incentivize sustained dedication, focus, and commitment from Group Management to reach the ambitious objective of timely, efficient, and successful creation of two robust and high-performing businesses while driving business results and growth.

By investing in this programme, SKF creates a powerful motivator to, as far as possible, ensure successful execution of the separation and listing initiatives as well as the highest level of engagement from Group Management in reaching the ambitious goals and identified critical objectives key to the Group's long-term success.

The incentive programme offers the opportunity to be awarded a cash contribution in the form of a multiple of the monthly fixed salary. The performance period runs from 17 September 2024 until a successful listing on Nasdaq Stockholm of the Automotive business. Listing on Nasdaq Stockholm is subject to the approval of the shareholders at a general meeting. Payout will be made, following a decision by the Board of Directors, in the months following the potential listing on Nasdaq Stockholm. The level of achievement and hence the level of payout under the programme is measured against certain predetermined performance criteria. Provided that the performance criteria are fully met, a group management member may be awarded a maximum cash contribution equal to an amount set between six and twelve months of fixed salary. The performance criteria are Timeline; the objective of following the listing timeline including that the Automotive business is successfully listed on Nasdaq Stockholm, Target Delivery; an assessment based on the achievement of key deliverables in the project, and Cost Reduction; targets to identify and mitigate stranded costs and dis-synergies. The three performance criteria are weighted as follows: Timeline 50%, Target delivery 25% and Cost reduction 25%.

A precondition for payout under the programme is that the participant's employment has not been terminated. The awarded cash payment is not included in pensionable salary. The Board of Directors may modify or terminate the programme.

23 Remuneration to key management, cont.

Before determining the final payout, the Board of Directors will assess whether payout is reasonable considering the Group's financial results and position, the stock market conditions and other relevant factors. If deemed necessary, the Board may reduce the cash contributions to a lower amount considered appropriate.

The estimated maximum cost of the incentive programme, including social charges, is MSEK 67. This amount will be recognized as an operating expense over the performance period, adjusted in relation to the forecasted outcome.

SKF's Performance Share Programme

Performance Shares

The Annual General Meeting 2025 decided on SKF's Performance Share Programme 2025. The programme covers senior managers and key employees in the SKF Group, including Group Management, with an opportunity of being allotted, free of charge, SKF B shares. Under the programme, not more than 1,000,000 SKF B shares may be allotted.

The allotment of shares shall be related to the level of achievement of the total value added (TVA) target, as defined by the Board of Directors, and the SKF Group's CDP Climate Change score. The TVA performance measure is weighted 80% and the CDP Climate Change score performance measure is weighted 20%. The performance period is three years. Over the three-year programme period, the TVA performance target range is set annually by the Board against the baseline of the actual TVA achieved in the previous year.

In order for allocation of shares to take place the average TVA development must exceed a certain minimum level (the threshold level). In addition to the threshold level, a target level is set. Maximum allotment is awarded if the target level is reached or exceeded.

The CDP Climate Change score performance achievement is the weighted average of the annual performance achievement, based on the criteria in the below table.

CDP Climate Change score	Performance achievement
A	100%
A–	75%
B	50%
<B	0%

Provided that the performance measures of the programme are fully met, the participants of the programme may be allotted the following maximum number of shares per person within the various key groups:

- CEO and President: shares corresponding to a value of 75% of the fixed base salary
- Other members of Group Management: shares corresponding to 55% of the fixed base salary, or 13,000 shares, whichever is higher
- Managers of large business units and similar: 4,500 shares
- Other senior managers: 3,000 shares
- Other key persons: 1,250 shares

Before the number of shares to be allotted is finally determined, the Board shall examine whether the allotment is reasonable considering SKF's financial results and position, the conditions on the stock market as well as other circumstances, and if not, as determined by the Board, reduce the number of shares to be awarded to the lower number of shares deemed appropriate by the Board.

If the total outcome of the programme exceeds the threshold level for allotment of shares but the final allotment is below 5% of the target level, payment will be made in cash instead of shares, whereupon the amount of the cash payment shall correspond to the value of the shares calculated on the basis of the closing price for SKF's B share the day before settlement.

The share-based compensation programmes of the Group are mainly equity-settled through the SKF Group's Performance Share programmes.

The fair value of the SKF B share at grant date is calculated as the market value of the share excluding the present value of expected dividend payments for the next three years.

The estimated cost for these programmes, which is based on the fair value of the SKF B share at grant date and the number of shares expected to vest, is recognized as an operating expense with a corresponding offset in equity. The fair value of the SKF shares of series B at grant date was determined as SEK 180 for SKF's Performance Share Programme 2025.

The dividend compensation amount is recognized as employee benefit expense separate from the share-based compensation expense. The cost for the programmes is adjusted annually for changes to the number of shares expected to vest and for the forfeitures of the participants' rights that no longer satisfy the programme conditions. Provisions for social costs to be paid by the employer in connection with share-based compensation programmes are calculated based on the fair value of the SKF B share at each reporting date and expensed over the vesting period.

Allotment of shares under SKF's Performance Share Programme 2025 requires that the employment of a person covered by the programme is not terminated before the end of the programme period.

SKF's Performance Share Programme 2022

Allotment of shares was made in February 2025: In total 263,877 SKF class B shares were allotted pursuant to the terms of the programme, based on the degree of achievement of the TVA during the three year period 2022–2024.

SKF's Performance Share Programme 2023

Allotment of shares was made in February 2026: In total 440,713 SKF class B shares were allotted pursuant to the terms of the programme, based on the degree of achievement of the TVA during the three year period 2023–2025.

SKF's Performance Share Programme 2024

Allotment of shares may be made following the expiry of the the three year calculation period, i.e. during 2027, if all the conditions of the programme are met and the allotment is approved by the Board.

SKF's Performance Share Programme 2025

Allotment of shares may be made following the expiry of the the three year calculation period, i.e. during 2028, if all the conditions of the programme are met and the allotment is approved by the Board.

Amounts expensed 2025 for all programmes were MSEK 104 (34) excluding social charges.

Board of Directors

The Chair of the Board and the Board members are remunerated in accordance with the decision taken at the Annual General Meeting. At the Annual General Meeting of AB SKF held in 2025 it was decided that the Board should be paid fees according to the following: – an allotment of SEK 3,025,000 to the Chair of the Board, SEK 1,515,000 to the Vice Chairs of the Board and SEK 990,000 to each of the other Board members; and – an allotment of SEK 385,000 to the Chair of the Audit and Sustainability Committee, SEK 275,000 to each of the other members of the Audit and Sustainability Committee, SEK 220,000 to the Chairs of the other Committees and SEK 165,000 to each of the other members of the other Committees.

Further, a special meeting fee is paid to Board members residing outside Sweden for travel to a physical Board meeting in Sweden, of EUR 2,000 for travel within Europe and EUR 5,000 for intercontinental travel, and corresponding meeting fees to Board members residing in Sweden for travel to physical Board meetings outside of Sweden.

A prerequisite for obtaining an allotment is that the Board member is elected by the Annual General Meeting and not employed by the company.

30% of the Board fee (excluding committee fee and special meeting fees) is converted and consists of a variable Board fee, so called synthetic shares. The number of synthetic shares allocated to a Boad member is based on the average price of the Series B share in AB SKF during the five trading days immediately following the day the company's quarterly report for the first quarter of 2025 is published (the starting price). The Board member's right to receive payment occurs after the publication of the quarterly report for the first quarter of 2029. The payable amount shall be determined based on the average price of the Series B share during the five trading days immediately following the publication of said quarterly report (the final price). In case a Board member resigns as a Board member prior to the payment date as stated above or is not re-elected at the Annual General meeting, the Board member may request that the time of payment occurs after the publication of the next year-end report. The right to benefit from the outcome of the synthetic shares is contingent on whether the Board member remains a board member during the entire or only part of the mandate period decided by the Annual General Meeting. Qualification is made on a pro-rata basis from the day after the Annual General Meeting 2025 to the day of the Annual General Meeting 2026. Dividend paid on AB SKF's Series B shares during the period the Board member holds synthetic shares shall give right to an adjustment and allocation of additional synthetic shares.

23 Remuneration to key management, cont.

	Fixed salary and other benefits[1]/fixed Board remuneration					Short-term variable salary		Performance Share Programmes		Remuneration for committee work		Gross pension costs[2]		
Amounts in SEK	Amounts paid in 2025[3]	Fixed board fee/ Amounts expensed in 2025[3]	Value of synthetic shares at grant date	Effect from change in market value of Synthetic Shares issued 2025	Number of syntehtic shares allocated 2025[6]	Amounts paid in 2025 related to 2024[3]	Amounts expensed in 2025[3]	Amounts paid in 2025 related to prior years[3]	Amounts expensed in 2025[3]	Amounts paid in 2025[3]	Amounts expensed in 2025[3]	Amounts expensed in 2025[3]	Total expensed in 2025	Total expensed in 2024
Board of directors of AB SKF														
Hans Stråberg	2,887,500	2,117,500	907,500	269,145	4,786	—	—	—	—	495,000	495,000	—	3,789,145	3,200,000
Håkan Buskhe	1,445,000	1,060,500	454,500	134,928	2,397	—	—	—	—	440,000	440,000	—	2,089,928	1,975,000
Mats Rahmström	757,500	1,060,500	454,500	134,928	2,397	—	—	—	—	—	—	—	1,649,928	—
Hock Goh	945,000	693,000	297,000	88,169	1,566	—	—	—	—	—	—	—	1,078,169	1,050,000
Geert Follens	945,000	693,000	297,000	88,169	1,566	—	—	—	—	275,000	275,000	—	1,353,169	1,300,000
Susanna Schneeberger	945,000	693,000	297,000	88,169	1,566	—	—	—	—	165,000	165,000	—	1,243,169	1,050,000
Beth Ferreira	945,000	693,000	297,000	88,169	1,566	—	—	—	—	—	—	—	1,078,169	1,050,000
Therese Friberg	945,000	693,000	297,000	88,169	1,566	—	—	—	—	—	—	—	1,078,169	1,150,000
Richard Nilsson	945,000	693,000	297,000	88,169	1,566	—	—	—	—	385,000	385,000	—	1,463,169	1,250,000
Niko Pakalén	945,000	693,000	297,000	88,169	1,566	—	—	—	—	440,000	440,000	—	1,518,169	1,200,000
CEO	16,971,409	16,815,994	—	—	—	4,581,500	6,134,520	3,627,639	8,195,784	—	—	6,236,252	37,382,549	31,272,565
Group Management[5]	64,300,549	63,356,016	—	—	—	11,759,002	11,846,836	6,460,455	19,910,759	—	—	13,864,433[4]	108,978,045	113,320,462
whereof AB SKF	39,613,232	38,668,699	—	—	—	5,965,084	5,872,479	6,460,455	14,677,260	—	—	12,740,095	71,958,534	69,414,748
Total 2025	92,976,958	89,261,510	—	—	—	16,340,502	17,981,356	10,088,094	28,106,543	2,200,000	2,200,000	20,100,685	162,701,776	—
whereof AB SKF	68,289,641	64,574,193	—	—	—	10,546,584	12,006,999	10,088,094	22,873,043	2,200,000	2,200,000	18,976,347	125,682,682	—
Total 2024	94,027,294	97,389,907	—	—	—	36,311,858	26,722 130	17,861,178	10,072,187	2,800,000	2,800,000	20,833,804	—	157,818,027
whereof AB SKF	64,686,928	68,049,541	—	—	—	24,331,015	13,967,524	17,861,178	9,991,171	2,800,000	2,800,000	19,104,078	—	113,912,314

1) Other benefits include for example company car and medical insurance.
2) Represents premiums paid under defined contribution plans as well as gross service costs under defined benefit plans.
3) Amounts paid represent the cash outflow and are amounts received by the individual during a specific calendar year. These amounts include remuneration for services rendered during given calendar year such as salary, but can also include remuneration for services rendered in a prior year where payment occurs subsequent to that year, for example the variable salary programmes. Amounts expensed refer primarily to the costs for the Group for services rendered during a specific calendar year by the individual, but can also include adjustments or reversals related to prior years. Consequently, differences between amounts paid and amounts expensed can arise as timing of the expense can be occurring in a different calendar year than the cash outflow to the individual.
4) Total pension obligations, for SKF Group, related to Group Management (including CEO) were MSEK 63.
5) Exclusive of CEO.
6) Based on weighted average stock price for SKF B Share in the period 28 April to 5 May 2025: SEK 189.59.

	2025		2024	
Men and women in Board of Directors and Group Management	Number of persons	Whereof men	Number of persons	Whereof men
Board of Directors of the Parent Company elected by the AGM incl. CEO	11	73%	10	70%
Board of Directors of the Parent Company incl. CEO	13	77%	12	75%
Group Management incl. CEO	12	67%	13	77%

24 Fees to the auditors

Fees to the SKF Group statutory auditors were split as follows (MSEK)	2025	2024
Deloitte		
Audit fees	69	66
Where of Deloitte AB	14	13
Audit related fees	2	2
Where of Deloitte AB	2	2
Tax fees	1	2
Where of Deloitte AB	—	—
Other fees	5	1
Where of Deloitte AB	4	1
	77	**71**

The Parent Company's share (MSEK)	2025	2024
Deloitte		
Audit fees	11	11
Audit related fees	2	2
Tax fees	—	—
Other fees to auditors	4	1
	17	**14**

Audit fees are related to examination of the Annual Report and financial reporting, the administration by the Board and the President as well as other tasks related to the duties of a company auditor.

Audit related fees are mainly attributable to the review of the SKF's Sustainability Report. Tax fees are related to tax consultancy and tax compliance services. All other assignments are defined as other.

25 Average number of employees

	2025		2024	
	Number of employees	Whereof men, %	Number of employees	Whereof men, %
Parent Company in Sweden	590	61	652	62
Subsidiaries in Sweden	1,589	79	1,854	80
Subsidiaries abroad	34,319	74	35,225	77
	36,498	**74**	**37,731**	**77**

Geographic specification of average number of employees in subsidiaries abroad	2025		2024	
	Number of employees	Whereof men, %	Number of employees	Whereof men, %
France	2,508	80	2,386	80
Italy	3,096	76	2,723	77
Germany	4,405	86	4,889	87
Other Western Europe excluding Sweden	2,740	82	3,145	81
Central and Eastern Europe	2,727	58	2,760	62
USA	2,762	75	3,201	74
Canada	188	77	184	76
Mexico	2,196	66	1,955	66
Latin America	2,328	33	2,673	88
China	6,525	73	7,046	70
India	2,752	90	2,148	91
Other Asian countries/Pacific	1,796	79	1,758	79
Middle East and Africa	296	74	357	72
	34,319	**74**	**35,225**	**77**

26 Financial risk management

The Group's overall financial objective is to create value for its shareholders. Over time, the return on the shareholders' investment in the SKF share should exceed the risk-free interest rate by around six percentage points. This is the basis for the Group's long-term financial objectives and the financial performance management model.

The SKF Group defines its managed capital as the capital employed. One of the Group's long term financial targets is to achieve a return on capital employed of 16%.

The capital structure target of the Group is a net debt/equity ratio, excluding pension liabilities of below 40%.

Key figures[1]	2025	2024
Total equity, MSEK	55,668	61,969
Gearing, %	27.7	30.9
Equity/assets ratio, %	52.3	51.9
Net debt/equity ratio, excluding post-employment benefits, %	10.2	14.1
Adjusted return on capital employed[2], %	14.3	14.2

1) Definition of these key figures is available on page 154.
2) Adjusted for items affecting comparability.

This together with the self-funding principle in SKF's strategic framework, operating cash flow to fund investments and shareholder distribution, underpins the Group's financial flexibility and its ability to execute on the strategy while maintaining a strong credit rating. The Group's policy and structure of debt financing are presented below.

The SKF Group's operations are exposed to various types of financial risks; market risks (being currency risk, interest rate risk and other price risks), liquidity risks and credit risks, each being discussed below.

The Group's risk management incorporates a financial policy that establishes guidelines and definitions of currency, interest rate, credit and liquidity risks and establishes responsibility and authority for the management of these risks. The policy states that the objective is to eliminate or minimize risk and to contribute to a better return through the active management of risks. The management of the risks and the responsibility for all treasury operations are largely centralized at SKF Treasury Centre, the Group's internal bank. The responsibility includes ensuring the appropriate level of funding through loans and secured credit facilities while simultaneously overseeing and ensuring the liquidity level for the Group.

The policy sets forth the financial risk mandates and the financial instruments authorized for use in the management of financial risks. Financial derivative instruments are used primarily to manage the Group's exposure to fluctuations in foreign currency exchange rates and interest rates.

Market risk – Currency risk

The Group is exposed to changes in exchange rates in the future flows of payments related to firm commitments and forecasted transactions and to loans and investments in foreign currencies, i.e. transaction exposure. The Group's accounts are also affected by translating the results and net assets of foreign subsidiaries into SEK, i.e. translation exposure. SKF applies natural hedging as the leading principle for strategic currency risk mitigation. This is managed organically within operations without financial instruments by leveraging on inherent business activities and by considering currency risk in all strategic investment decisions.

Transaction exposure

Transaction exposure mainly arises as a result of intra-Group transactions between the Group's manufacturing companies and the Group's sales companies, situated in other countries and selling the products to end-customers normally in local currency in their local market. In some countries, transaction exposure may arise from sales to external customers in a currency different from the local currency. The Group's principal commercial flows of foreign currencies pertain to exports from Europe to North America and Asia and to flows of currencies within Europe. Currency rates and payment conditions to be applied to the internal trade between SKF companies are set by SKF Treasury Centre. Currency exposure and risk is primarily, and to a large extent, reduced by netting internal transactions. The Groups external exposure is mitigated by matching in- and outflows of the same currency. The currency flows between SKF companies managed by SKF Treasury Centre were reduced through netting from MSEK 69,747 (76,375) to MSEK 3,782 (6,332). This amount represented the Group's main transaction exposure excluding hedges. Furthermore, SKF Treasury Centre is using financial instruments such as forwards, options or interest rate swaps matching the underlying forecasted cashflow to hedge the transactional currency exposure.

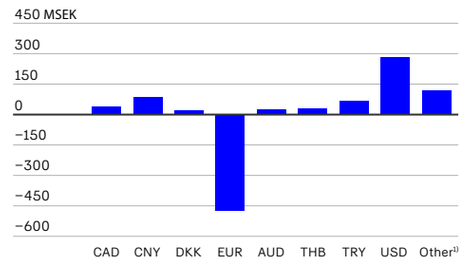
Net currency flows (MSEK)	2025	2024
CAD	768	1,049
CNY	1,638	1,523
DKK	346	461
EUR	–9,438	–8,009
AUD	415	598
THB	518	594
TRY	1,257	1,564
USD	5,618	6,345
Other[1]	2,660	2,207
SEK	–3,782	–6,332

1) Other is a sum comprising 9 different currencies.

Based on the assumption that the net currency flows will be the same as in 2025, the below graph represents a sensitivity analysis that shows the effect in SEK on operating profit of a 5% weaker SEK against all other currencies.

The effect on equity is the below result after tax. The effects of fluctuations upon the translation of subsidiaries' financial statements into the Group's presentation currency are not considered.

Effect of transactional currency flows on operating profits of a 5% weaker SEK

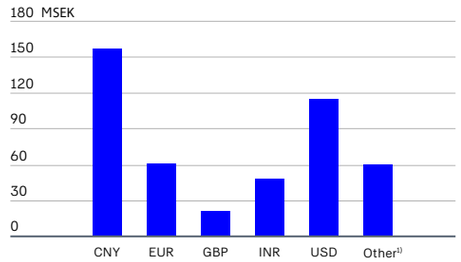


1) Other is a sum comprising 9 different currencies.

Translation exposure

Translation exposure is defined as the Group's exposure to currency risk arising when translating the results and net assets of foreign subsidiaries to SEK. Moreover, SKF is mitigating the translations risk through the optimization of the internal capital structure, which involves allocating distributable funds in the financial statements to the ultimate parent company. Based on 2025 operating profits in local currencies, the below graph represents a sensitivity-analysis that shows the effect in SEK on the translation of operating profits of a 5% weaker SEK against all other currencies.

Effect of translation on operating profits to SEK of a 5% weaker SEK



1) Other is a sum comprising 41 different currencies.

Interest rate risk

The Group defines interest rate risk as the risk of negative fluctuations in the Group's cash flow caused by changes in the interest rates and does not encompass credit spread.

At year-end, total interest bearing financial liabilities amounted to MSEK 21,355 (27,770) and total interest-bearing financial assets amounted to MSEK 10,453 (12,324). Liquidity management is concentrated to SKF Treasury Centre.

To manage the interest rate risk and currency risk in the borrowing, the Group uses cross-currency interest rate swaps, where fixed EUR interest rates are swapped into floating EUR.

26 Financial risk management, cont.

As of the balance sheet date, given the prevailing amount of net interest-bearing liabilities, an unfavorable change of the interest rates by 1% would have reduced pre-tax profit for the year, including the effect of derivatives, by around MSEK –3 (33). For details on interest rates of individual loans, see Note 11 of the Parent Company's financial statements.

Market risk – Price risks

Market risks also include other price risks, where the relevant risk variables for the Group are stock exchange prices or indexes.

As of 31 December, the Group held investments in equity securities with quoted stock prices which amounted to MSEK 89 (400), categorized as fair value through other comprehensive income. If the market share prices had been 5% higher/lower at the balance sheet date, the fair value through other comprehensive income reserve in equity would have been MSEK 4 (20) higher/lower.

Liquidity risk

Liquidity risk, also referred to as funding risk, is defined as the risk that the Group will encounter difficulties in raising funds to meet commitments. Group policy states that, in addition to current loan financing, the Group should have a payment capacity in the form of available liquidity and/or long-term committed credit facilities. As of the balance sheet date, in addition to its own liquidity, the Group had one unutilized committed credit facility of MEUR 800 syndicated with ten banks that will expire in 2030. Moreover, SKF has signed a long-term credit facility of MEUR 430 with the European Investment Bank (EIB), which by the year end was unutilized.

A good rating is important in the management of liquidity risks. As of 31 December 2025 the long-term rating of the Group is Baa1 by Moody's Investors Service and BBB+ by Fitch Ratings, both with stable outlook.

The table below shows the Group's contractually agreed and undiscounted interest payments and repayments of the non-derivative financial liabilities and derivatives with payment flows. All instruments held on 31 December 2025 for which payments were contractually agreed were included. Planning data for future, new liabilities was not included. Amounts in foreign currency were translated at closing rate. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before 31 December 2025. Financial liabilities were assigned to the earliest possible time period when they can be required to be repaid.

	2025 Cash flows			
MSEK	2026	2027	2028–2030	2031 and thereafter
Loans	–551	–238	–8,714	–3,214
Trade payables	–11,207	—	—	—
Derivatives, net	22	—	–23	—
Lease liabilities	–796	–611	–1,200	–684
Total	**–12,532**	**–849**	**–9,937**	**–3,898**

Credit risk

Credit risk is defined as the Group's exposure to losses in the event that one party to a financial instrument fails to discharge an obligation. The SKF Group is exposed to credit risk from its operating activities and certain financing activities.

The maximum exposure to credit risk for the Group amounted to MSEK 26,023 (28,985) as of the balance sheet date. The exposure is represented by total financial assets that are carried on the balance sheet with the exception of equity securities. No granting of significant financial guarantees increasing the credit risk and no significant collateral agreements reducing the maximum exposure to credit risk existed as of the balance sheet date.

Credit risk (MSEK)	2025	2024
Trade receivables	15,408	16,600
Other receivables	1,469	1,292
Derivatives	162	62
Cash and cash equivalent	8,984	11,031
Total	**26,023**	**28,985**

At operational level, the outstanding trade receivables are continuously monitored locally in each area. The Group's concentration of credit risk related to trade receivables is mitigated primarily due to its many geographically and industrially diverse customers. Trade receivables are subject to credit limit control and approval procedures in all subsidiaries.

With regard to treasury related activities, the Group's policy states that only well-established financial institutions are approved as counterparties. Transactions are made within fixed limits and credit exposure by counterparty is continiously monitored. For derivatives, the SKF Group has signed ISDA agreements (International Swaps and Derivatives Association, Inc.) with nearly all of these financial institutions. ISDA is classified as an enforceable netting arrangement. One feature of the ISDA agreement is that it enables the SKF Group to calculate its credit exposure on a net basis per counterpart, i.e. the difference between what the Group owes and is owed. The agreement between the Group and the counterparty allows for net settlement of derivatives when both elect to settle net. In the event of default of one of the counterparties the other counterpart of the netting agreement has the option to settle on a net basis. As of the balance sheet date the Group had derivative assets of around MSEK 165 (59) and derivative liabilities of around MSEK 207 (646) subject to enforceable master netting arrangements.

Hedge accounting

The Group manages risks related to the volatility of balance sheet items and future cash flows, which otherwise would affect the income statement, by hedging. A distinction is made between cash flow hedges, fair value hedges and hedges of net investment in foreign operations based on the nature of the hedged item.

Derivative instruments which provide effective economic hedges, but are not designated for hedge accounting by the Group, are accounted for as trading instruments. Changes in the fair value of these economic hedges are immediately recognized in the income statement as financial income or expense or in the operating result depending on the nature of the hedged item.

Fair value hedges

Hedge accounting is applied to derivative financial instruments which are effective in hedging the exposure to changes in fair value in foreign borrowing. Changes in the fair value of these derivative financial instruments designated as hedging instruments are recognized in the income statement under financial items. The carrying amount of the hedged item (the financial liability) is adjusted for the gain or loss attributable to the hedged risk. The gain or loss is recognized in the income statement under financial items. If a hedge relationship is discontinued, the accumulated adjustment to the carrying amount is amortized over the duration of the life of the hedged item.

The SKF Group hedges the fair value risk of financial liabilities on December 2025, by using cross-currency interest rate swaps.

The MEUR 400 bond, which is due in 2028, with fixed interest payments has been swapped into floating EUR interest. Maturity and carrying amount are disclosed in Note 20. The effectiveness of the hedging relationship is measured at inception of the hedge relationship and prospectively to ensure that the economic relationship between hedge item and hedging instrument remains. When the effectiveness was being measured, the change in the credit spread was not taken into account for calculating the change in the fair value of the hedged item. As the list of the fair values of derivatives shows (see table in the Derivatives section below), the Group had designated interest rate derivatives for a net amount of MSEK –23 (–456) as fair value hedges as of 31 December 2025.

The following table shows the changes in the fair value of the hedges recorded in interest expense during the year.

MSEK	Financial expense 2025	Financial expense 2024
Financial liabilities (hedged items)	–45	–118
Cross-currency interest-rate swaps (hedging instruments)	45	128
Difference (inefficiency)	**—**	**10**

26 Financial risk management, cont.

Derivatives
The table below shows the fair values of the various derivatives carried as of 31 December 2025 reflected as assets in Note 14 and liabilities in Note 20. A distinction is made depending on whether these are part of an effective hedging relationship or not.

Derivative net (MSEK)	Category	2025	2024
Interest rate and currency swaps			
Fair value hedges	Hedge accounting	–23	–456
Economic hedges	Trading	—	—
Currency forwards/currency options			
Economic hedges	Trading	–172	–202
Share swaps			
Economic hedges	Trading	1	1
		–194	**–657**

27 Non-controlling interests

Accounting policy
Subsidiaries that the Group controls, but owns less than 100% of, are consolidated into the Group's financial statements. The category "non-controlling interests (NCI)" in the equity report accumulates the portion of a subsidiary's equity that is not attributable to the owners of AB SKF.

Significant non-controlling interests
During 2025, there has been an additon of significant non-controlling interests. The largest non-controlling interests are now attributable to SKF India Ltd and SKF India (Industrial) Ltd. The non-controlling interests holds a 47.4% (47.4) shareholding in both companies. This represents 2.4% (2.3) of the Group's total equity. The table presents the summarized financial information of SKF India Ltd and SKF India (Industrial) Ltd.

Summarized income statement (MSEK)	January–December 2025	2024
Net sales	5,948	6,106
Operating profit	953	947
Net income	**468**	**656**
Other comprehensive income	–646	167
Total comprehensive income	**–178**	**824**
Profit allocated to NCI	222	311
Dividends paid to NCI	–37	–369

Summarized balance sheet (MSEK)	As of 31 December 2025	2024
Non-current assets	1,092	994
Current assets	4,360	3,610
Total assets	**5,452**	**4,604**
Equity attributable to shareholders of AB SKF	1,462	1,607
Equity attributable to NCI	1,317	1,449
Non-current liabilites	51	16
Current liabilities	2,622	1,532
Total equity and liabilities	**5,452**	**4,604**

28 Assets and liabilities classified as held for sale

Accounting policy
SKF reclassifies assets and liabilities held for sale to separate lines in the balance sheet when the criteria for reclassification are fulfilled. The asset, or the group of assets that are held for sale, are measured at the lower of its carrying amount and fair value after deductions for selling expenses.

Assets and liabilities held for sale
As of December 31, 2025 assets and liabilities classified as held for sale amounted to net MSEK 190 (1,461). It relates to the divestment in our Aerospace business in Elgin, Illinois, USA that was completed in January, 2026.

The balances as of December 31, 2024 included the divested Aerospace business in Hanover, Pennsylvania, USA. See Note 4.

Assets classified as held for sale MSEK	As of 31 December 2025	2024
Non-current assets		
Goodwill	51	583
Other Intangible assets	—	240
Property, plant and equipment	18	58
Current assets		
Inventories	109	536
Trade receivables	28	175
Other current assets	—	1
Assets classified as held for sale	**206**	**1,594**

Liabilities classified as held for sale MSEK	As of 31 December 2025	2024
Non-current liabilities		
Other long-term provisions	—	3
Current liabilities		
Trade payables	12	61
Short-term provision	—	28
Other short-term liabilites	4	40
Liabilities classified as held for sale	**16**	**133**

29 Subsequent events

The divestment of the Aerospace business in Elgin, Illinois, USA, was competed in January 2026. The divestment is expected to have a positive cash flow effect corresponding to the purchase price of MSEK 691. The divestment will result in a capital gain amounting to approximately BSEK 0.4 in the first quarter 2026 and will be reported as items affecting comparability.

Parent Company, AB SKF

AB SKF, corporate identity number 556007-3495, which is the Parent Company of the SKF Group, is a registered Swedish limited liability company domiciled in Gothenburg. The headquarters' address is AB SKF, SE-415 50 Gothenburg, Sweden.

AB SKF is the company within the Group that makes the strategic decisions and pays for the research and development. AB SKF owns and controls the Intellectual Property Rights within the Group. Subsidiaries perform tasks decided by AB SKF and, thus, have a limited commercial liability.

Dividend income from subsidiaries amounted to MSEK 7,135 (3,187), of which MSEK 4,077 relates to distributions of ownership interests in subsidaries.

Net investments in subsidiaries increased by MSEK 5,217 (–1,634), whereof MSEK –212 (–500) is attributable to impairments, MSEK 5,429 (125) to additions and capital contributions. Shares with a booked value of MSEK 0 (–1,259) were sold during the year.

Risks and uncertainties in the business for the Group are described in the Administration Report for the Group. The financial position of the Parent Company is dependent on the financial position and development of the subsidiaries. A general decline in the demand for the products and services provided by the Group could mean lower residual profit and lower dividend income for the Parent Company, as well as a need for write-down of the values in the shares in subsidiaries. Due to the wide spread of markets, geographically as well as operationally in which the subsidiaries operate, the risk that the financial position for the Parent Company will be negatively affected is assessed as small.

Unrestricted equity in the Parent Company amounted to MSEK 25,967 (22,839).

Parent Company income statements

		January–December	
MSEK	Note	2025	2024
Revenue	2	4,389	7,362
Cost of revenue	2	–5,703	–5,528
General management and administrative expenses	2	–1,880	–1,639
Other operating income and expenses, net	2	72	17
Operating profit		**–3,122**	**212**
Financial income and expenses, net	3	6,701	2,499
Profit after financial items		**3,579**	**2,711**
Appropriations	4	3,359	400
Profit before tax		**6,938**	**3,111**
Income taxes	5	–7	–86
Net profit		**6,931**	**3,025**

Parent Company statements of comprehensive income

		January–December	
MSEK	Note	2025	2024
Net profit		6,931	3,025
Items that will not be reclassified to the income statement			
Assets at fair value through other comprehensive income	9	–309	78
Items that may be reclassified to the income statement			
Assets at fair value through other comprehensive income	9	—	—
Other comprehensive income, net of tax		**–309**	**78**
Total comprehensive income		**6,622**	**3,103**

Parent Company balance sheets

MSEK	Note	As of 31 December 2025	2024
ASSETS			
Non-current assets			
Intangible assets	6	531	712
Property, plant and equipment	7	76	63
Investments in subsidiaries	8	26,014	20,797
Long-term receivables from subsidiaries		11,668	12,483
Investments in jointly controlled and associated companies		2	2
Investments in equity securities	9	22	331
Other long-term receivables		31	17
Deferred tax assets	5	622	524
		38,966	**34,929**
Current assets			
Short-term receivables from subsidiaries		5,015	8,207
Other short-term receivables		96	217
Prepaid expenses and accrued income		412	328
Cash and cash equivalents		3	12
		5,526	**8,764**
Total assets		**44,492**	**43,693**

MSEK	Note	As of 31 December 2025	2024
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1,138	1,138
Statutory reserve		918	918
		2,056	**2,056**
Unrestricted equity			
Fair value reserve		—	140
Retained earnings		19,036	19,674
Net profit		6,931	3,025
		25,967	**22,839**
		28,023	**24,895**
Untaxed reserves	4	**—**	**—**
Provisions			
Provisions for post-employment benefits	10	757	727
Other provisions		60	4
		817	**731**
Non-current liabilities			
Long-term loans	11	11,666	12,480
		11,666	**12,480**
Current liabilities			
Short-term loans	11	—	3,446
Trade payables		729	531
Short-term liabilities to subsidiaries		2,151	781
Other short-term liabilities		248	239
Accrued expenses and deferred income		858	590
		3,986	**5,587**
Total equity and liabilities		**44,492**	**43,693**

Parent Company statements of cash flow

MSEK	Note	January–December 2025	2024
Operating activities			
Operating loss/profit		–3,122	212
Adjustments for			
Depreciation, amortization and impairments	6, 7	189	324
Other non-cash items		193	170
Payments under post-employment defined benefit plans	10	–52	–58
Income taxes paid/received		100	41
Changes in working capital			
Trade payables		198	65
Other operating assets and liabilities, net		7,911	1,633
Interest received		267	343
Interest paid		–320	–428
Other financial items		–205	–181
Net cash flow from operating activities		**5,159**	**2,121**
Investing activities			
Additions to intangible assets	6	—	—
Additions to property, plant and equipment	7	–21	–5
Dividends received from subsidiaries	3	3,058	3,187
Investments in subsidiaries	8	–1,352	–125
Sales of shares in subsidiaries	8	—	1,259
Capital repayments from subsidiaries	8	—	—
Investments in equity securities		—	–2
Net cash flow used in investing activities		**1,685**	**4,314**
Net cash flow after investments before financing		**6,844**	**6,435**
Financing activities			
Repayment of medium- and long-term loans		–3,324	–3,010
Cash dividends to AB SKF's shareholders		–3,529	–3,415
Net cash flow used in financing activities		**–6,853**	**–6,425**
Increase(+)/decrease(–) in cash and cash equivalents		**–9**	**10**
Cash and cash equivalents at 1 January		12	2
Cash and cash equivalents at 31 December		**3**	**12**

Parent Company statements of changes in equity

	Restricted equity		Unrestricted equity		
MSEK	Share capital[1]	Statutory reserve	Fair value reserve	Retained earnings	Total
Opening balance 1 January 2024	**1,138**	**918**	**63**	**23,135**	**25,254**
Net profit	—	—	—	3,025	3,025
Components of other comprehensive income					
Change in assets to fair value through other comprehensive income	—	—	77	—	77
Transactions with shareholders					
Cost under Performance Share Programmes[2]	—	—	—	–46	–46
Dividends	—	—	—	–3,415	–3,415
Closing balance 31 December 2024	**1,138**	**918**	**140**	**22,699**	**24,895**
Net profit	—	—	—	6,931	6,931
Components of other comprehensive income					
Change in assets to fair value through other comprehensive income	—	—	–140	–169	–309
Transactions with shareholders					
Cost under Performance Share Programmes[2]	—	—	—	35	35
Dividends	—	—	—	–3,529	–3,529
Closing balance 31 December 2025	**1,138**	**918**	**—**	**25,967**	**28,023**

1) The distribution of share capital between share types and the quota value is shown in Note 16 to the Consolidated financial statements.
2) See Note 23 to Consolidated financial statements for information about Performance Share Programmes.

Restricted equity includes share capital and statutory reserves which are not available for dividend payments.

Unrestricted equity includes retained earnings which can be distributed to shareholders. It also includes the fair value reserve which accumulates the changes in fair value of available-for-sale assets.

Notes to the financial statements of the Parent Company

1 Accounting policies

Basis of presentation
The financial statements of the Parent Company are prepared in accordance with the Annual Accounts Act and The Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities, as well as their interpretation (UFR). In accordance with RFR 2, IFRS is applied to the greatest extent possible under Swedish legislation, but full compliance is not possible. The areas in which the Parent Company's accounting policies differ from the Group's are described below. For a description of the Group's accounting policies, see Note 1 to the Consolidated financial statements.

Post-employment benefits
AB SKF reports pensions in the financial statements in accordance with RFR 2. According to RFR 2, IAS 19 shall be adopted regarding supplementary disclosures when applicable.

Investments in subsidiaries
Investments in subsidiaries are recorded at acquisition cost, reduced by any impairment.

Untaxed reserves
The tax legislation in Sweden allows companies to make provisions to untaxed reserves. Hereby, the companies may, with certain limits, allocate and retain profits in the balance sheet instead of immediate taxation. The untaxed reserves are taken into taxation at the time of their dissolution. In the event that the business shows losses, the untaxed reserves may be dissolved in order to cover the losses without any taxation.

Intangible assets
According to Swedish legislation, goodwill has a definite useful life. The useful life amounts to eight years and the amortization follows a linear pattern.

Leases
RFR 2 allows an exception from IFRS 16 which the Parent Company has applied. Lease contracts are reported as operational leases.

2 Revenues and operating expenses

AB SKF is the company within the Group that makes the strategic decisions and pays for the research and development and is as such entitled to residual profits. Consequently the revenues are comprised of residual profits and royalties from subsidiaries. Cost of revenue include research and development expenses totalling MSEK 3,046 (2,950).

Of the total operating expenses, MSEK 4,494 (4,395) was invoiced from subsidiaries.

3 Financial income and financial expenses

MSEK	2025	2024
Income from participations in Group companies		
Dividends from subsidiaries	7,135	3,187
Other financial income from investments in subsidiaries	7	–8
Impairment and disposals of investments in subsidiaries	–212	–500
Total	**6,930**	**2,679**
Financial income		
Interest income from subsidiaries	267	343
Interest income from external parties	4	2
Other financial income	11	—
Total	**282**	**345**
Financial expenses		
Interest expenses to subsidiaries	–57	–99
Interest expenses to external parties	–285	–355
Other financial expense	–169	–71
Total	**–511**	**–525**

4 Appropriations

Appropriations (MSEK)	2025	2024
Paid/received group contribution	3,359	400
Untaxed reserves		
Change in accelerated depreciation reserve	—	—
	3,359	**400**
Untaxed reserves		
Accelerated depreciation reserve	—	—

5 Taxes

Taxes on profit before tax (MSEK)	2025	2024
Current taxes	—	—
Other taxes	–105	–144
Deferred tax	98	58
	–7	**–86**

Net deferred assets per type net (MSEK)	2025	2024
Provisions for post-employment benefits	124	131
Tax credit carry-forwards	498	393
Tax loss carry-forwards	—	—
Deferred tax assets	**622**	**524**

Reconciliation of the statutory tax in Sweden and the actual tax (MSEK)	2025	2024
Tax calculated using the statutory tax rate in Sweden	–1,429	–641
Non-taxable dividends and other financial income	1,472	655
Tax referring to previous years	–2	–9
Other non-deductible and non-taxable profit items, net	–48	–91
Actual tax	**–7**	**–86**

The corporate statutory income tax rate in Sweden is 20.6% (20.6).

6 Intangible assets

MSEK	2025 Closing balance	Additions	Impairments	Derecognitions	2025 Opening balance
Acquisition cost					
Goodwill	42	—	—	—	42
Technology, Intellectual property and similar items	1,058	—	—	—	1,058
Internally developed software	2,308	—	—	—	2,308
	3,408	**—**	**—**	**—**	**3,408**

MSEK	2025 Closing balance	Amortization	Impairments	Derecognitions	2025 Opening balance
Accumulated amortization					
Goodwill	39	1	—	—	38
Technology, Intellectual property and similar items	1,004	20	—	—	984
Internally developed software	1,834	160	—	—	1,674
	2,877	**181**	**—**	**—**	**2,696**
Net book value	**531**				**712**

MSEK	2024 Closing balance	Additions	Impairments	Derecognitions	2024 Opening balance
Acquisition cost					
Goodwill	42	—	—	—	42
Technology, Intellectual property and similar items	1,058	—	—	—	1,058
Internally developed software	2,308	—	—	—	2,308
	3,408	**—**	**—**	**—**	**3,408**

MSEK	2024 Closing balance	Amortization	Impairments	Derecognitions	2024 Opening balance
Accumulated amortization					
Goodwill	38	1	—	—	37
Technology, Intellectual property and similar items	984	19	—	—	965
Internally developed software	1,674	162	127	—	1,385
	2,696	**182**	**127**	**—**	**2,387**
Net book value	**712**				**1,021**

See Note 10 to the Consolidated financial statements for information on the internally developed software including impairment. Technology and similar items are amortized over eight years.

7 Property, plant and equipment

MSEK	2025 Closing balance	Additions	Disposals	Other	2025 Opening balance
Acquisition cost					
Buildings	6	1	—	—	5
Machine toolings and factory fittings	106	—	—	1	105
Assets under construction including advances	29	20	—	–1	10
	141	**21**	**—**	**—**	**120**

MSEK	2025 Closing balance	Depreciation	Disposals	Other	2025 Opening balance
Accumulated depreciation					
Buildings	4	1	—	—	3
Machine toolings and factory fittings	61	7	—	—	54
	65	**8**	**—**	**—**	**57**
Net book value	**76**				**63**

MSEK	2024 Closing balance	Additions	Disposals	Other	2024 Opening balance
Acquisition cost					
Buildings	5	—	—	—	5
Machine toolings and factory fittings	105	—	–27	11	121
Assets under construction including advances	10	5	—	–11	16
	120	**5**	**–27**	**—**	**142**

MSEK	2024 Closing balance	Depreciation	Disposals	Other	2024 Opening balance
Accumulated depreciation					
Buildings	3	—	—	—	3
Machine toolings and factory fittings	54	12	–24	—	66
	57	**12**	**–24**	**—**	**69**
Net book value	**63**				**73**

8 Investments in subsidiaries

Investments in subsidiaries held on 31 December (MSEK)	2025	Additions	Impairment	Disposals and capital repayments	2024	Additions	Impairment	Disposals and capital repayments	2023
Investments in subsidiaries	26,014	5,429	–212	—	20,797	125	–500	–1,259	22,431

The Group is composed of 187 legal entities (subsidiaries), where AB SKF is the ultimate parent either directly or indirectly via intermediate holding companies. The vast majority of the Group's subsidiaries perform activities related to manufacturing and sales. A limited number are involved in central Group functions such as treasury or reinsurance, or as previously mentioned, act as intermediate holding companies. This legal structure is designed to effectively manage legal requirements, administration, financing and taxes in the countries in which the Group operates.

During 2025, several intra-group share transactions in group companies were completed in connection with the establishment of the Automotive group structure, whereby the current subsidiary SKF Interim AB will become the parent company.

The tables on the next pages list, firstly, the subsidiaries owned directly by the Parent Company, and secondly, the most significant of the indirectly owned subsidiaries of the Group. Taken together these subsidiaries account for more than 90% of the Group's sales and for more than 90% of the Group's manufacturing facilities.

8 Investments in subsidiaries, cont.

Name of directly owned subsidiaries	Country/ Region	Registration number	No. of shares	% ownership	Book value (MSEK) 2025	Book value (MSEK) 2024	Main activities[1]
SKF Argentina S.A.	Argentina	—	14,677,299	86.25[2]	94	94	M, S
SKF Australia Pty. Ltd.	Australia	—	96,500	100	—	—	S
SKF Österreich AG	Austria	—	200	100	176	176	M, S
SKF Belgium NV/SA	Belgium	—	1,778,642	99.9[2]	109	109	S
SKF Logistics Services Belgium NV/SA	Belgium	—	29,907,952	99.9[2]	28	28	O
SKF Automotive Belgium I NV	Belgium	—	1	100	1	—	O
SKF Automotive Belgium II NV	Belgium	—	1	100	1	—	S
SKF do Brasil Ltda.	Brazil	—	517,294,748	99.9[2]	626	626	M, S
SKF Industrial Brasil Ltda.	Brazil	—	100	100	2	—	M, S
SKF Bearings Bulgaria EAD	Bulgaria	—	24,664,309	100	202	202	M, S
SKF Canada Ltd.	Canada	—	130,000	100	58	58	M, S
SKF Automotive Canada Inc	Canada	—	1	100	—	—	M, S
SKF Chilena S.A.I.C.	Chile	—	88,191	99.9[2]	—	—	S
SKF (China) Co. Ltd.	China	—	133,400	100	1,135	1,135	O
SKF China Ltd.	China	—	11,000,000	100	15	15	S
SKF CZ, a.s.	Czech Republic	—	430	100	10	10	S
SKF Danmark A/S	Denmark	—	5	100	7	7	S
OY SKF AB	Finland	—	48,400	100	12	12	M, S
SKF Holding France S.A.S	France	—	1	100	3,371	3,371	O
SKF GmbH	Germany	—	200	20[2]	227	315	M, S
SKF Holding Deutschland GmbH	Germany	—	2,500	100	27	27	O
SKF Lubrication Systems Germany GmbH	Germany	—	2,574	10.1[2]	223	223	M, S
SKF Hellas S.A.	Greece	—	2,000	100	—	—	S
SKF Svéd Golyóscsapágy Zrt	Hungary	—	20	100	—	—	S
SKF Engineering and Lubrication India Private Ltd.	India	—	1,196,450	52.8[2]	314	314	M, S
SKF India Ltd.	India	—	—	—	—	87	M, S
SKF India (Industrial) Ltd.	India	—	25,992,059	52.6	868	—	M, S
PT. SKF Indonesia	Indonesia	—	53,411	60	26	26	M, S
PT. SKF Industrial Indonesia	Indonesia	—	2,455	96.3[2]	5	5	S
SKF AI Ltd	Israel	—	2,413,322	100	220	220	S
SKF Industrie S.p.A.	Italy	—	465,000	100	653	912	M, S
SKF Japan Ltd.	Japan	—	32,400	100	153	174	M, S
SKF Malaysia Sdn. Bhd.	Malaysia	—	1,000,000	100	57	57	S
SKF de México, S.A. de C.V.	Mexico	—	375,670,256	99.9[2]	101	101	M, S
SKF Industrial Mexico S.A. de C.V	Mexico	—	50,000	100	—	—	M, S
SKF New Zealand Ltd.	New Zealand	—	375,000	100	—	—	S
SKF Norge AS	Norway	—	50,000	100	—	—	S
SKF del Peru S.A.	Peru	—	2,564,903	99.9[2]	—	—	S
SKF Philippines Inc.	Philippines	—	8,395	100	20	20	S
SKF Business Center Sp. z o.o.	Poland	—	100	100	32	37	O
SKF Polska Sp. z o.o.	Poland	—	3,701,466	100	156	156	M, S
SKF Portugal-Rolamentos, Lda.	Portugal	—	64,843	100	5	5	S
SKF Korea Ltd.	Republic of Korea	—	128,667	100	74	74	M, S
SKF Sealing Solutions Korea Co. Ltd.	Republic of Korea	—	153,320	51	15	15	M, S
SKF Asia Pacific Pte. Ltd.	Singapore	—	1,000,000	100	97	97	S
Barseco (PTY) Ltd.	South Africa	—	1,422,480	100	157	157	O
SKF Espanola S.A	Spain	—	—	—	—	383	M, S
SKF Industrial Spain S.L.U	Spain	—	3,650,000	100	105	—	M, S
SKF Förvaltning AB	Sweden	556350-4140	124,500	99.6[2]	5,438	4,144	O
SKF International AB	Sweden	556036-8671	20,000	100	1,320	1,320	O
SKF Interim AB	Sweden	559505-9022	30,140,196	100	3,317	—	O
ThePatentBay AB	Sweden	559548-5854	25,000	100	—	—	O
Återförsäkringsaktiebolaget SKF	Sweden	516401-7658	30,000	100	125	125	O
Bagaregården 16:7 KB	Sweden	916622-8529	—	99.9[2]	106	98	O
SKF Eurotrade AB	Sweden	556206-7610	83,500	100	12	12	S
SKF Verwaltungs AG	Switzerland	—	500	100	502	502	O
SKF Taiwan Co. Ltd.	Taiwan	—	169,475,000	100	102	102	S
SKF (Thailand) Ltd.	Thailand	—	1,847,000	92.4[2]	37	37	S
SKF B.V	The Netherlands	—	1,450	100	304	304	S
SKF Holding Maatschappij Holland B.V	The Netherlands	—	60,002	100	423	423	O
SKF (U.K) Ltd.	United Kingdom	—	37,100,000	100	644	—	M, S
Trelanoak Ltd.	United Kingdom	—	6,965,000	100	7	120	O
PSC SKF Ukraine	Ukraine	—	1,267,495,630	100	140	207	M, S
SKF USA Inc.	USA	—	1,000	100	4,155	4,155	M, S
SKF Venezolana S.A	Venezuela	—	20,014,892	100	—	—	O
					26,014	**20,797**	

1) M=Manufacturing, S=Sales, O=Other incl treasury, reinsurance, holding and/or dormant activities.
2) Parent Company together with subsidiares own 100%.

8 Investments in subsidiaries, cont.

Name of indirectly owned subsidiaries	Country/Region	% Owner-ship	Owned by subsidiary in	Main activities[1]
Alemite LLC	USA	100	USA	M, S
Beijing Nankou SKF Railway Bearings Co. Ltd.	China	51	China	M, S
Kaydon Corporation	USA	100	USA	M, S
Lincoln Industrial Corporation	USA	100	USA	M, S
M3M S.A.S	France	100	France	M, S
Ningbo General Bearing Ltd.	China	100	Barbados	M, S
Nya Gamlestaden 2:9 AB	Sweden	100	Sweden	O
Orsco Inc	USA	100	USA	S
PEER Bearing Company, Changshan (CPZ1)	China	100	China	M
Pilgrim International Ltd.	United Kingdom	100	United Kingdom	M, S
PT SKF Lubrication Indonesia	Indonesia	100	Singapore	M
SKF (China) Sales Co. Ltd.	China	100	China	S
SKF (Dalian) Bearings and Precision Technologies Co. Ltd.	China	100	China	M
SKF (Jinan) Bearings & Precision Technology Co. Ltd.	China	100	China	M
SKF (Schweiz) A.G.	Switzerland	100	Switzerland	S
SKF (Shanghai) Automotive Technologies Co. Ltd.	China	100	China	M
SKF (Xinchang) Bearings and Precision Technologies	China	100	China	M
SKF Aeroengine France S.A.S.	France	100	France	M, S
SKF Aerospace France S.A.S.	France	100	France	M, S
SKF Automotive Germany GmbH	Germany	100	Sweden	M, S
SKF Automotive Italy S.r.l.	Italy	100	Sweden	M, S
SKF Automotive Sweden AB	Sweden	100	Sweden	M, S
SKF Automative USA Inc.	USA	100	Sweden	M, S
SKF Bearing Industries (Malaysia) Sdn. Bhd.	Malaysia	100	The Netherlands	M
SKF Distribution (Shanghai) Co. Ltd.	China	100	China	S
SKF Economos Deutschland GmbH	Germany	100	Austria	S
SKF Espanola S.A	Spain	100	Sweden	M, S
SKF France S.A.S.	France	100	France	M, S
SKF India Limited	India	53	Sweden	M, S
SKF Latin Trade S.A.S	Colombia	100	Chile	S
SKF Lubrication PTY LTD	Australia	100	Australia	M
SKF Lubrication Systems CZ s.r.o	Czech Republic	100	Germany	M
SKF Magnetic Mechatronics S.A.S.	France	99	France	M, S
SKF Marine GmbH	Germany	100	Germany	M, S
SKF Marine Singapore Pte Ltd.	Singapore	100	Germany	S
SKF Mekan AB	Sweden	100	Sweden	M
SKF Metal Stamping S.R.L	Italy	100	Italy	M, S
SKF Sealing Solutions Austria GmbH	Austria	100	Austria	M, S
SKF Sealing Solutions GmbH	Germany	100	Germany	M, S
SKF Sealing Solutions S.A. de C.V.	Mexico	100	USA	M, S
SKF Seals Italy S.p.A.	Italy	100	Italy	M, S
SKF Slovensko, spol. S.r.o.	Slovakia	100	Sweden	S
SKF South Africa (Pty) Ltd.	South Africa	70	South Africa	S
SKF Steyr Liegenschaftsvermietungs GmbH	Austria	100	Austria	O
SKF Sverige AB	Sweden	100	Sweden	M, S
SKF Türk Sanayi ve Ticaret Limited Sirketi	Turkey	100	Belgium	S
SKF Uruguay S.A	Uruguay	100	Argentina	S
SKF Vietnam Co. Ltd.	Vietnam	100	Singapore	S
Venture Aerobearings LLC.	USA	51	USA	M, S
Vesta Si Sweden AB	Sweden	100	Sweden	M

1) M=Manufacturing, S=Sales, O=Other incl Treasury, Reinsurance and/or holding activities.

9 Investments in equity securities

Name and location (MSEK)	Holding in percent	Number of shares	Currency	2025 Book value	2024 Book value
Wafangdian Bearing Company Limited, China			HKD	—	309
Other			SEK	22	22
Total				**22**	**331**

In February 2025 the equity securities in Wafangdian Bearing Company Limited, China, was transferred to an NGO with a loss of MSEK–309.

10 Provisions for post-employment benefits

All white collar workers of the Company are covered by the ITP-plan according to collective agreements. Additionally, the Company sponsors a complementary defined contribution (DC) scheme for a limited group of managers.

This DC scheme replaced the previous supplementary defined benefit plan which from 2003 is closed for new participants.

Amount recognized in the balance sheet (MSEK)	2025	2024
Present value of funded pension obligations	954	907
Fair value of plan assets	–355	–344
Net obligation	**599**	**563**
Present value of unfunded pension obligations	158	164
Net provisions	**757**	**727**

Change in net provision for the year (MSEK)	2025	2024
Opening balance 1 January	727	721
Defined benefit expense	82	64
Pension payments	–52	–58
Closing balance 31 December	**757**	**727**

Components of expense (MSEK)	2025	2024
Pension cost	71	89
Interest expense	22	22
Return on plan assets	–11	–47
Defined benefit expense	**82**	**64**
Defined contribution expense	111	103
Total post-employment benefit expense	**193**	**167**

The calculation of defined benefit pension obligations has been made in accordance with regulations stipulated by the Swedish Financial Supervisory Authority, FFFS 2007:24 and FFFS 2007:31.

The discount rate for the ITP-plan was 2.85% (2.85) and for the other defined benefit plan it was 1.6% (6.48).

Next year's expected cash outflows for pension obligations are MSEK 186.

11 Loans

			2025		2024	
MSEK	Maturity	Interest rate	Carrying amount	Fair value	Carrying amount	Fair value
Bonds						
MUSD 3	2025	0.00	—	—	3	3
MEUR 300	2025	1.25	—	—	3,443	3,399
MUSD 100	2027	4.06	918	950	1,101	1,128
MEUR 400	2028	3.13	4,300	4,344	4,549	4,617
MEUR 300	2029	0.88	3,236	3,057	3,429	3,224
MEUR 300	2031	0.25	3,212	2,890	3,401	3,048
Total			**11,666**	**11,241**	**15,926**	**15,419**

12 Salaries and wages, other remunerations, average number of employees and men and women in Management and Board

MSEK	2025	2024
Salaries and wages, and other remuneration	907	768
Social charges (whereof post-employment benefit expense)	523 (193)	396 (167)

See Note 23 to the Consolidated financial statements for information on remuneration to the Board and the President as well as men and women in management and the Board.

Refer to Note 25 to the Consolidated financial statements for the average number of employees and to Note 24 to the Consolidated financial statements for fees to the auditors.

13 Contingent liabilities

MSEK	2025	2024
General partner	2	1
Other contingent liabilites	38	37
Total	**40**	**38**

General partner relates to liabilities in limited partnership Bagaregården 16:7. Other contingent liabilities refer to guarantee commitment regarding pension liabilities in the Swedish subsidiaries.

Proposed distribution of surplus

Fair value reserve	SEK	0
Retained earnings	SEK	19,036,231,442
Net profit for the year	SEK	6,930,677,423
Total surplus	**SEK**	**25,966,908,865**
The Board of Directors recommend,		
to the shareholders, a dividend of SEK 7.75 per share[1)]	SEK	3,528,970,777[2)]
to be carried forward	SEK	22,437,938,088
	SEK	**25,966,908,865**

1) Suggested to be paid in two instalments. The first instalment amount is proposed to SEK 4.00 per share with a record date on Thursday 23 April 2026, and the second instalment amount to SEK 3.75 per share with a record date on Thursday 15 October 2026.

2) Board members' statement: The members of the Board are of the opinion that the proposed dividend is justifiable considering the demands on Company and Group equity imposed by the type, scope and risks of the business and with regards to the Company's and the Group's financial strength, liquidity and overall position.

The results of operations and the financial position of the Parent Company, AB SKF, and the Group for the year 2025 are given in the income statements and in the balance sheets together with related notes.

The Board of Directors and the President certify that the annual financial report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

The Board of Directors and the President certify that the Sustainability Statements have been prepared in accordance with European Sustainability Reporting Standards (ESRS) as adopted by the EU.

The annual report was approved on 2 March 2026
Gothenburg, 2 March 2026

Hans Stråberg, *Chair*
Håkan Buskhe, *Vice chair*
Mats Rahmström, *Vice chair*
Hock Goh, *Board member*
Geert Follens, *Board member*
Susanna Schneeberger, *Board member*
Rickard Gustafson, *President and CEO, Board member*
Beth Ferreira, *Board member*
Therese Friberg, *Board member*
Richard Nilsson, *Board member*
Niko Pakalén, *Board member*
Jonny Hilbert, *Board member*
Zarko Djurovic, *Board member*

Our auditor's report for this Annual report and the consolidated Annual Report, and our assurance report on the Sustainability Statements, was issued on 6 March 2026.

Deloitte AB

Hans Warén
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of AB SKF (publ) corporate identity number 556007-3495

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AB SKF (publ) for the financial year 1 January–31 December 2025, with the exception of the Corporate Governance Report on pages 19–29 and the Sustainability Statements on pages 31–95. The annual accounts and consolidated accounts of the company are included on pages 14–29, 31–95, 98–144 and 148–150 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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 and Sustainability 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.

Valuation of Goodwill

As of 31 December 2025, AB SKF (publ) accounts for goodwill in the consolidated balance sheet amounting to SEK 10,925 M. The value of the goodwill is dependent on future income and profitability in the cash-generating units, to which the goodwill refers, and is assessed for impairment at least once a year. Management bases its impairment test on several judgements and estimates such as growth, EBIT development and cost of capital (WACC) as well as other complex circumstances. Incorrect judgements and estimates may have a significant impact on the Group's result and financial position. Management has not identified any need for impairment for any of the cash-generating units within the Group.

For further information, see Note 1 about critical judgments and estimates and Note 10 about intangible assets.

Our audit procedures included, but were not limited to:

- Review and assessment of SKF's procedures and model for impairment tests of goodwill and evaluation of judgements and estimates made, that the procedures are consistently applied and that there is integrity in calculations;
- Verification of input data in calculations including information from business plans for the forecast period;
- Test of head room for each cash-generating unit by performing sensitivity analyses; and
- Review of the completeness in relevant disclosures to the financial reports.

When performing the audit procedures our valuation experts have been involved.

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 1–13, 31–95 and 151–162. 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 as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit and Sustainability Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB SKF (publ) for the financial year 1 January–31 December 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the

Auditor's report, cont.

proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar
This description forms part of the auditor's report.

The auditor's examination of the Esef report
Opinions
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 AB SKF (publ) for the financial year 1 January–31 December 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 AB SKF (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of The Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 (a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4 (a) of the Swedish Securities Market Act (2007:528), based on the procedures performed. RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL 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.

Deloitte AB was appointed auditor of AB SKF (publ) by the general meeting of the shareholders on 1 April 2025 and has been the company's auditor since 25 March 2021.

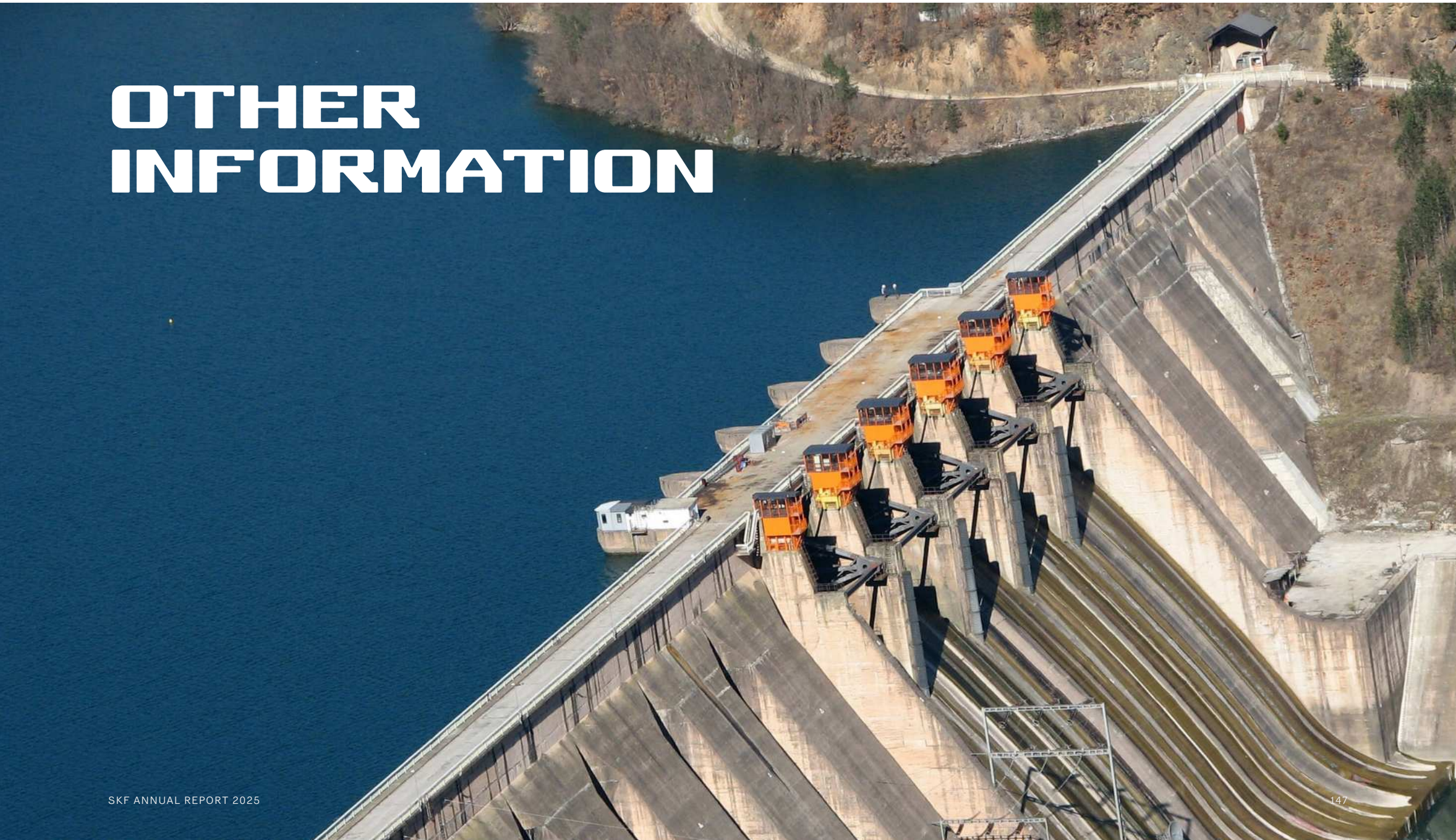
Gothenburg, 6 March, 2026

Deloitte AB

Signature on Swedish original

Hans Warén
Authorized Public Accountant

OTHER INFORMATION



Capital structure, financing, credit rating and dividend policy

Capital structure
The capital structure target is a net debt/equity ratio, excluding pension liabilities, below 40%. This together with the self-funding principle in the strategic framework, operating cash flow to fund investments and shareholder distribution underpins the Group's financial flexibility and its ability to execute on the strategy, while maintaining a strong credit rating. On 31 December 2025, the net debt/equity ratio, excluding pension liabilities was 10.2% (14.1).

Financing
SKF's policy is to have long-term financing of its operations.

As of 31 December 2025, the average maturity of SKF's loans was approximately four years. SKF has three notes issued on the European bond market. MEUR 400 per 2028, MEUR 300 per 2029, and one with an outstanding amount of MEUR 300, due in 2031. The bonds maturing in 2028 and 2029 are both issued under SKF's Green Finance Framework. By the end of 2025, the proceeds from both bonds have been fully allocated to 220 eligible projects totaling MEUR 700, supporting SKF's climate transition strategy. Although the allocation phase is complete, both bonds remain active until maturity. As there are no allocation changes to report on for 2025, a separate Investor Letter and Impact Report will not be issued for 2025.

According to the conditions of the notes, the notes' interest rate may increase by 5% in case of a change of control of the company in combination with a rating downgrade to a non-investment grade as a consequence of this. Change of control meaning any party/concerted parties acquiring more than 50% of SKF's share capital or SKF's shares carrying more than 50% of the voting rights.

In addition to the bonds mentioned before, SKF also has one bilateral loan of MUSD 100 due in 2027. Furthermore, SKF has signed a long-term credit facility of MEUR 430, with the European Investment Bank, which by the year end was unutilized. In addition to its own liquidity, AB SKF has one unutilized committed credit facility of MEUR 800, syndicated with ten banks that will expire in 2030.

Credit rating
On 31 December 2025, the Group had a Baa1 rating from Moody's Investors Service and a BBB+ rating from Fitch Ratings, both with a stable outlook. SKF intends to keep a strong credit rating, which is reflected in its capital structure targets.

Dividend policy
SKF's dividend and distribution policy is based on the principle that the total dividend should be adapted to the trend for earnings and cash flow, while considering the Group's development potential and financial position. The Board of Directors' view is that the ordinary dividend pay-out ratio should amount to around one half of SKF's average net profit calculated over a business cycle, which is reflected in SKF's long-term financial targets. If the financial position of the SKF Group exceeds the targets for the capital structure an additional distribution to the ordinary dividend could be made in the form of a higher dividend, a redemption scheme or a repurchase of the company's own shares. On the other hand, in periods of more uncertainty a lower dividend ratio could be appropriate.

Based on the operating performance, cash generation capacity and outlook, the Board of Directors proposes a dividend of SEK 7.75 (7.75) per share to be paid in two instalments. The first instalment amount is proposed to SEK 4.00 per share with a record date on Thursday, 23 April 2026, and the second instalment amount to SEK 3.75 per share with a record date on Thursday, 15 October 2026. Subject to resolution by the Annual General Meeting 2026 in accordance with this proposal, it is expected that Euroclear will distribute the first instalment on Tuesday, 28 April 2026, and the second instalment on Tuesday, 20 October 2026, see page 144, Proposed distribution of surplus.

Remuneration to Group Management
The principles of remuneration for Group Management members were adopted at the annual general meeting in 2020 and revised in 2022 and are summarized in the Annual Report 2025, Consolidated Financial Statements, Note 23. The Board of Directors has proposed new guidelines for remuneration to the Annual General Meeting 2026. The full content of the new proposal is outlined on pages 149–150.

Nomination of Board members and notice of Annual General Meeting

In addition to specially appointed members and deputies, the company's Board of Directors shall according to the Articles of Association, comprise a minimum of five and a maximum of twelve members, with no deputies. The Annual General Meeting shall, inter alia, determine the number of Board members, and preside over the elections of Board members. Notice to attend an Annual General Meeting and notice to attend an Extra General Meeting where an issue relating to a change in the Articles of Association will be dealt with, shall be issued no earlier than six weeks and no later than four weeks prior to the General Meeting. Notice to attend an Extra General Meeting for other matters shall be issued no earlier than six weeks and no later than three weeks prior to the General Meeting.

The Board of Directors' proposal for a resolution on guidelines for remuneration to senior executives

The Board of Directors of AB SKF ("SKF") has decided to submit the following guidelines for remuneration to senior executives to the Annual General Meeting 2026.

Scope

These guidelines apply to remuneration to SKF's President and the other members of the management team (collectively "Group Management"). The guidelines shall apply to remuneration agreed after the adoption of the guidelines by the Annual General Meeting 2026, as well as to amendments to existing agreements thereafter. These guidelines do not apply to any remuneration resolved by the Shareholders' Meeting.

The guidelines' promotion of SKF's business strategy and long-term interests, including its sustainability

A prerequisite for the successful implementation of SKF's business strategy and safeguarding of its long-term interests, including its sustainability, is that SKF is able to recruit and retain qualified personnel. To this end, it is necessary that SKF offers competitive remuneration. These guidelines enable SKF to offer the Group Management a competitive total remuneration and at the same time support the shareholders' best interests. Variable salary covered by the guidelines shall be linked to predetermined and measurable criteria, aiming to promote the SKF Group's business strategy and long-term interests, including its sustainability. For further information on SKF Group's strategy, please refer to skf.com and the Annual Report.

Since 2008, SKF's Annual General Meeting has resolved each year upon a performance share programme for senior managers and key employees, including Group Management. Since the performance share programmes have been resolved by the Shareholders' Meeting, they are excluded from these guidelines. SKF's performance share programme shall have the aim to link the long-term interests of its participants and the shareholders. The performance criteria used to assess the outcome of the performance share programme shall be linked to the business strategy and thereby to SKF Group's long-term value creation, including its sustainability. For further information on SKF's performance share programmes, including the criteria on which the outcome depends, please refer to the Board of Directors' proposal to each Annual General Meeting.

Types of remuneration

The total remuneration package for a Group Management member shall consist of the following components: fixed salary, variable salary, pension benefits, and other benefits such as a company car. The components shall create a well-balanced remuneration reflecting individual performance and responsibility as well as the SKF Group's overall performance. The Shareholders' Meeting may also – irrespective of these guidelines – resolve on other remuneration components, e.g. SKF's performance share programme.

For employments governed by rules other than Swedish, remuneration may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of the guidelines.

In addition to remuneration set out above, Group Management members who are expatriates to or from their home country, or who work in multiple countries, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the cross border arrangement, taking into account, to the extent possible, the overall purpose of these guidelines and the general policies and practices within the SKF Group applicable to cross border work.

Fixed salary

The fixed salary of a Group Management member shall be at a market competitive level. It shall be based on competence, responsibility, experience and performance. The SKF Group shall use an internationally well-recognized evaluation system, in order to evaluate the scope and responsibility of the position. Market benchmarks shall be conducted on a yearly basis. The performance of Group Management members shall be continuously monitored during the year and shall be used as a basis for annual reviews of fixed salaries.

Variable salary

The variable salary of a Group Management member shall run according to a performance-based programme. The purpose of the programme shall be to motivate and compensate value-creating achievements in order to support operational, financial and sustainability targets and thereby promote the SKF Group's business strategy and long-term interests, including its sustainability.

The performance-based programme shall have predetermined and measurable criteria which can be both financial and non-financial and which contribute to SKF's long-term and sustainable development. The criteria shall primarily be based on the annual financial performance of the SKF Group, such as financial result, growth and capital efficiency, or shall promote sustainability targets of the SKF Group.

The satisfaction of criteria for awarding variable salary shall be measured over a period of one year. The extent to which the criteria for awarding variable salary have been satisfied shall be determined when the measurement period has ended. The Board of Directors is responsible for the evaluation so far as it concerns variable salary to the President. For variable salary to other members of Group Management, the President is responsible for the evaluation. For financial targets, the evaluation shall be based on financial information made public by SKF. The maximum variable salary may not amount to more than 70% of the annual fixed salary.

Further variable salary may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining Group Management members, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100% of the annual fixed salary and may not be paid more than once each year per individual. Any resolution on such remuneration to the President shall be made by the Board of Directors based on a proposal from the People Committee, and any resolution on such remuneration to other Group Management members shall be made by the Chair of the Board of Directors based on a proposal from the President.

The Board of Directors shall have the possibility, under applicable law or contractual provisions and subject to the restrictions that may apply under law or contract, to:

(i) reduce, in whole or in part, payment of variable remuneration if an employee has committed a material breach of the SKF Code of Conduct (or any other significant policy document) (malus); or

(ii) reclaim, in whole or in part, variable remuneration paid on incorrect grounds or if an employee has committed a material breach of the SKF Code of Conduct (or any other significant policy document) (claw-back).

Other benefits

The SKF Group may provide other benefits to Group Management members in accordance with local practice. Other benefits can for instance be a company car or health care and medical insurance (Sw. sjukvårdsförsäkring). Premiums and other costs relating to such benefits shall depend on and follow local conditions and local practice but shall represent a limited value and may not amount to more than 10% of the annual fixed salary.

Pension

Pension plans, including health insurance (Sw: sjukförsäkring), shall be based on defined contribution models unless a defined benefit pension plan is required by mandatory law or collective agreement provisions. Variable salary shall qualify for pension benefits to the extent

The Board of Directors' proposal, cont.

required by mandatory law or collective agreement provisions.

In addition to the base pension plan (for Swedish members usually the ITP pension plan), a Group Management member shall generally be covered by a supplementary defined contribution pension plan. By offering this supplementary defined contribution plan, it is ensured that Group Management members are entitled to earn pension benefits based on the annual fixed salary above the level of the base pension.

The total cost of the premiums for a Group Management member's base defined contribution pension plan (including health insurance) and supplementary pension plan may not amount to more than 40% of the annual fixed salary.

Notice of termination and severance pay

The notice period may not exceed six months if notice of termination of employment is given by SKF. Fixed salary during the notice period and severance pay may together not exceed an amount corresponding to the fixed salary for two years. When termination is given by the Group Management member, the notice period may not exceed six months, without any right to severance pay.

Remuneration for a non-compete undertaking may be paid to cover lost income, but not during period with severance pay. Unless required by mandatory law or collective agreement, it cannot exceed 60% of the fixed monthly salary at termination and is limited to 18 months for the President and 12 months for other Group Management members

Salary and terms of employment for employees

When preparing these guidelines, the Board of Directors has paid regard to the salary and terms of employment of SKF's employees. Information about employees' total remuneration, the components of the remuneration and the growth and growth rate over time have been part of the basis for the Board of Directors' and the People Committee's evaluation of the fairness of the guidelines for remuneration and the limitations which the guidelines entail. The Board of Directors has also considered SKF's People Policy.

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

The Board of Directors has established a People Committee. The People Committee prepares all matters relating to the guidelines for remuneration to senior executives, as well as the terms of employment for the President. The Board of Directors must approve the terms of employment for the President.

The guidelines for remuneration to senior executives are presented by the People Committee to the Board of Directors that, at least every fourth year, submits a proposal for such guidelines to the Annual General Meeting for approval. The guidelines for remuneration shall be valid until new guidelines have been adopted by the Shareholders' Meeting. The People Committee shall also monitor and evaluate programmes for variable remuneration for Group Management, the application of the guidelines for remuneration to senior executives and applicable remuneration structures and levels of the SKF Group.

The members of the People Committee are independent of the SKF Group and Group Management. The President and other members of Group Management shall not be present when the Board of Directors process and resolve on remuneration related matters in so far as they are affected by such matters.

The Board of Directors' right to derogate from the guidelines for remuneration

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

Description of material changes to the guidelines

In comparison with the guidelines decided by the Annual General Meeting 2022, the proposed guidelines have been updated in order to:

- Enable the award of additional variable salary in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining Group Management members, or as remuneration for extraordinary performance beyond the individual's ordinary tasks.
- Broaden the possibility to make adjustments for employments governed by rules other than Swedish to comply with mandatory rules or established local practice.
- Allow for additional remuneration and benefits to be granted to expatriates relocating to or from their home country, to increase flexibility and improve retention and attraction of key employees.
- Clarify that the Board of Directors may reduce or reclaim variable remuneration, in whole or in part, under certain circumstances, to strengthen accountability and protect shareholders' interests.
- Clarify the pension provisions and remove the provision on pensionable age.
- Amend the provisions regarding termination of employment and related compensation, including allowing for compensation for non-compete undertakings.

Finally, certain editorial changes and clarifications have been made for increased clarity and improved structure.

The Board of Directors considers the revisions to reflect the general interest of the shareholders.

Seven-year review

MSEK unless otherwise stated	2025	2024	2023	2022	2021	2020	2019
Income statements							
Net sales	91,583	98,722	103,881	96,993	81,732	74,852	86,013
Operating income/expenses incl. associated comp.	–83,828	–88,383	–92,797	–88,401	–70,974	–67,783	–76,618
Operating profit	7,755	10,339	11,084	8,532	10,758	7,069	9,395
Financial income and expense, net	–1,330	–1,250	–1,903	–1,239	–695	–769	–926
Profit before taxes	6,425	9,089	9,181	7,293	10,063	6,300	8,469
Taxes	–2,176	–2,202	–2,404	–2,438	–2,484	–1,826	–2,677
Net profit	4,249	6,887	6,777	4,855	7,579	4,474	5,792
Balance sheets							
Intangible assets	14,412	17,245	17,007	18,193	16,942	16,242	18,397
Deferred tax assets	4,095	3,369	3,107	3,173	3,839	4,800	4,437
Property, plant and equipment	27,785	30,470	26,820	24,897	20,723	18,161	18,420
Right of use assets	2,900	3,564	2,961	3,084	2,661	2,517	2,991
Non-current financial and other assets	2,693	2,971	2,091	1,781	1,674	1,939	2,019
Inventories	23,677	26,182	23,194	26,052	20,997	15,733	18,051
Trade receivables	15,408	16,600	16,811	16,905	13,972	12,286	14,006
Other current assets	15,452	19,012	19,912	16,838	18,820	18,879	15,787
Total assets	**106,422**	**119,413**	**111,903**	**110,923**	**99,628**	**90,557**	**94,108**
Equity	55,668	61,969	54,956	54,043	45,365	35,712	37,366
Provisions for post-employment benefits	7,004	8,502	8,797	8,748	11,781	15,170	15,366
Deferred tax provisions	1,955	1,905	1,220	1,365	1,040	792	960
Other provisions	3,766	2,582	2,584	2,305	2,517	3,482	2,474
Financial liabilities	15,340	20,760	21,954	22,135	19,336	18,349	19,017
Trade payables	11,207	12,553	11,236	11,594	9,881	8,459	8,266
Other liabilities	11,482	11,142	11,156	10,733	9,709	8,593	10,659
Total equity and liabilities	**106,422**	**119,413**	**111,903**	**110,923**	**99,628**	**90,557**	**94,108**

MSEK unless otherwise stated	2025	2024	2023	2022	2021	2020	2019
Key figures[1]							
Operating margin, %	8.5	10.5	10.7	8.8	13.2	9.4	10.9
EBITA	8,347	10,971	11,741	9,173	11,340	7,681	10,008
EBITDA	12,380	14,771	15,381	12,316	14,064	10,470	12,892
Return on capital employed, %	9.6	12.1	13.3	10.6	14.8	9.8	13.2
Return on equity, %	7.4	11.7	12.0	9.5	18.8	12.1	15.7
Net working capital, % of sales	30.4	30.6	27.7	32.4	30.7	26.1	27.7
Net debt/equity, %	21.6	26.6	29.5	35.2	38.3	51.7	59.3
Net debt/EBITDA	1.0	1.1	1.1	1.5	1.2	1.8	1.7
Turnover of total assets, times	0.82	0.85	0.90	0.90	0.85	0.79	0.90
Gearing, %	27.7	30.9	35.2	35.6	40.5	48.0	47.1
Equity/assets, %	52.3	51.9	49.1	48.7	45.5	39.4	39.7
Net cash flow after investments before financing	6,892	5,190	7,916	295	2,100	5,259	4,953
Investments and employees							
Additions to property, plant and equipment	3,821	5,078	5,749	5,030	3,822	3,332	3,461
Research and development expenses	3,409	3,326	3,303	3,177	2,751	2,515	2,691
Patents – number of first filings	213	261	245	240	241	200	201
Average number of employees	36,498	37,731	39,672	40,773	40,861	38,385	41,559
Number of employees registered at 31 December	37,271	38,743	40,396	42,641	42,602	40,963	43,360

1) See page 154 for definitions.

Three-year review

MSEK unless otherwise stated	2025	2024	2023
Industrial			
Net sales	65,614	69,475	73,393
Operating profit	7,975	9,285	9,735
Operating margin, %	12.2	13.4	13.3
Assets and liabilities, net	47,718	54,662	50,420
Registered number of employees	30,639	32,465	34,017
Automotive			
Net sales	25,969	29,247	30,488
Operating profit	–220	1,054	1,349
Operating margin, %	–0.8	3.6	4.4
Assets and liabilities, net	13,489	16,151	14,611
Registered number of employees	3,962	3,879	4,089

Alternative performance measures

MSEK unless otherwise stated	2025	2024
EBITA and EBITDA		
Net profit	4,249	6,887
Taxes	2,176	2,202
Financial income and expense, net	1,330	1,250
Operating profit	7,755	10,339
Amortizations of intangible assets	593	632
EBITA	**8,348**	**10,971**
Depreciation and impairments of intangible and tangible assets	4,031	3,800
EBITDA	**12,379**	**14,771**
Adjusted EBITA and Adjusted EBITDA		
Net profit	4,249	6,887
Taxes	2,176	2,202
Financial income and expense, net	1,330	1,250
Items affecting comparability	3,918	1,844
Adjusted Operating profit	11,673	12,183
Amortizations of intangible assets	593	632
Adjusted EBITA	**12,266**	**12,815**
Depreciation	3,482	3,455
Adjusted EBITDA	**15,748**	**16,270**
Operating profit	7,755	10,339
Items affecting comparability[1)]	3,918	1,844
Adjusted operating profit	**11,673**	**12,183**
Total net sales	91,583	98,722
Inventories	23,677	26,182
Trade receivables	15,408	16,600
Trade payables	–11,207	–12,553
Net working capital	27,878	30,229
Net working capital, % of 12 months rolling sales (NWC)	**30.4**	**30.6**

1) For more information, see page 100.

Alternative performance measures, cont.

MSEK unless otherwise stated	2025	2024
Net profit	4,249	6,887
Equity (rolling 12-months average)	57,223	58,852
Return on equity (ROE), %	**7.4**	**11.7**
Total assets	111,158	116,558
Provisions	4,998	4,158
Other non-current liabilities	85	90
Trade payables	11,364	11,777
Other current liabilities	11,415	11,612
Non-interest bearing liabilities	27,862	27,636
Capital employed	**83,297**	**88,922**
Operating profit	7,755	10,339
Interest income	249	436
Operating profit plus interest income	8,004	10,775
Capital employed (rolling 12-months average)	83,297	88,922
Return on capital employed (ROCE), %	**9.6**	**12.1**
Adjusted operating profit	11,673	12,183
Interest income	249	436
Adjusted operating profit plus interest income	11,922	12,619
Capital employed (rolling 12-months average)	83,297	88,922
Adjusted ROCE, %	**14.3**	**14.2**

MSEK unless otherwise stated	2025	2024
Debt and Net debt		
Long term loans – total	11,830	12,594
Current financial liabilities	1,172	5,361
Short term derivative liabilities	–186	–627
Post-employment benefits – other	667	810
Post-employment benefits – pension	6,337	7,692
Defined benefit assets	–632	–773
Long term lease liabilities	2,167	2,714
Debt	**21,355**	**27,771**
Current financial assets	–9,466	–11,361
Short term derivative assets	162	62
Net debt	**12,052**	**16,472**
Shareholder's equity	55,668	61,969
Debt	21,355	27,771
Gearing, %	**27.7**	**30.9**
Shareholder's equity	55,668	61,969
Total assets	106,422	119,413
Equity/assets ratio, %	**52.3**	**51.9**
Shareholder's equity	55,668	61,969
Net debt	12,052	16,472
Net debt/equity, %	**21.6**	**26.6**
Shareholder's equity	55,668	61,969
Net debt, excluding post-employment benefits	5,680	8,743
Net debt/equity, excl post-employment benefits, %	**10.2**	**14.1**
Net debt	12,052	16,472
Adjusted EBITDA	15,748	16,270
Net debt/Adjusted EBITDA	**0.8**	**1.0**
Net debt	12,052	16,472
EBITDA	12,379	14,771
Net debt/EBITDA	**1.0**	**1.1**

Definitions

SKF has applied the guidelines issued by ESMA (European Securities and Markets Authority) on APMs (Alternative Performance Measures). These key figures are not defined or specified in IFRS but provides complementary information to investors and other stakeholders on the company's performance. These measures are used internally by management, as a complement to IFRS measures, as basis for business decisions. The alternative performance measures, defined by SKF Group, may not be comparable to similar measures presented by other groups.

Adjusted operating profit
Operating profit excluding items affecting comparability.

Adjusted operating margin
Operating profit margin excluding items affecting comparability.

Adjusted return on capital employed (Adjusted ROCE)
Return on capital employed (ROCE) excluding items affecting comparability.

Adjusted earnings/loss per share in SEK
Basic earnings per share excluding items affecting comparability.

Average number of employees
Total number of working hours of registered employees, divided by the normal total working time for the period.

Basic earnings per share in SEK (as defined by IFRS)
Net profit less non-controlling interests divided by the ordinary number of shares.

Capital employed
Twelve months rolling average of total assets less the average of non-interest bearing liabilities.

Currency impact on operating profit
The effects of both translation and transaction flows based on current assumptions and exchange rates compared to the corresponding period last year.

Debt
Loans plus provisions for post-employment benefits, net.

Dividends pay-out ratio
Dividends paid in relation to net income for the year the dividend relates to.

EBITA (Earnings before interest, taxes and amortization)
Operating profit before amortizations.

EBITDA (Earnings before interest, taxes, depreciation and amortization)
Operating profit before depreciations, amortizations, and impairments.

Equity/assets ratio
Equity as a percentage of total assets.

Equity per share
Equity excluding non-controlling interests divided by the ordinary number of shares.

Gearing
Debt as a percentage of the sum of debt and equity.

Gross margin
Gross income as a percentage of net sales.

Items affecting comparability
Significant income/expenses that affects comparability between accounting periods. This includes, but is not limited to, restructuring costs, impairments and write-offs, currency exchange rate effects caused by devaluations and gains and losses on divestments of businesses.

Net debt
Debt less short-term financial assets excluding derivatives.

Net debt/Adjusted EBITDA
Net debt, in relation to twelve months rolling EBITDA. excluding items affecting comparability.

Net debt/EBITDA
Net debt, in relation to twelve months rolling EBITDA.

Net debt/equity
Net debt, as a percentage of equity.

Net working capital (NWC)
Trade receivables plus inventories minus trade payables.

Net working capital, % of 12 months rolling sales (NWC)
Trade receivables plus inventory minus trade payables as a percentage of twelve months rolling net sales.

Operating margin
Operating profit, as a percentage of net sales.

Organic growth
Sales excluding effects of currency and acquired and divested businesses.

Revenue growth
Sales excluding effects of currency and divested businesses.

P/E ratio
Share price at year end dividend by basic earnings per share.

Registered number of employees
Total number of employees included in SKF's payroll at the end of the period.

Return on capital employed (ROCE)
Operating profit/loss plus interest income, as a percentage of twelve months rolling average of total assets less the average of non-interest bearing liabilities.

Return on equity (ROE)
Profit/loss after taxes as a percentage of twelve months rolling average of equity.

Scope 1, 2 and 3
Scope 1 is emissions that SKF controls directly, e.g. equipment using fossil fuel. Scope 2 is emissions that SKF causes indirectly, e.g. from electricity purchase. Scope 3 is emissions that SKF is indirectly responsible for up the value chain, e.g. steel purchase or logistics.

Total value added (TVA)
TVA is the operating profit, less the pre-tax cost of capital. The pre-tax cost of capital is based on a weighted cost of capital with a risk premium of 6% above the risk-free interest rate.

Turnover of total assets
Net sales in relation to twelve-month rolling average of total assets.

General information

Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Kungsportsavenyn 36–38, Gothenburg, Sweden, at 14.00 on Tuesday, 21 April 2026.

The Board of Directors has decided that the shareholders shall be able to exercise their voting rights by postal voting in accordance with the company's articles of association.

More information about the Annual General Meeting including preconditions for participation and instructions for postal voting will be published in connection with the notice to the Annual General Meeting 2026.

Financial information and reporting

Publishing dates for financial reports in 2026:

Annual Report 2025	6 March
Q1 report	21 April
Q2 report	17 July
Q3 report	21 October
Q4 report	27 January 2027

The reports are available in Swedish and English on skf.com/group/investors. A subscription service for press releases and interim reports, sent via e-mail, is available on the website.

Payment of dividend

The Board of Directors proposes a dividend of SEK 7.75 per share to be paid in two instalments. The first instalment amount is proposed to SEK 4.00 per share with a record date on Thursday, 23 April 2026, and the second instalment amount to SEK 3.75 per share with a record date on Thursday, 15 October 2026. Subject to resolution by the Annual General Meeting in accordance with this proposal, it is expected that Euroclear will distribute the first instalment on Tuesday, 28 April 2026, and the second instalment on Tuesday, 20 October 2026.

Contact information

Sophie Arnius
Head of Investor Relations
www.skf.com/group/investors

Carl Bjernstam
Head of Media Relations

SKF Group Headquarters
SE-415 50 Gothenburg, Sweden

Telephone: +46 31 337 10 00
www.skf.com
Company registration no 556007-3495

Cautionary statement

This report contains forward-looking statements that are based on the current expectations of the management of SKF. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors mentioned in the Administration Report in this Annual Report.

AB SKF is obliged to make this Annual Report public pursuant to the Securities Markets Act. The report was submitted for publication through the agency of the contact persons set out above, on 6 March 2026 at 13.00 CEST.

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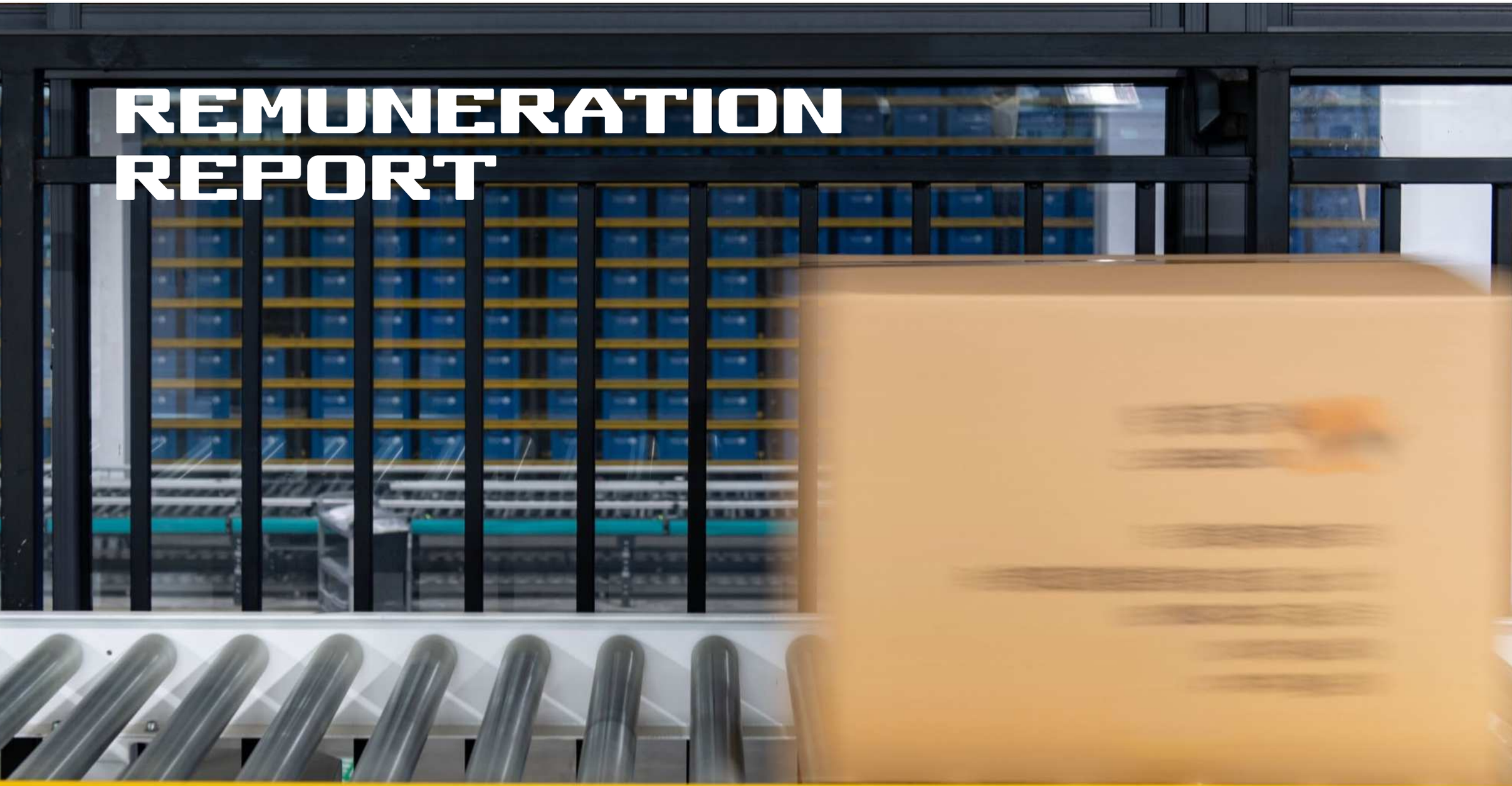
REMUNERATION REPORT



This report describes how the principles of remuneration for Group Management, adopted by the Annual General Meeting 2020 and revised in 2022, have been implemented in 2025. The report has been prepared in accordance with the Swedish Companies Act and the remuneration rules issued by the Stock Market Self-Regulation Committee.

SKF's view upon remuneration

Remuneration is an important component of SKF's total employee offering. The objective of the remuneration principles is to ensure that the SKF Group can attract and retain the best people to contribute to the SKF Group's mission, long-term interests and business strategy. Remuneration for Group Management, including the President and CEO, shall be based on market competitive conditions while aligning with the best interests of shareholders.

Closely linked to long term ambitions, targets and strategy

SKF's strategy has been centred around two key concepts: Intelligent and clean. Intelligent reflects the commitment to provide connected and customized solutions for customers leveraging technology to boost operational efficiency. Clean emphasize SKF's role in driving a more sustainable industry and conducting business transparently and responsibly. SKF continue to build on this platform through each of the long-term value creation plans established for Industrial and Automotive, which are set to become two standalone businesses during 2026.

To create long-term value, SKF Industrial will focus on three strategic pillars; Reignite growth, Innovation leadership and establishing a Business-driven value chain. To reignite growth SKF will continue to capitalize on attractive high-growth industries and geographies, scale SKF's recurring service and intelligent solutions business, accelerate Specialized Industrial Solutions and pursue value accretive bolt-on acquisitions. Achieving innovation leadership will rely heavily on differentiation through customer-centric innovation and AI. As for creating a fully business-driven value chain, key levers include completing current regionalization initiatives and optimizing the supply chain.

The Automotive business will focus on five strategic levers to accelerate profitable growth and become faster and more efficient. These are: continuing to win in leading segments through focus on core areas and continuous improvements to current portfolio; strengthen innovation leadership; expanding the addressable market; ensuring a lean company setup; and developing an integrated value chain closely tailored to Automotive needs.

For deeper insights into the strategic direction of the SKF's Industrial and Automotive businesses, please refer to SKF's Capital Markets Day material from 11 November 2025, available at www.skf.com.

SKF's variable salary programmes effectively support the strategic objectives by aligning incentives with key areas of focus. Both the one-year and multi-year variable programmes are predetermined, measurable and structured to balance growth, profitability, operational efficiency and the contribution to a more sustainable industry e.g. through reduction of greenhouse gas emissions, thereby driving both financial performance and sustainability. Read more about the performance measures in the President's letter in the SKF Annual Report 2025.

Transparency and comparability

When it comes to salaries and compensation, SKF is committed to be transparent and open about the principles and actual outcomes. This also includes performance measures and criteria for variable compensation components.

Stakeholder dialogue is important to SKF, and this report takes into account, views, opinions and feedback from shareholders.

Key highlights 2025

For information about key highlights 2025, please see the President's letter in the SKF Annual Report 2025.

Remuneration governance

Remuneration to the Group Management, including the President and CEO, is governed by a set of principles of remuneration adopted by the shareholders at the Annual General Meeting. The principles of remuneration shall be adopted by the shareholders at least every fourth year. The principles currently in force were first adopted in 2020 and revised in 2022. The principles are found on the Group's webpage, www.skf.com and are further described in note 23 in the Group's Annual Report for 2025 which also contain information on remuneration payments expensed during the year as required by Chapter 5, Sections 40–44 of the Annual Accounts Act (1995:1554).

SKF's Board of Directors has established a People Committee responsible for the preparation of matters relating to remuneration to the Group Management. The People Committee has no executive directors i.e. no-one from the Group Management is part of the People Committee. Information on the work of the People Committee in 2025 is set out in the Corporate Governance report in the Annual Report 2025. Remuneration of the Board of Directors is not covered by the remuneration report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 23 in the Annual Report 2025.

Each year, the People Committee evaluates the overall remuneration package to Group Management and proposes to the Board of Directors, who resolve on the level, components and design of Group Management remuneration and incentive programmes for the forthcoming year in accordance with the principles of remuneration. This includes components such as fixed salary and the short-term variable salary programme. In addition to remuneration covered by the principles of remuneration, the Annual General Meeting of the Group has resolved to implement a performance share programme for senior managers and key employees. More information is found on pages 161.

As communicated in September 2024, the Board of Directors has decided to initiate a separation of the Group's Automotive business with the objective of a separate listing on Nasdaq Stockholm.

To incentivize sustained dedication, focus and commitment from Group Management to achieve the ambitious goals to timely, efficiently and successfully create two robust and high-performing businesses while simultaneously driving business results and growth, the Board of Directors decided to introduce a separate incentive programme in 2024. As disclosed in SKF's 2024 Remuneration Report, implementing a transformative project as described above while at the same time managing ongoing business performance was deemed by the Board of Directors to constitute a special cause to motivate a deviation from the principles of remuneration and introduce an additional remuneration component to align with SKF's long-term interests. As the programme continued to be active throughout 2025 (though no payments were planned or made), further details on this programme is available on page 162.

Beyond what is described above, the principles of remuneration have been fully implemented and no derogations from the procedure for implementation of the principles have been made. The auditor's report regarding the Group's compliance with the principles is available on www.skf.com. No remuneration has been reclaimed.

This remuneration report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Rules on Remuneration to directors and Incentive programs issued by the Stock Market Self-Regulation Committee.

Remuneration structure

In accordance with the principles adopted by the Annual General Meeting 2020 and revised in 2022, the total remuneration package for Group Management members, including the President and CEO, shall consist of fixed salary, variable salary, pension benefits, conditions for notice of termination and severance pay, and other benefits. The components shall create a well-balanced remuneration reflecting individual performance and responsibility as well as the SKF Group's overall performance.

Components	Description in brief
Fixed salary	The fixed salary of a Group Management members shall be at a market competitive level and determined based on competence, responsibility, experience and performance. SKF Group uses an internationally well-recognized evaluation system to evaluate the scope and responsibilities of the position. Market benchmarks shall be conducted on a yearly basis. The performance of Group Management members shall be continuously monitored during the year and shall be used as a basis for annual reviews of fixed salaries.
One-year variable salary	The variable salary of Group Management members shall be determined according to a performance-based programme. The satisfaction of criteria for awarding variable salary shall be measured over a period of one year. The maximum variable salary is set between 50% to 70% of the accumulated annual fixed salary of Group Management members. ***Purpose of the programme*** The purpose of the programme is to motivate and compensate value-creating achievements to support operational, financial and sustainability targets, thereby promoting the SKF Group's business strategy, sustainability and long-term interests. The performance-based programme shall have predetermined and measurable criteria which can be both financial and non-financial. ***Description and purpose of the performance criteria*** SKF's variable salary programme aligns well with the strategy by directly incentivizing key performance areas that support long-term ambitions. Below is an explanation of how each performance criterion corresponds to the strategy: 1. **Adjusted operating margin:** This metric encourages profitability and is aligned to SKF's focus on optimizing value creation and achieving profitable growth. Rewarding improvements in operating margin supports enhancements in efficiency and cost management, and also supports the review of the portfolio to focus on more profitable segments, customers, and products. 2. **Net working capital:** Managing net working capital effectively ensures liquidity and operational efficiency, which is crucial for the ability to make investments and sustain growth. This is a key enabler for the pursuit of a M&A agenda. 3. **Organic revenue growth:** By incentivizing organic growth, SKF encourage innovation and market expansion. This aligns with the strategy to focus on customer value creation, high-growth segments and new technologies, driving sustainable and profitable growth. 4. **Reduction of greenhouse gas emissions:** This component directly supports SKF's commitment to sustainability and achieving net-zero greenhouse gas (GHG) emissions in the entire value chain by 2050, with significant reductions in scope 1 and 2 already by 2030. By linking variable salary to emission reductions, SKF ensures that activities aimed at reducing GHG emissions are integrated into everyday business operations, reinforcing the strategy of enabling a more sustainable industry.

Components	Description in brief
Multi-year variable remuneration	The multi-year variable for Group Management consists of shares received under SKF's Performance Share Programme. ***Purpose of the programmes*** The purpose is to motivate senior managers beyond their regular cash-based compensation and to align their interests with those of the Group's shareholders. ***Description and purpose of the performance criteria*** The programmes have pre-determined and measurable performance criteria that are distinctively linked to the business strategy and thereby to the SKF Group's long-term value creation, including its sustainability. 1. **Total Value Added (TVA):** This metric is a simplified economic value-added measure supporting SKF's focus on greater operating profit, capital efficiency and profitable growth. 2. **CDP Climate Change score**: This component measures and incentivizes SKF's performance relating to climate change and environmental impact and reinforces the strategy of enabling a more sustainable industry.
Other benefits	The SKF Group may provide other benefits to Group Management members in accordance with local practice. Premiums and other costs relating to such benefits shall depend on and follow local conditions and local practice but shall represent, as a general rule, a limited value and may amount to not more than 10% of the accumulated annual fixed salary of the members of Group Management. Other benefits can be, for instance, a company car or health and medical insurance.
Pension	The SKF Group shall strive to establish pension plans based on defined contribution models, which means that a premium is paid amounting to a certain percentage of the employee's annual salary. The commitment in these cases is limited to the payment of an agreed premium to an insurance company offering pension insurance. In addition to the basic pension, Group Management member shall normally be covered by a supplementary defined contribution pension plan. By offering this supplementary defined contribution plan, it is ensured that Group Management members are entitled to earn pension benefits based on the fixed annual salary above the level of the basic pension. The normal retirement age for Group Management members shall be 65 years.
Severance pay	In the event of termination of employment at the request of the company, the Group Management member shall receive a severance payment based on their years of service, up to a maximum of two years' fixed salary.

Total remuneration of the President and CEO 2025

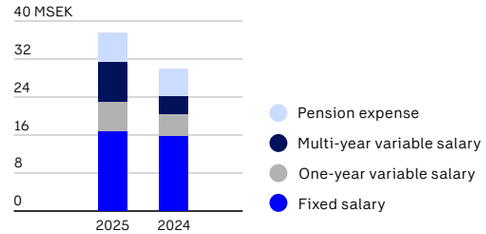
The table below sets out the total remuneration earned to SKF's President and CEO.

Total remuneration in 2025 (KSEK)

		Fixed remuneration			Variable remuneration				
	Year	Fixed salary (including vacation pay)	Other benefits	Pension expense	One-year variable salary	Multi-year variable salary	Extraordinary items	Total	Proportion of fixed and variable remuneration, %
Rickard Gustafson, President and CEO	2025	16,682	289	6,236	6,135	8,598[1)]	—	37,940	61/39
	2024	15,712	266	6,013	4,582	3,628[2)]	—	30,201	73/27

1) The multi-year variable consists of the PSP 2023 programme that vested on 6 February 2026. The share price at vesting was SEK 247.90
2) The multi-year variable consists of the PSP 2022 programme that vested on 7 February 2025. The share price at vesting was SEK 221.40.

Total remuneration CEO

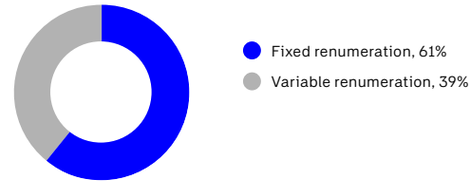


Change of remuneration for the President and CEO and company performance over the last reported financial years (kSEK) [1)]

	2025	2025 vs. 2024	2024 vs. 2023	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020
Remuneration	37,940	+7,739 (+26%)	–5,789 (–16%)	+11,223 (+45%)[1)]	+868 (+3.6%)	+2,506 (+11.7%)
Adjusted operating profit[2)]	11,673,000	–510,000 (–4%)	–794,000 (–6%)	+2,773,000 (+27%)	–635,000 (–5.9%)	+1,645,000 (+17.9%)
Cash flow[3)]	8,392,000	–2,400,000 (–22%)	–2,991,000 (–22%)	+8,142,000 (+144%)	+393,000 (+7.5%)	–3,017,000 (–36,5%)
Change in average remuneration on a full-time equivalent basis of employees in AB SKF	1,163	+76 (+7%)	–50 (–4%)	+86 (+8%)	+3 (+0.3%)	+18 (+1.7%)

1) The development of the President and CEO remuneration between 2022 to 2023 relates to a 2% increase on the fixed salary, an 18% increase related to improved results in the one-year variable salary programme and a 25% increase related to the multi-year variable salary programme (SKF Performance Share Program 2021). The SKF PSP 2021 was the first multi-year incentive program in which the President and CEO participated in and was allotted shares.
2) Operating profit excluding items affecting comparability.
3) Net cash flow from operating activities.

Proportion of fixed and variable renumeration



Comment on the development for 2025

The table above shows the CEO and average employee remuneration, along with the Group's financial performance development from 2020 to 2025. As can be seen, compared to the average employee remuneration, there is a higher variance in the CEO's remuneration, as it is more influenced by variable components that depend on SKF's financial performance.

In 2025, SKF's financial performance remains solid with an improved adjusted operating margin year-over-year, despite significant currency headwind and soft market conditions causing lower volumes and negatively impacting the adjusting operating profit.

Year-over-year CEO remuneration increased, primarily due to the multi-year variable component. In 2023, the CEO received a higher PSP award compared to 2022, which was his first year of participation. The 2023 PSP cycle also introduced a new climate related performance criterion, a higher weighting on this fully vested climate-related metric, and a stronger achievement against the financial criteria all contributing to a higher payout than the previous year. In addition, the CEO received a positive fixed-salary adjustment based on strong individual performance in 2024. The one-year variable outcome also improved, with a payout of 53.6% (compared to 42.5% in the prior year), mainly driven by a greater emphasis on organic growth within the 2025 plan. While the absolute organic growth was relatively flat, performance improved relative to last year (–0.4% vs. –5.4%).

One-year variable remuneration

The Board of Directors, each year, after preparation in the People Committee, resolve on the performance criteria for the one-year variable remuneration programme. The performance criteria for the President and CEO's variable remuneration have been selected to deliver the SKF Group's strategy and to encourage behaviour which is in the long-term interest of the SKF Group. In the selection of performance criteria, the strategic objectives, sustainability, short-term and long-term business priorities for 2025 have been taken into account.

The first table describes how the performance criteria for the one-year variable remuneration were applied during the year.

For the 2026 programme, the Board have resolved on the same performance criteria and the same relative weighting of the performance criteria as for the 2025 programme. See second table for the 2026 performance criteria.

One-year variable performance 2025 and remuneration of the President and CEO

	Performance criteria[1]	Relative weighting of the performance criteria	Actual result 2025	Performance achievement 2025	Actual award 2025, KSEK
Rickard Gustafson, President and CEO	Adjusted operating margin	40%	12.7%	25.0%	
	Net working capital	20%	33.0%	0.0%	
	Organic growth	30%	–0.4%	18.6%	
	Reduction greenhouse gas emission	10%	76,000 CO_2e metric tonnes reduction[2]	10%	
		100%		**53.6%**	**6,135**

Performance criteria and weighting for the 2026 one-year variable remuneration programme

	Performance criteria[1]	Relative weighting of the performance criteria
Rickard Gustafson, President and CEO	Adjusted operating margin	40%
	Net working capital	20%
	Organic growth	30%
	Reduction greenhouse gas emission	10%
		100%

1) The criteria for adjusted operating margin, net working capital and organic growth can result in an outcome between 0% and 120%. The payout is linear between minimum and target and target and maximum. The Greenhouse gas emission reduction criterion can only result in either a 0% payout if the target is not achieved or a 100% payout if the target is achieved or exceeded. However, the total outcome for the one-year variable remuneration is capped and cannot generate more than a 100% payout.

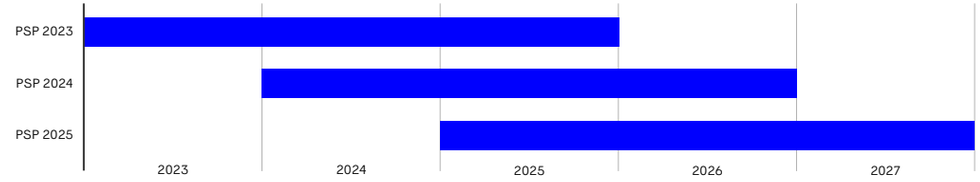
2) See more details on achieved CO_2 reduction in the Sustainability Statements.

Multi-year variable remuneration (Performance Share Programme)

Since 2008 the Annual General Meeting has resolved each year upon a multi-year variable renumeration programme, the SKF Performance Share Programme (PSP) for senior managers and key employees. The performance criteria used to assess the outcome for each of the currently running programmes are distinctively linked to the business strategy and, thereby, to the SKF Group's long-term value creation, including its sustainability.

For further information on all currently running Performance Share Programmes, please see below.

PSP, performance periods



Performance Share Programme expired in 2025

The SKF Performance Share Programme 2023 expired at the end of 2025.

Programme	Performance period	Vesting	Performance criteria	Conditions	Relative weighting performance criteria	Possible outcome	Maximum share awards granted to CEO	Actual result	Performance achievement	Number of shares alloted
PSP 2023	1 Jan 2023–31 Dec 2025	February 2026	TVA	Over the performance period, the TVA performance target range is set annually against the baseline of the actual TVA achieved in the previous year. The overall performance achievement for the TVA performance measure of the programme is the average of achievements of the annual TVA targets.	80%	0%–100%	43,923	6,070 MSEK[1]	43.17%	
			CDP Climate Change score[2]	Weighted average of the annual performance achievement for the performance period. An average score of A (CDP score) gives an outcome of 100%. An average score of below B (CDP score), gives a 0% outcome.	20%	0%–100%	10,981	A/A/A	20%	
					100%		**54,904[3]**		**63.17%**	**34,683**

Ongoing Performance Share Programme

Programme	Performance period	Performance criteria	Conditions	Relative weighting performance criteria	Possible outcome	Maximum share awards granted to CEO
PSP 2024	1 Jan 2024–31 Dec 2026	Total Value Added (TVA)	Over the performance period, the TVA performance target range is set annually against the baseline of the actual TVA achieved in the previous year. The overall performance achievement for the TVA performance measure of the programme is the average of achievements of the annual TVA targets.	80%	0%–100%	
		CDP Climate Change score[2]	Weighted average of the annual performance achievement for the performance period. An average score of A (CDP score) gives an outcome of 100%. An average score of below B (CDP score), gives a 0% outcome.	20	0%–100%	
				100%		**54,386[3]**

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PSP 2025	1 Jan 2025–31 Dec 2027	Total Value Added (TVA)	Over the performance period, the TVA performance target range is set annually against the baseline of the actual TVA achieved in the previous year. The overall performance achievement for the TVA performance measure of the programme is the average of achievements of the annual TVA targets.	80%	0%–100%	
		CDP Climate Change score	Weighted average of the annual performance achievement for the performance period. An average score of A (CDP score) gives an outcome of 100%. An average score of below B (CDP score), gives a 0% outcome.	20%	0%–100%	
				100%		**52,660[3]**

1) Average TVA achieved during the performance period. Note that TVA targets are set annually, and the programme's overall TVA result reflects the average achievement across the yearly targets. This methodology, introduced with PSP 2023 to improve relevance and stability, differs from previous programmes where a single target range applied to the full period. As a result, similar absolute TVA outcomes in PSP 2023 and PSP 2022 may lead to different performance achievements.
2) From the SKF Performance Share Programme 2023 and programmes thereafter a performance criterion related to the CDP Climate Change score has been included in the programme and replaces the previous sustainability criterion (CO_2 emission) used in the 2022 programme.
3) Shares corresponding to a value of 75% of the fixed base salary on day one of the relevant programme's performance period.

Creation of two robust and high-performing businesses

As communicated in SKF's Remuneration Report 2024, the Board of Directors decided to implement a separate incentive program for Group Management in 2024, following the announcement to initiate a separation of the Automotive business with the aim of a separate listing on Nasdaq Stockholm. The purpose was to incentivize sustained dedication, focus, and commitment from Group Management to reach the ambitious objective of timely, efficient, and successful creation of two robust and high-performing businesses while driving business results and growth.

By investing in this programme, SKF creates a powerful motivator to, as far as possible, ensure successful execution of the separation and listing initiatives as well as the highest level of engagement from Group Management in reaching the ambitious goals and identified critical objectives key to the Group's long-term success.

The incentive programme offers the opportunity to be awarded a cash contribution in the form of a multiple of the monthly fixed salary. The performance period runs from 17 September 2024 until a successful listing on Nasdaq Stockholm of the Automotive business. Listing on Nasdaq Stockholm is subject to the approval of the shareholders at a general meeting. Payout will be made, following a decision by the Board of Directors, in the months following the potential listing on Nasdaq Stockholm.

The level of achievement and hence the level of payout under the programme is measured against certain pre-determined performance criteria. Provided that the performance criteria are fully met, the President and CEO may be awarded a cash contribution equal to twelve months of fixed salary. The performance criteria are: Timeline, the objective of following the listing timeline including the Automotive business being successfully listed on Nasdaq Stockholm, Target Delivery, an assessment based on the achievement of key deliverables in the project, and Cost Reduction, targets to identify and mitigate stranded costs and dis-synergies. The three performance criteria are weighted as follows: Timeline 50%, Target delivery 25% and Cost reduction 25%.

A precondition for payout under the programme is that the participants' employment has not been terminated. The awarded cash payment is not included in pensionable salary. The Board of Directors may modify or terminate the programme.

Before determing the final payout, the Board of Directors will assess whether the payout is reasonable considering the Group's financial results and position, the stock market conditions and other relevant factors. If deemed necessary, the Board may reduce the cash contributions to a lower amount considered appropriate.

AB SKF
SE-415 50 Gothenburg, Sweden
Telephone +46 31 337 10 00
www.skf.com