

Sustainability Report 2023 - 2024

ARX Equity Partners



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Message from the Managing Partner



We are pleased to present our sixth annual Sustainability Report, outlining the principles and performance of ARX Equity Partners in the field of sustainability. This report serves as a key reference for our stakeholders, providing a transparent overview of how sustainability is integrated across our portfolio and investment activities.

Since its foundation almost 30 years ago, socially responsible and ethically grounded investing has been embedded in ARX's identity.

The years 2023 and 2024 continued to be marked by macroeconomic uncertainty. Inflation in Europe moderated compared with 2022. Energy costs declined in 2023 and saw a modest rebound in 2024, remaining well below the record highs of 2022. Regulatory frameworks also continued to evolve, shaping the operating environment for portfolio companies.

At the same time, sustainability practices across Europe progressed, with investors, regulators, and employees increasingly emphasizing long-term resilience and responsible growth.

Since the inauguration of President Trump in January 2025, U.S. policy has introduced shifts in trade, capital flows, and broader economic priorities, while signaling a reduced emphasis on sustainability initiatives. These changes have increased uncertainty for European exporters and businesses across multiple sectors, while also creating opportunities for European firms to strengthen local supply chains and benefit from increased global capital allocation to Europe.

Meanwhile, in April 2025, the European Union introduced the Omnibus regulation, simplifying sustainability reporting requirements and reducing administrative burdens to support the competitiveness of companies operating within the EU.

ARX has maintained, and indeed reinforced, its commitment to sustainability. The formal ARX Sustainability Committee, which meets three times a year, reviews, from a sustainability perspective, portfolio companies' performance, assesses potential investments, and monitors market developments. The committee brings together internal team members and external expertise, including Linda Zeilina-Cross, CEO & Founder of the International Sustainable Finance Centre (ISFC).

ARX is also an active member of CzechSIF and the Business Leaders Forum (BLF), enabling the firm to adopt best practices and contribute to the broader sustainability dialogue in the region.

Sustainability at ARX is an important value-creation tool. By aligning measurable outcomes with incentives, we have achieved tangible results across our portfolio. In recent years, for instance, Promens Zlín and Gramex Drinks have improved GHG emissions efficiency by 14% and 21% respectively, and reduced electricity consumption through increased use of solar power, LED lighting installations, and enhanced control systems. At Brebeck, preventive measures were implemented to strengthen workplace safety, resulting in a 50% reduction in work-related injuries. In 2025, we also initiated GHG emissions calculations at DOORS, making 2024 the first year for which emissions were measured.. These improvements underscore the role of the private equity investor not only in capital allocation but also in driving cultural change, operational excellence, and the development of more resilient organizations.

We are convinced that the ability to identify, manage, and enhance sustainability factors across the investment cycle will increasingly represent a source of competitive advantage for ARX. This journey is ongoing, and we remain committed to evolving our practices, adopting innovative tools, and continuously raising the standards of sustainable investing in Central Europe.



Brian Wardrop
Managing Partner



About the Report

The ARX annual sustainability report focuses on ARX principles and performance in Environmental, Social, and Governance matters and covers the calendar years 2023 and 2024. The report describes how ARX invests responsibly by integrating sustainable factors throughout its investment processes, how the company is itself managed responsibly, and how investment expertise is used to positively contribute to society beyond the core investment activities. All facts and figures presented are as of 31 December 2023 and 2024 and cover ARX investment activities globally unless otherwise stated.

About ARX Equity Partners

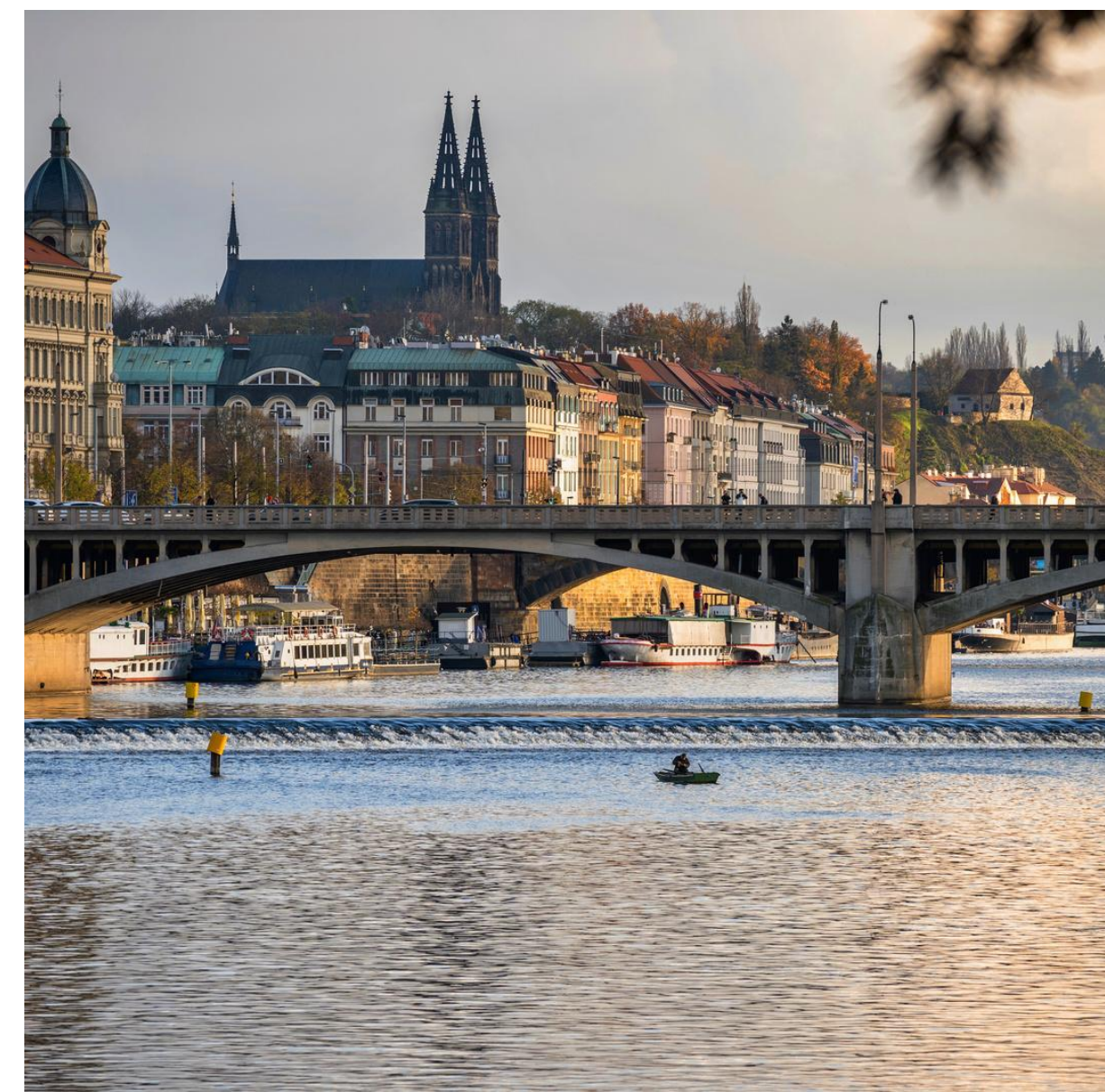
Investing in the Central European region since 1998, ARX is a private equity investment firm focused on investments with enterprise values generally ranging from €10 million to €50 million.

With almost €400 million raised in five funds, ARX has become a leading private equity firm in its segment.

Headquartered in Prague, the firm's activities are managed by an experienced and multinational team of investment professionals, combining a wide range of international expertise plus in-depth local knowledge. This combination of a locally based team of decision-makers, coupled with substantial international capabilities, is key to the success of ARX and its investee companies.

ARX targets companies that have strong, well-incentivized management teams, are national or regional market leaders in their respective industries, often operating in know-how driven sectors, with good cash flow characteristics, sustainable profit margins and defensible business models.

The ARX core objective is to form successful partnerships with owners, managers and other stakeholders with the aim of realising the full potential of portfolio companies, while achieving superior returns for investors and partner entrepreneurs. ARX is structured as a partnership of complementary individuals.



Vision

ARX aspires to be a consistently top-quartile European private equity firm by originating and executing exceptional lower mid-market investments in selected CE countries. Our overriding view is that this aspiration will be achieved by being the first-choice partner for managers, entrepreneurs, business owners, private equity professionals, advisors, and investors.

Purpose

Our Core Purpose is to build prosperous, successful, and sustainable businesses in our target countries, while establishing valuable partnerships with entrepreneurial managers. ARX exists in order to build valuable companies in its target countries by working in partnership with investors and entrepreneurial owners and managers.

Values

Teamwork

We believe that effective teams have the capability to deliver superior results. We respect and value the fact that individual team members bring diverse skills, experiences, and perspectives to the team. Effective teams possess the ability to leverage cross-functional capabilities to achieve common team objectives. At ARX, we believe that we will achieve success as individuals only if the teams we are working in are highly effective in achieving overall team objectives.

Ethical Behaviour

We understand that it takes years to build a reputation and only a few moments to severely damage it. We do not engage in corrupt practices and adhere to the principles of social responsibility. ARX strives for fairness in all its dealings. Ethics within ARX also encompasses the principle that we are intellectually honest with ourselves when making investment decisions and assessing risks, and we are also honest, ethical, and transparent in our dealings with investors and business partners. Ethics, in our view, also includes care for the environment. We understand that a short-term gain achieved through deception in a single transaction or situation will ultimately undermine the firm's long-term success. Furthermore, our organization maintains high ethical standards and we seek out investee companies where the same principles of fairness and ethics can be applied. We also apply the principles of ethics and fairness with our lenders and professional advisors.

Meritocracy

ARX believes that politics is a corrosive influence on an organization. While we are often faced with difficult decisions internally and within our portfolio companies, our core decision-making frameworks in such situations are based on merit rather than politics or personal favouritism. When faced with difficult people-related decisions, we apply the lens of “what is best for ARX as a firm” rather than what is best for a particular individual.

Ownership Mindset

The ARX partnership is fully independent and is 100% owned by its senior investment team. Thinking and acting as owners in every aspect of our business is paramount to living our core purpose of building a successful company ourselves, and

establishing productive partnerships with business owners and investors. ARX pursues its deal sourcing, due diligence, execution and value-building activities with dedication and passion. We take full responsibility for our actions and clearly understand the consequences of complacency. We strive to challenge the status quo with the mantra “How can we make it better?”. We believe that “market standard” efforts and mediocre efforts will lead to “average” median investment performance. ARX does not aspire to median performance, therefore we understand that living the value of Ownership Mindset is key to achieving consistently top-quartile performance across multiple funds.



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Companies	Country	Sector	Year invested	Number of employees	Sales (€ million) in 2023	Sales (€ million) in 2024
DOORS	Slovenia	Premium front-entry doors	2022	53	6.5	6.6
Brebeck	Czechia	Composite components for motorsport	2022	189	21.7	20.6
WTS Klient	Hungary	Professional business services	2022	288	15.0	15.5
Promens Zlin	Czechia	Plastic components	2021	260	49.6	39.1
I-Tech	Slovenia	Electrical engineering	2021	48	8.2	8.5
Wieden	Czechia	Aluminium-glass façade solutions	2019	73	18.7	10.0
TMX Mobile Solution	Hungary	Mobile phone after-sales services	2018	172	31.2	27.6
Gramex Drinks	Hungary	Soft drinks bottler	2014	98	29.0	28.1

Portfolio Companies

ARX has completed nearly 40 platform investments since its establishment in six Central European countries, along with more than 10 complementary add-on acquisitions. Our industry knowledge, investment experience and international resources provide a valuable edge in identifying and creating value in our region of operation.

At the end of 2024, ARX held stakes in 8 platform companies based in CE.

Highlights of 2023 and 2024



ARX has been a dedicated lower mid-cap private equity investor in Central Europe for almost 30 years, and 2023 and 2024 were another exciting and successful years for our firm.

The ARX strategy involves investing within the average investment horizon of five years in medium-sized Central European companies valued between €10 million and €50 million, typically over a five-year investment horizon.

In January 2023, ARX successfully sold TES Vsetín, a Czech producer of electric machines and components, to Genesis Capital and Avallon MBO Fund. ARX IV acquired TES Vsetín in 2019, partnering with an impressive management team that has successfully revitalized and grown the business over the past few years. We wish the TES Vsetín team and the new owners continued success.

In the second quarter of 2023, Promens Zlín completed and put its new factory, equipped with state-of-the-art machinery, into full operation. The new facility integrates the entire RIM technology process under one roof, including production, paint shop, and assembly, which has improved operational efficiency and significantly reduced the environmental footprint associated with intracompany logistics. Centralized technologies, such as press cooling and air circulation systems, have delivered additional energy savings. Furthermore, the modern premises provide a safe, ergonomic, and pleasant working environment for all employees.

In September 2024, WTS Klient completed its second add-on acquisition by purchasing the Hungarian business service and accounting group VGD Hungary. The first add-on acquisition of Finacont was completed in December 2023. This move expanded WTS Klient's scale, bringing combined 2024 sales to over € 15 million.



We are also pleased to announce that in October 2024, ARX closed its fifth fund, ARX CE V, at € 78 million, targeting a final close of € 100 million. The fund continues to focus on lower-middle-market investments in Central Europe, with a significant portion aimed at opportunities in the Czech Republic.

Sustainability at ARX

ARX Sustainability Policy

ARX became a signatory of the United Nations-backed Principles for Responsible Investment (UN PRI) in November 2014. The UN PRI collaborates with its international network of investor signatories to implement the six Principles for Responsible Investment. We believe that by agreeing to the UN PRI principles, we are publicly affirming our commitment to incorporating environmental, social, and corporate governance issues into our investment and management operations.

ARX operates under a Sustainable Policy that embeds sustainability risks and value-creation opportunities into every investment made through its private equity funds. We encourage both ARX team and portfolio company leaders to act responsibly and support the social and environmental development of the CE region.

ARX avoids investing in sectors it considers socially irresponsible, such as gambling or tobacco production, regardless of investor policies. We also uphold strict ethical standards, rejecting any involvement in corrupt or unethical practices and avoiding companies or sectors where corruption is prevalent.



The ARX Sustainability Policy framework aims to

- **Comply with relevant regulations** governing the protection of human rights, occupational health and safety, the environment, and the labour and business practices of the jurisdictions in which we conduct business.
- **Consider environmental, public health, safety, and social issues** associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.
- **Instruct ARX investment professionals** in the identification and management of sustainable risks and opportunities and provide them with appropriate support and assistance.
- **Regard the implementation of our sustainable engagement activities** as an integral part of how we do business.
- **Grow and improve the companies** in which ARX invests for long-term sustainability and to benefit multiple stakeholders, including on environmental, social, and governance issues. To that end, ARX will work through appropriate governance structures (e.g., board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.
- **Use governance structures** that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest, and implement compensation and other policies that align the interests of owners and management.
- **Identify sustainable risks and opportunities prior to the acquisition** of companies entrusted to our care and control, and manage sustainable risks and opportunities following acquisition.
- **Encourage ARX portfolio companies to advance these same principles** in a way that is consistent with their fiduciary duties.
- **Adhere to the highest standards of conduct intended** to avoid even the appearance of negligent, unfair or corrupt business practices.
- **Be accessible to, and engage with, relevant stakeholders** either directly or through representatives of portfolio companies, as appropriate.
- **Encourage dialogue on how we can accommodate sustainability issues** in a way that is consistent with our investors and other stakeholders' initiatives in these areas.
- **Recognize that our sustainability activities are of an ongoing nature** and encourage continual improvement in sustainable performance at the companies we own.

Responsible Investment Process

We have long recognized that sustainable issues can have a significant impact on private equity investment, in terms of making investments, managing investments, and creating value in each portfolio company. We also believe that effectively addressing sustainable issues has the potential to positively impact financial returns.



Pre-Investment Stage and Due Diligence

Before making an investment, we tailor a selection of sustainable criteria to the individual company being evaluated, based on the topics most material to its profile. Sustainable factors play a decisive role in the final decision whether to make the investment.



Post-Investment Stage and Portfolio Management

After consummating the investment, ARX focuses on data collection and monitoring of material issues based on the company profile. According to the ARX Sustainable Strategy, we ensure that all of our portfolio companies have an effective sustainability policy with a set of valid KPIs to enable its regular monitoring and evaluation.

Clearly defined scope and responsibilities for all valid and sustainable issues enable comprehensive annual sustainability reporting based on monitored progress. It also provides greater transparency regarding the real impact the companies will be making. Over the years, portfolio companies are expected to increase the depth of their sustainability involvement and sustainable KPI data collection.



Exit

Depending on the length of our investment, portfolio companies are able to present the financial and / or non-financial value added due to their sustainability strategies.

Sustainable Impacts

Environmental Impact

As a relatively small asset manager, the direct environmental impact of ARX is insignificant compared to the potential impact of our firm’s portfolio companies. Moreover, we are aware that the environmental impact of our portfolio companies has a meaningful impact on the environment.

Social Impact

ARX aims to create a safe and motivating work environment built on the key principles of high professional standards, mutual trust, transparency, and respect.

Governance Impact

ARX informs its investors about its operations formally on a quarterly and annual basis. ARX believes that a diverse board leads to greater board effectiveness. ARX Portfolio Company board members are active and engaged, and support a culture of open dialogue, collaboration and rigorous decision-making focused on creating long-term shareholder value.

Companies	Country	GHG emissions - Scope 1 & 2 (tCO2e) per €1 million of sales			Electricity consumption (MWh) per €1 million of sales			Comment
		2023	2024	Δ	2023	2024	Δ	
DOORS	Slovenia	n/a	54.0	n/a	17.6	19.5	+ 10.4%	Electricity consumption increased due to reduced output from the company’s solar plant and the start of construction of a new energy-efficient hall. As the facility is still under development, this additional energy use has not yet been offset by corresponding sales. Starting in 2024, Doors began reporting on its GHG emissions as part of its sustainability efforts.
Brebeck	Czechia	39.0	39.2	+ 0.5%	76.0	75.0	- 1.3%	Following consistent monitoring and improvement efforts in recent years, GHG emissions and electricity consumption remained stable. To further enhance transparency, Brebeck shares detailed sustainability KPIs with its customers via its ESG Report.
WTS Klient	Hungary	n/a	n/a	n/a	11.3	14.5	+2 8%	With the expansion of office space, additional energy was required for lighting, heating, and cooling, resulting in a slightly higher electricity consumption in relation to sales.
Promens Zlin	Czechia	99.0	84.7	- 14.4%	186.4	171.4	- 8.1%	Enhanced energy efficiency and lower GHG emissions were driven by the installation of LED lighting and by the improved performance of the Monitoring and Control system, particularly in ventilation operations.
I-Tech	Slovenia	n/a	n/a	n/a	12.3	11.7	-4.9%	A small decrease in electricity intensity reflects ongoing efforts to improve operational efficiency and energy management.
TMX Mobile Solution	Hungary	n/a	n/a	n/a	385.7	344.4	- 10.7%	With modern lighting and efficient IT systems already in place, energy use is well optimized. Recent reductions in headcount and leased space have further lowered overall consumption in 2024.
Gramex Drinks	Hungary	162.4	141.2	- 21.2%	232.7	195.9	- 15.8%	Better efficiency was achieved through increased use of solar power, reducing reliance on the grid, and higher per-bottle sales.

Note: Wieden KPIs are not shown in the above table as the company was sold in September 2025

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Companies	Country	Number of work-related injuries with 3 days absence			Employee fluctuation			Comment
		2023	2024	Δ	2023	2024	Δ	
DOORS	Slovenia	1	1	0.0%	5.8%	3.9%	- 1.9pp	The total workforce of 53 employees remained stable, with only minimal fluctuation.
Brebeck	Czechia	12	6	- 50.0%	17.0%	23.5%	+ 6.5pp	In 2024, Brebeck strengthened its commitment to employee safety, achieving a notable reduction in workplace incidents through careful case reviews and focused preventive actions. The increase in employee turnover was mainly due to necessary workforce adjustments following the discontinuation of orders from one of the key clients.
WTS Klient	Hungary	0	0	0.0%	17.0%	17.7%	+ 0.7pp	Employee turnover remained stable at 17–18% during a period of active M&A.
Promens Zlin	Czechia	3	2	- 33.3%	32.4%	34.0%	+ 1.6pp	The company reinforced its safety culture through the “Big3” programme, focusing on personal protective equipment, workplace organization, and continuous improvement, supported by regular audits. Workforce restructuring in response to a market downturn, along with subsequent new hires, resulted in an increased employee turnover in both years.
I-Tech	Slovenia	0	0	0.0%	4.0%	6.5%	+ 2.5pp	Employee turnover rose slightly year-on-year but continues to reflect strong workforce stability.
TMX Mobile Solution	Hungary	1	1	0.0%	34.0%	22.0%	- 12.0pp	Employee turnover in 2024 stabilized at a level consistent with previous years, following a temporary increase in 2023 related to organizational restructuring.
Gramex Drinks	Hungary	0	1	n/a	22.7%	23.7%	- 1.0pp	The higher employee fluctuation rate is influenced by leavers with a tenure of less than 12 months. Adjusted for early leavers, the fluctuation rate would be 8.2% in 2024.

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Companies	Country	ISO certifications	Sustainability KPIs monitored by management
DOORS	Slovenia	n/a	Electricity consumption, Average number of employees, Total work injuries, Injuries with incapacitation of less than three days, Employee turnover
Brebeck	Czechia	ISO 9001, ISO 14001, AS 9100	GHG Emissions Intensity, Electricity consumption, Share of electricity from renewable sources, Gas consumption, Water consumption, Average number of employees, Total work injuries, Injuries with incapacitation of less than three days, Total work injuries per 100,000 working hours, Employee turnover, GDPR incidents/breaches, Whistleblowing cases, IT security breaches, Confirmed incidents of corruption or bribery
WTS Klient	Hungary	ISO 9001, ISO 27001	Electricity consumption, Average number of employees, Employee turnover, IT security breaches
Promens Zlin	Czechia	ISO 14001, ISO 45001, ISO 9001, IATF 16949, DIN 6701-2	ISO 14+45 integration, Energy audit results, Energy consumptions, Waste generation, Customer-issued ESG score, Preparation of non-financial reporting, Building operation compliance, Storage conditions, Up-to-date internal documentation
I-Tech	Slovenia	n/a	Electricity consumption, Average number of employees, Total work injuries, Injuries with incapacitation of less than three days, Employee turnover
TMX Mobile Solution	Hungary	ISO 9001, ISO 14001, ISO 27001	Electricity consumption, Average number of employees, Total work injuries, Injuries with incapacitation of less than three days, Employee turnover, Employee satisfaction survey
Gramex Drinks	Hungary	n/a	Electricity consumption, Average number of employees, Total work injuries, Injuries with incapacitation of less than three days, Employee turnover

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Thank you!

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