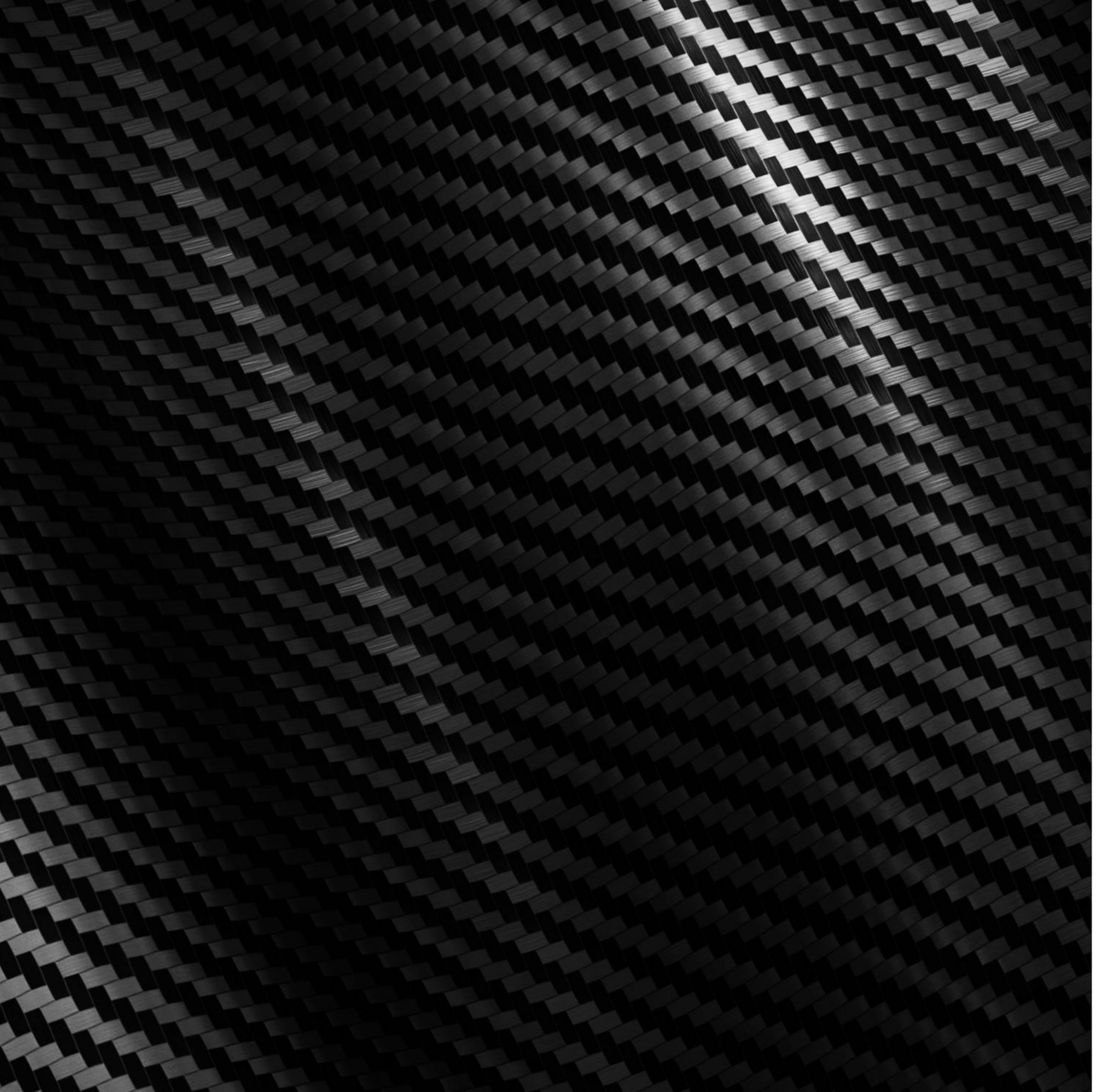
Sustainability Report 2025

ARX Equity Partners



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Message from the Managing Partner

We are pleased to present the seventh annual Sustainability Report of ARX Equity Partners, outlining our approach, activities, and progress in the field of sustainability. The report provides an overview of sustainability-related developments and discussions across ARX and its portfolio companies during the reporting period, while also reflecting the investment and business environment in which we operate.

The investment and business environment in 2025 remained complex, shaped by geopolitical developments, evolving trade dynamics, changing regulatory expectations, and rapid technological development. In this context, sustainability-related topics increasingly evolved beyond a primarily compliance-driven exercise into discussions around operational resilience, efficiency, cybersecurity, energy security, and long-term value creation.

This shift was also reflected in the evolving European regulatory framework. Discussions surrounding the EU Omnibus package and proposed changes to CSRD reflected efforts to simplify sustainability reporting requirements and reduce the administrative burden for companies operating within the European Union.

Generally, the discussion increasingly moved from pure compliance towards the practical integration of sustainability-related considerations into business operations, risk management, and long-term competitiveness.

The inauguration of President Trump in January 2025 and subsequent policy changes contributed to uncertainty regarding international trade, tariffs, and global economic cooperation. Later, in 2026, tensions in the Middle East, including the escalation involving Iran, added further pressure on energy markets and global supply chains. Together, these developments reinforced the importance of operational flexibility, disciplined cost management, and resilient business models.

At the same time, the accelerating adoption of artificial intelligence technologies continued to influence the investment and business environment across industries. AI is increasingly shaping business operations, productivity, customer engagement, and decision-making processes, while also increasing attention on cybersecurity, data protection, governance, and employee preparedness to respond to technology-related risks.

Against this backdrop, ARX continued to monitor relevant market and regulatory developments and regularly discuss sustainability-related topics across the portfolio through its Sustainability Committee. The committee combines internal expertise with external perspectives, including the participation of Linda Zeilina-Cross.

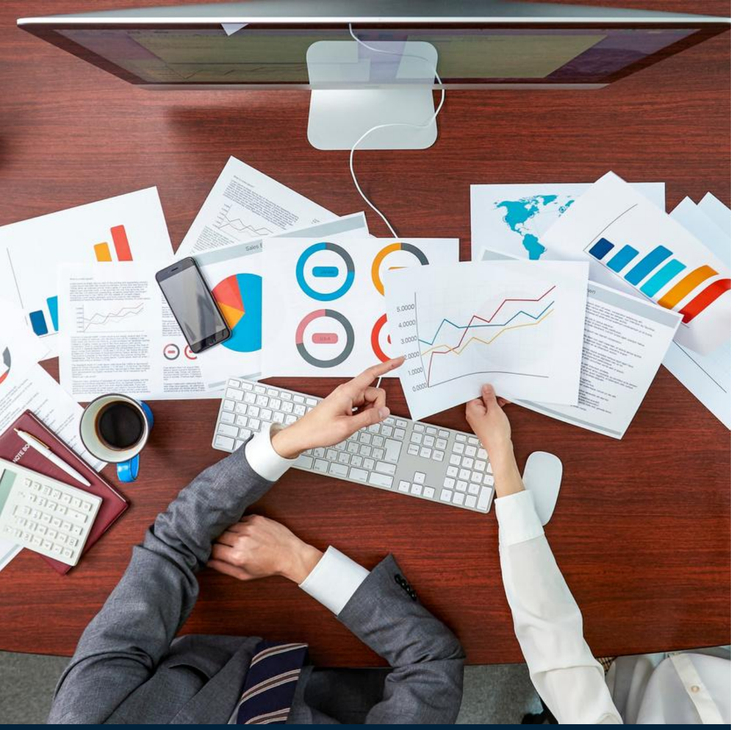
During 2025, discussions focused in particular on greenhouse gas emissions measurement across selected portfolio companies, the integration of sustainability-related topics into post-acquisition 100-day plans, cybersecurity awareness and preparedness, ESG-linked KPIs, as well as operational efficiency, workplace safety, governance processes, employee training, and developments related to digitalisation and innovation.

ARX also continues its engagement with the sustainability community through initiatives such as CzechSIF, supporting the exchange of market practices and developments relevant to sustainable investing in the region.

We believe that the ability to effectively identify, manage, and improve sustainability-related factors increasingly represents an important component of long-term value creation. Beyond compliance, these topics contribute to building resilient businesses that are better prepared for changing market conditions and technological transformation.

As we move further into 2026, ARX remains committed to continuing the development of its sustainability practices and supporting long-term responsible growth across the portfolio.

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 2024 and 2025. 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 2024 and 2025 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 and 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-incentivised 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.

Meritocracy

ARX believes that politics is a corrosive influence on an organisation. 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.

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 organisation 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.

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 2024	Sales (€ million) in 2025
Phobs	Croatia	Revenue management software solutions	2025	38	7.0	7.9
DOORS	Slovenia	Premium front-entry doors	2022	54	6.6	7.4
Brebeck	Czechia	Composite components for motorsport	2022	190	20.6	12.7
WTS Klient	Hungary	Professional business services	2022	235	15.5	16.1
Promens Zlin	Czechia	Plastic components	2021	315	39.1	35.7
I-Tech	Slovenia	Electrical engineering	2021	50	8.5	7.6
TMX Mobile Solution	Hungary	Mobile phone after-sales services	2018	170	27.6	26.3

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 2025, ARX held stakes in 7 platform companies based in CE.

Highlights of 2025

ARX has been a dedicated lower mid-cap private equity investor in Central Europe for almost 30 years, and 2025 was another exciting and successful year for our firm.

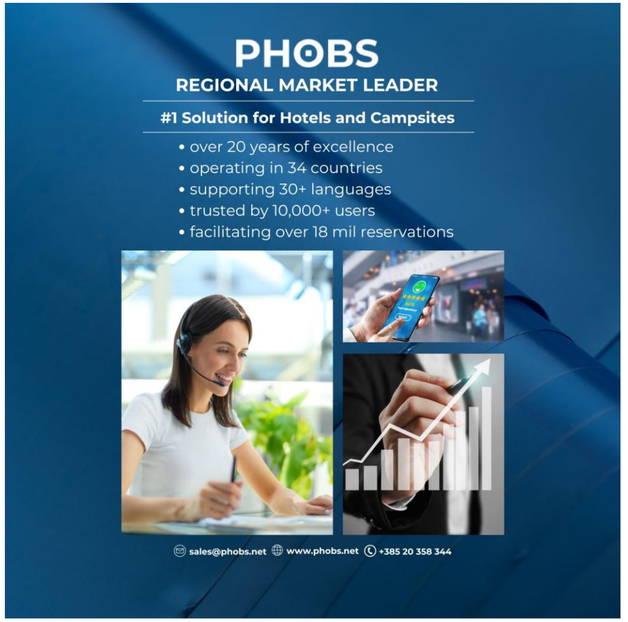
The ARX strategy involves investing in medium-sized Central European companies valued between €10 million and €50 million, typically over a five-year investment horizon.

In May 2025, ARX Equity Partners together with Sandberg Capital jointly acquired a majority stake in Travelnode GmbH, the holding company of Phobs d.o.o., a leading SaaS technology provider for the hospitality sector in the Adriatic region.

Founded in 2004 and headquartered in Dubrovnik, Croatia, Phobs delivers innovative software solutions designed to drive revenue growth for hotels and campsites. With a client base managing over 3,500 properties, Phobs has built a robust market presence in the Adriatic region and maintains strong customer retention.

The investment will accelerate Phobs' strategic growth initiatives, including expanding its product offerings. It will also enable geographic expansion and support acquisitions to further enhance its market position and capabilities.

Moving forward, existing owners will retain a minority stake in the company and the current CEO will continue to drive the further growth and development of the business.



In 2025, Promens Zlin entered the healthcare sector with the production of plastic components and assemblies for medical, laboratory, and diagnostic equipment. The company provides comprehensive support from design and material selection to tooling, validation, and logistics. By delivering tailor-made solutions for leading European OEMs, Promens Zlin strengthens its position as a reliable and innovative systems supplier.

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 stake-holders, 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 minimising 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.
- **Recognise 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 recognised 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 their 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
		2024	2025	Δ	2024	2025	Δ	
Phobs	Croatia	n/a	n/a	n/a	12.9	12.0	- 7.0%	Phobs reported lower electricity intensity in 2025, as sales growth exceeded the slight increase in electricity consumption. This reflects the limited variability of energy use in its office-based, asset-light operations.
DOORS	Slovenia	8.2	10.6	+ 29.3%	19.5	24.0	+ 23.1%	Electricity consumption and related GHG emissions increased in 2025 mainly due to the construction and initial operation of the new production hall, particularly additional heating demand. At the same time, electricity generation from the company's solar power plant was temporarily reduced due to construction works associated with the new building project.
Brebeck	Czechia	39.2	37.1	- 5.4%	75.0	86.1	+ 14.8%	The increase in electricity intensity mainly reflects the decline in sales in 2025, while facility-related electricity consumption remained partly fixed.
WTS Klient	Hungary	n/a	n/a	n/a	14.5	11.3	- 22.1%	Electricity consumption decreased in 2025 compared to 2024, reflecting improved energy efficiency year-on-year.
Promens Zlin	Czechia	84.7	84.5	- 0.2%	171.4	165.5	- 3.4%	The 2025 development reflects lower energy consumption, including both electricity and natural gas, supported by continued Monitoring & Control activities and a focus on communal electricity sharing. The overall decrease in GHG emissions was also influenced by changes in the production mix and a general reduction in consumption.
I-Tech	Slovenia	n/a	n/a	n/a	11.7	14.4	+ 23.1%	The increase in electricity intensity was mainly driven by lower sales in 2025 compared to 2024, as electricity use primarily relates to office space and is largely fixed in nature.
TMX Mobile Solution	Hungary	n/a	n/a		370.7	371.9	+ 0.3%	Electricity consumption per sales remained broadly stable compared with the prior year, with no significant change. Existing energy-efficiency measures, including modern lighting and efficient IT systems, continue to support optimised electricity use.

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Companies	Country	Number of work-related injuries with 3 or more days' absence			Employee fluctuation			Comment
		2024	2025	Δ	2024	2025	Δ	
Phobs	Croatia	0	0	0.0%	2.7%	2.9%	+ 0.2pp	Employee fluctuation remained very low and broadly stable in 2025, with only a marginal year-on-year increase, indicating continued workforce stability and strong employee retention.
DOORS	Slovenia	1	0	-100.0%	3.9%	9.6%	+ 5.7pp	The workforce remained broadly stable, with 54 FTEs recorded at the end of 2025. Employee turnover increased from 3.9% in 2024 to 9.6% in 2025, primarily due to the retirement of three employees.
Brebeck	Czechia	6	4	- 33.3%	23.5%	21.0%	- 2.5pp	Brebeck recorded an improvement in employee safety in 2025, with work-related injuries decreasing from 6 to 4. Employee fluctuation also declined, indicating gradual workforce stabilisation following prior operational adjustments.
WTS Klient	Hungary	0	0	0.0%	17.7%	25.2%	+ 7.5pp	Staff turnover increased in 2025, mainly reflecting the integration effects of acquisitions completed in 2023 and 2024. The turnover level remains consistent with the broader Hungarian market average for the sector.
Promens Zlin	Czechia	2	0	-100.0%	30.1%	16.2%	- 13.9pp	In 2025, strong attention to safety in production tasks was maintained, supported by ongoing safety practices and a production profile with lower machining activity and increased assembly work, where risk exposure is generally lower. Following the workforce restructuring undertaken in response to the market downturn, the workforce stabilised during 2025, contributing to a more balanced employee fluctuation rate.
I-Tech	Slovenia	0	0	0.0%	6.5%	4.0%	- 2.5pp	Employee turnover decreased in 2025, further supporting the view of a stable workforce and continued employee retention.
TMX Mobile Solution	Hungary	1	1	0.0%	22.0%	15.0%	- 7.0pp	The number of work-related injuries remained stable, with one recorded ankle injury. Employee fluctuation decreased from 22% to 15%, reflecting improved workforce stability. Voluntary resignations remained limited, indicating continued employee loyalty.

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Companies	Country	ISO certifications	Sustainability KPIs monitored by management
Phobs	Croatia	ISO 27001	Employee fluctuation, employee satisfaction, electricity consumption
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 consumption, 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

Thank you!

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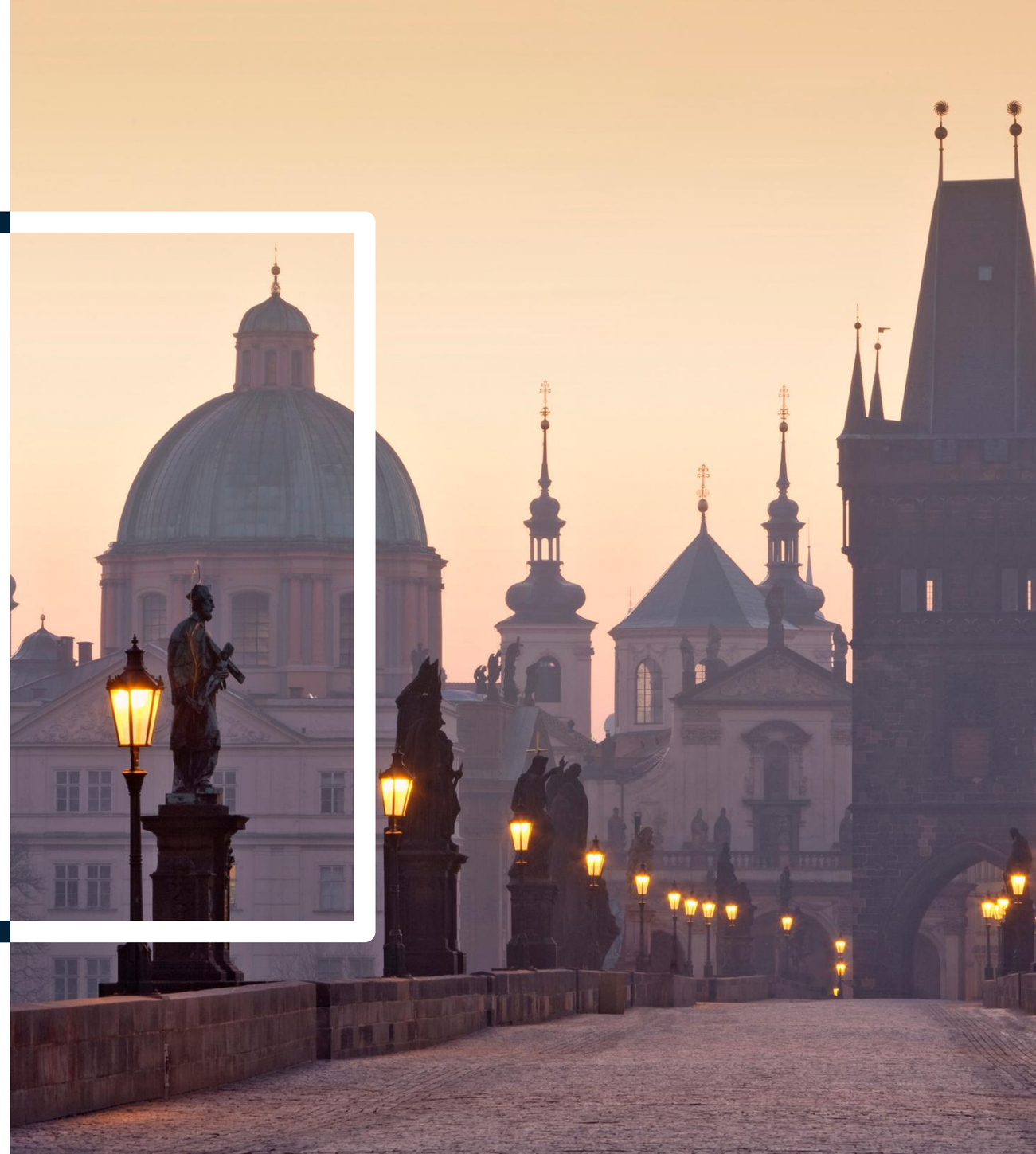
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