

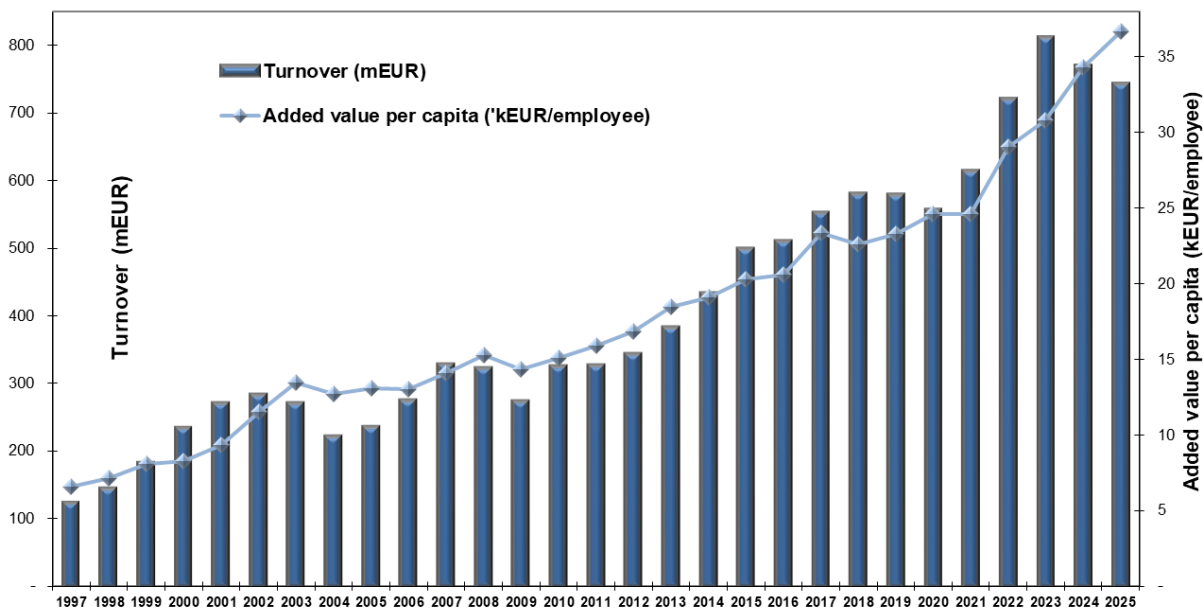
EXTRACT of the annual business report for 2025

VIDEOTON Company Group

1 Evaluation of the year 2025

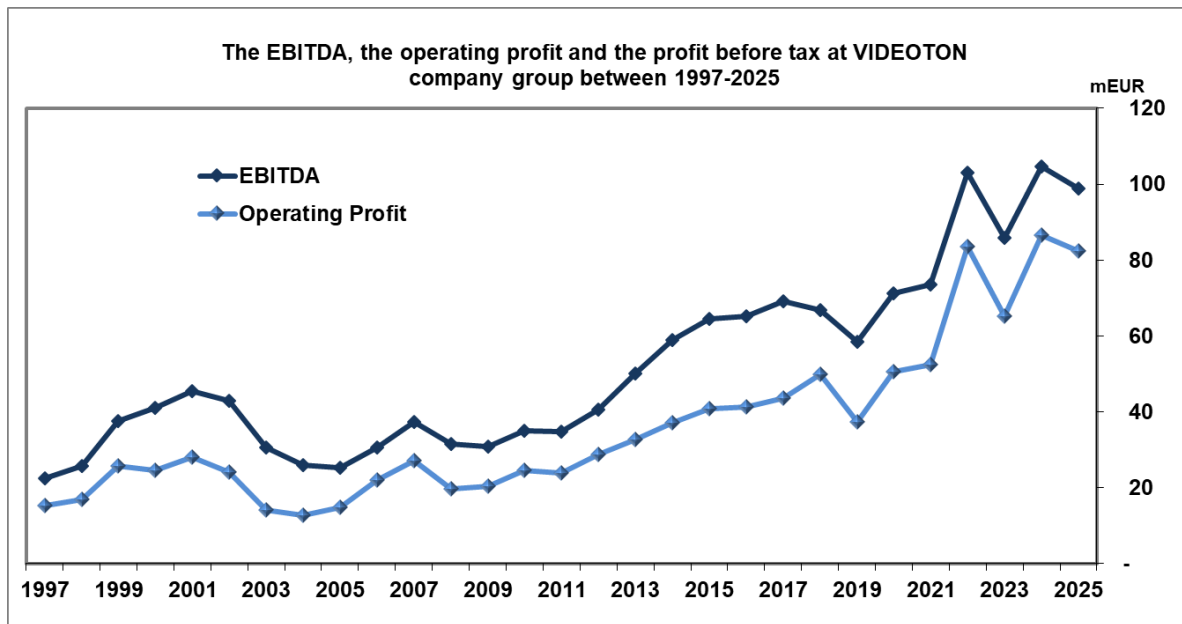
In 2025, the consolidated revenue of VIDEOTON Group is HUF 295 billion, which is 3% lower than last year's consolidated revenue. We had anticipated this decline in our plans. Our operating profit level decreased by a similar amount. This decrease is in fact due to a serious downturn in the automotive industry, while we managed to grow in several other industries. Our flexibility is demonstrated by the fact that the non-material production value per employee continued to grow in 2025.

The average statistical headcount of the group's employees decreased from 8.7 thousand in 2024 to 8.1 thousand in 2025.



The operating result of the VIDEOTON group is HUF 32.8 billion, and its EBITDA is HUF 39.3 billion.

The decline is due to a drop in demand resulting from the restructuring of the global automotive industry, as well as the relocation of a major customer's entire production to Asia.



2 Industry breakdown at VIDEOTON

2.1 Production of automotive parts

The automotive industry used to be characterised by predictability. A strategic advantage is that the methods and expectations originating in the automotive industry are constantly spreading to other industries, thus improving our position vis-à-vis suppliers specialising in this field. The coronavirus pandemic and the subsequent chip shortage hit the automotive industry hard.

As for supply chain, 2023 through 2025 provided stability compared to previous years. Suppliers were able to keep up with orders, lead times reduced, and challenges then arose on the customer side, and this trend continued in 2025. Although demand for electric vehicles (EVs) has improved, it still has not met earlier expectations, prompting OEMs (automotive manufacturers) to delay or reduce their orders in response to the slowdown in demand. In addition, European suppliers are facing increasingly fierce competition from Chinese manufacturers, are unable to compete on price with companies operating with Chinese state support, and more and more OEMs are looking at Chinese alternatives.

This affects gaining new business, and also retaining existing business, the number of realistically achievable deals reduce. Some of the projects in the new development phase have been frozen or postponed due to the uncertain outlook. An important factor is that the Chinese automotive market has surpassed the combined US and European markets in terms of unit sales, which helps Chinese suppliers achieve economies of scale.

VIDEOTON has significant references in several areas of the industry, one of which is the production of electronic components, which make up an increasing proportion of today's cars.

The flagship of this area at VIDEOTON is Autóelektronika Kft. Although the company's profitability declined in 2025, it remained at an acceptable level. Despite business development challenges, we managed to win two projects with a major new Tier 1 customer on a global scale, but the positive impact of these will not be felt to any significant extent until 2027. The company is not yet able to benefit from the expansion of Chinese automakers into the EU because they rely on their existing suppliers in the Far East.

The other main area is the **production of metal parts** for the automotive industry. In this area we machine/assemble cast aluminium, copper, aluminium profiles and iron parts. Our main line of business is air conditioning control modules; through our aluminium valve manufacturing operations, we supply components to most major automotive platforms.

The third area is the **production of automotive plastics**. In the context of automotive restructuring, our products are less affected, typically powertrain independent products, but industry volumes are below historical levels. Quality requirements are tightening, automation needs are increasing. The labour market is pushing the company towards Industry 4.0 compatible applications, not only in production but also in logistics. We continue to aim to acquire new customers and, in addition to the production of components, to increase the assembly level and added value of our products.

2.2 Household appliances

The skills required for assembling household appliances (including beauty care appliances and medical devices) were developed at VIDEOTON Elektro-PLAST Kft. The range of products and customers has been continuously expanding in recent years. 4-5 of the large companies have been replaced by more than 15 customers, many of them smaller in size. Some of our old, large multinational customers have remained in our portfolio for the time being, but the production of their new design versions will not start with us. It can be concluded that the production of such appliances is becoming marginalized due to the trends on the world market whereby the assembly of simple, high-volume products mostly done by European customers are being increasingly outsourced to the Far East. Hungary should aim at smaller customers (high-mix low-volume) and a higher quality level.

At the end of 2023, we started to assemble hand tools in our company. With this transfer, we have a reference in a new product group for the production of complete devices, where we benefit from our vertical integration. Also in 2023, we were awarded the injection moulding and assembly project for a large telematics platform, for which we are building the automatic assembly line. In 2024 optimization was still underway, mass production started in the fourth quarter of 2025. This project is linked to the automotive industry, at the same time demonstrating the declining role of household appliances and how acquired knowledge can be transferred to a new industry.

In 2024, we began manufacturing blood analysis devices for our partner. In 2026 the first phase of pressure regulator production for our partner began, and full-scale production is expected to be up and running by the end of the year.

2.3 Battery assembly

The global market demand for energy storage cells is continuously growing, and the range of vehicles, household appliances and other equipment powered and operated by batteries is constantly expanding.

In 2008, we started our electronics assembly activities in the field of battery assembly in Marcali. Then, in 2018, as a result of several major changes, the business model changed and we came into contact with several new customers. We no longer do contract work for the cell manufacturer, but provide a much more complex service to end customers. In the second half of 2024, production of battery packs for garden and hand tools and robotic lawn mowers began.

2.4 Industrial electronics / IT / smart home

VIDEOTON EAS Kft. manufactures electronic components (PCBA, final assembly), primarily in the fields of industrial and consumer electronics. In recent years, restructuring in the electronics industry has continued.

Parts prices and ocean freight rates have risen, the price for memory has increased dramatically, and, at the same time, availability has decreased, delivery times have lengthened significantly. The costs of PCB raw materials required for manufacturing, as well as the production and sales costs of PCBs, have risen significantly, and pricing has effectively become a daily occurrence.

By 2025, the market trends outlined above had already begun, their impact had become noticeable; as a result, our revenue could not grow significantly. At the same time, our position with our customers remained strong thanks to further improvements in our service quality. A key element of this is the automation of manufacturing processes, which we are using to offset steadily rising production costs.

For 2026 we projected increasing revenue thanks to the new projects won, but given the increasingly challenging market conditions, it remains to be seen whether we will be able to achieve the projected growth.

At our Bulgarian member company (VEAS Bulgaria EOOD), our operations continued to expand. In 2025, we obtained automotive certification and began manufacturing automotive products. As a result of the approval processes, we expect to launch additional products in the middle of this year.

In 2025, we succeeded in hiring a local managing director who, together with our Hungarian colleague, serves as co-managing director in charge of managing and developing our Bulgarian company. With regard to Bulgaria, in addition to increasing our business volume, strengthening and developing our organization remains an important goal for us. In Bulgaria, in addition to increasing our business volume, strengthening and developing our organization remain our key objectives.

2.5 Assembly

At our site in Fehérvár, we carry out box-build assembly as well as the assembly of complete products.

The manufacturing of hydrogen-based energy storage systems, which began in 2023, came to an end in early 2025, because our customer went bankrupt, and did not intend to continue its activities in any other form. During 2025 another key customer decided to relocate its operations to Malaysia.

To compensate for the business lost, we significantly stepped up our business development activities, and the first tangible results of this became apparent in 2026. At the end of 2025, we began a partnership with a Swiss company to manufacture fully assembled dental chairs. Our collaboration with another partner has begun to grow, and we are currently in discussions regarding joint development and fully assembled components.

In 2026, we were awarded a contract to manufacture a new generation car charger, and we began a partnership to manufacture pre-assembled systems for the rapid installation of heat pumps.

2.6 Metal technologies

We have already mentioned the production of metal parts in the car industry. But the use of metal technologies in the company is much more diverse. There are several areas where we use different technologies to produce parts for other industries. To highlight a few of them:

- Production of small to medium series sheet metal parts, assemblies and complete cabinets using CNC sheet metal technology: punching, fibre laser, bending, robot and manual welding. This is complemented by powder coating and manual assembly on demand. The products are mainly used in industrial applications e.g. industrial refrigerators, coffee machines, cash handling systems, industrial water purification systems, vending machines, 2D laser cutting machines, metal structures for industrial robots, modules for implantation machines, as well as telecommunications applications. In early 2026, we began cooperation with our partner for the production of sheet metal parts for medium-voltage switchgear cabinets. The project could grow into a close strategic partnership by 2027–2028, with an annual turnover potential of up to tens of millions of euros.
- Production of machined and surface-treated parts in 4- and 5-axis machining centres in copper and aluminium for the electrical, electronics, energy and robotics industries.
- High volume production of machined parts in automated, robotised production cells for automotive applications.
- Machining of high-precision, surface-treated, high-purity and aesthetically demanding support structure components, sensor housings for the field of cooperative robotics. In this business area, we are meeting a lot of new, smaller and larger business partners, providing high growth potential.
- Manufacture of mechanical parts for the energy industry using special purpose machines.
- Corrosion protection and functional galvanic coatings and electroless nickel plating deposition according to customers' requirements for almost all sectors of industry. We have become a key player in the Hungarian market for the surface treatment of automotive components, with significant technology development (implementation of a particularly significant, automotive-specific KTL and zinc-nickel alloy coating technology in the form of two small new production halls with an investment of around HUF 800 million). We are becoming increasingly involved in

the surface treatment of electric vehicle components. With our new investment launched in 2022, we perform hard anodizing for scroll compressors in electric vehicles.

- Design and manufacture of complex environmental and industrial ventilation equipment, systems and components (such as fans, filters, separators, water washers, cyclones, piping, feeders, conveyor pulleys, tanks, silos) using metalworking and welding, general purpose and special purpose CNC machines and technologies.
- Production of customised steel structures to customer requirements, based on our own design or on customer design documentation, for a wide variety of markets, the largest of which is the energy sector.
- Production of containers and electrically assembled units for the energy industry.

2.7 Services

Around the turn of the millennium, the outsourcing of many services after production was first noticeable in the US, but also in Western Europe: the need for complete logistics chains, the growing role of temporary employment, the need for outsourced building and infrastructure management, the emergence of quality service packages. We found the right professional partners, added our internal market, contacts, capital and business knowledge. This has enabled us to put together a portfolio of services that can provide solutions to our partners' needs. Our performance in this area is characterised by the following figures:

3 industrial parks (Székesfehérvár, Kaposvár, Veszprém), 500 000 m² of buildings (production areas, offices, warehouses), 23 500 m² of warehouse space, 2 700 employees on loan.

3 Research – development

The automotive industry poses major challenges for manufacturers of electronic and lighting components, and these manufacturers employ extensive testing procedures to ensure product quality. Accordingly, the development and manufacture of test equipment is of paramount importance to our company, with particular emphasis on testing functions that handle high electrical power, such as systems with a peak power of 10 kW.

In parallel with the development of the group's manufacturing activities, cooperation between customers and the manufacturer has reached a higher level in some projects. The development of embedded test software, used to configure the parameters of the manufactured devices and to set up test functions, is an important task, essential during the final testing process.

In parallel with the decrease in enquiries from the automotive sector, the production of cost allocators increased significantly within the company group, which necessitated the development of the related EOL test equipment.

Testing the various radio frequency communication solutions of devices is an also important task, in many cases requiring multi-protocol signal transmission testing. To ensure accurate measurement conditions, tests are performed in properly shielded measurement chambers.

4 Sustainability, ESG strategy

As part of our work towards long-term sustainability, we not only strictly adhere to changes in domestic and international legislation, but also strive to go beyond them. VIDEOTON is fully committed to responsible, ethical and sustainable business practices.

Our activities are governed by the ISO 14001 standard (environmental management systems) and the ISO 50001 standard (energy management). All our member companies have implemented selective waste collection, and we apply the principles of the circular economy. Together with our partners, we work to improve the sustainability performance of, for example, new product launches and designs. In our daily business we strive to operate in an environmentally friendly way: we minimise waste and scrap, aim to make optimal use of energy and resources, continuously improve production efficiency.

As part of a multi-stage renewable energy program, we are increasing our solar energy production capacity. By the end of 2025, we had had a renewable energy production capacity with a nominal output of 5 800 kWp, as in 2024–2025, solar panel systems were being installed at additional sites. As previous

milestones in our capacity expansion, we installed a 1 000 kW plant in 2023, following the very first 500 kW photovoltaic plant installed back in 2019. Our electricity consumption is increasingly supplied from green sources. Since 2019, we have been calculating our company's CO2 emissions within our own scope (Scope 1 and Scope 2), and we have achieved a significant reduction since then, demonstrating our commitment to more efficient and cleaner energy use.

Our goal is to further improve on our results to date. For several years now, we have been regularly using feedback from the EcoVadis rating system to identify areas for improvement. In order to increase organizational climate awareness, and better understand climate risks and our group's environmental impact, we again participated in the Climate Disclosure Project (CDP) reporting in 2025.

We firmly believe that the diversity of our employees and their diversity of thought contribute greatly to our business success. We are committed to creating the conditions for safe working and providing supportive work environment for all our employees. We support our communities through health screenings, volunteering events, donation and financial assistance. Our group has decades of experience in social responsibility hence for VIDEOTON, social responsibility means caring. We promote the employment of people with disabilities, they accounted for 1.94% of our workforce in 2025. We are committed to gender equality. We encourage development and career advancement through a variety of courses and trainings. We support students through programmes of dual education and professional internship.

We pay particular attention to information security. In 2025, we began the preparation process among our member companies to comply with the NIS2 cybersecurity directive of the European Union. We keep the ratings of our strategically important suppliers up to date, and we constantly evaluate our partners. The early identification of ethical risks and the thorough investigation of complaints are supported by the fact that the internal whistleblowing policy is in place at all of our member companies. In recognition of our financial stability, we have regularly been awarded the Dun & Bradstreet's AAA Gold rating since 2015, which is one of the most recognised certifications in this field in Europe. We categorically reject corruption in all its forms, and strongly support fair competition. Our goal is to build long-term relationship based on trust with our customers, partners and employees. Our corporate culture is based on integrity, honesty and transparency.

Székesfehérvár, 25th June 2026

Ottó Sinkó
Chief Executive Officer

Péter Lakatos
Chief Executive Officer