

ANNUAL REPORT 2022

Global strategic partner  
with production on three  
continents



## OUR VISION

Nolato aims to be the customer's first choice of innovative partner in sustainable design and production.

Nolato is a Swedish publicly listed group with operations in Europe, Asia and North America. We develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors. Nolato's shares are listed on Nasdaq Stockholm Exchange in the Industrials sector of the Large Cap segment.

Our customer offering comprises most technologies in the field of polymers and spans the entire value chain, from solutions-oriented development to product delivery.

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Nolato has prepared a statutory sustainability report in accordance with Chap. 6, Sect. 11 of the Swedish Annual Accounts Act; see pages 34–51 and 118–138. The reading guide is on page 131.

The printed annual report is mailed to those shareholders who have notified Nolato that they wish to receive a copy. It can also be ordered at [www.nolato.com](http://www.nolato.com), where a digital version is also available. The annual report is also available in Swedish.

## Business areas

Share of Group sales      Share of Group operating profit (EBITA)



### MEDICAL SOLUTIONS

Development and manufacture of complex product systems and components for medical devices, the pharmaceutical industry and diagnostics.



### INTEGRATED SOLUTIONS

Design, development and manufacture of advanced components, subsystems and ready-packaged products for fast-growth areas of technology.



### INDUSTRIAL SOLUTIONS

Development and manufacture of products and product systems for industrial companies.

## Responsible business conduct

We have a long tradition of responsible business conduct. Our shared values of being Professional, Well Organized and Responsible are reflected throughout our business and are central to our sustainable development strategy.



## Employees

6,627

Nolato's average no. of employees in 2022.



## Global presence



○ Development, production & sales

# Significant events in 2022



## FINANCIAL PERFORMANCE

- > Challenging external factors and general cost inflation had an impact during the year
- > Nolato's sales totaled SEK 10,774 million (11,610)
- > Operating profit (EBITA) amounted to SEK 908 million (1,319 million excluding non-recurring items)
- > Operating margin (EBITA) of 8.4% (11.4% excluding non-recurring items)
- > Diluted earnings per share were SEK 2.44 (3.70), excluding non-recurring items

## SUSTAINABLE DEVELOPMENT

- > Three-pronged strategy to reduce carbon footprint
- > Carbon dioxide emissions from energy consumption halved (Scope 1 & 2) compared with 2021
- > Proportion of fossil-free electricity increased to 84% (70)
- > Solar farm in southern Sweden, which Nolato signed an agreement with in 2021, entered operation
- > Nolato signs up to Science Based Targets and commits to 1.5-degree target
- > Two of Nolato's plants are certified to ISCC PLUS system



## Medical Solutions

Key figures	2022	2021
Sales, SEKm	4,859	4,067
Operating profit (EBITA), SEKm	457	457
EBITA margin, %	9.4	11.2
Average no. of employees	2,519	2,546

Development and manufacture of complex product systems and components for medical devices, the pharmaceutical industry and diagnostics.



## Integrated Solutions

Key figures	2022	2021
Sales, SEKm	3,311	5,226
Operating profit (EBITA), SEKm	334	671
EBITA margin, %	10.1	12.8
Average no. of employees	2,870	4,813

Design, development and manufacture of advanced components, subsystems and ready-packaged products within Consumer Electronics. EMC & Thermal develops and manufactures shielding and heat dissipation products and systems for electronics.

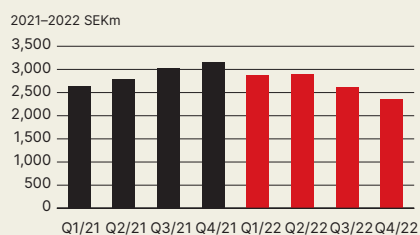


## Industrial Solutions

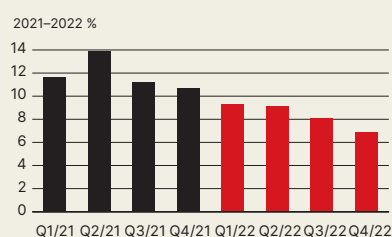
Key figures	2022	2021
Sales, SEKm	2,618	2,324
Operating profit (EBITA), SEKm	128	208
EBITA margin, %	4.9	9.0
Average no. of employees	1,230	1,303

Development and manufacture of products and product systems for customers in the automotive, hygiene, packaging, gardening/forestry, domestic appliance and furniture sectors, and other selected industrial segments.

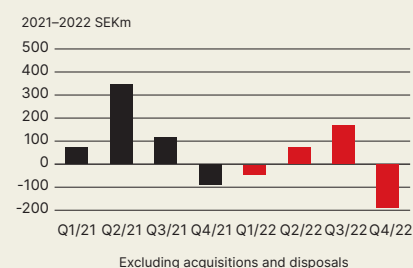
## Sales per quarter



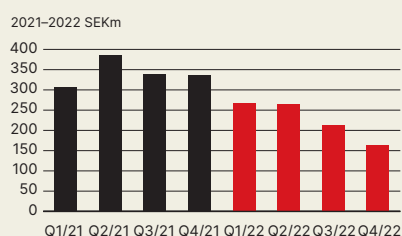
## EBITA margin per quarter



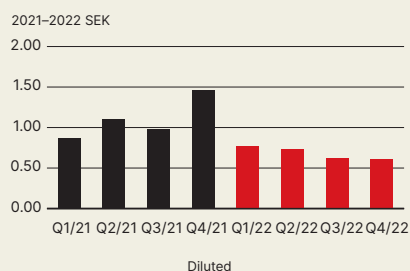
## Cash flow after investments per quarter



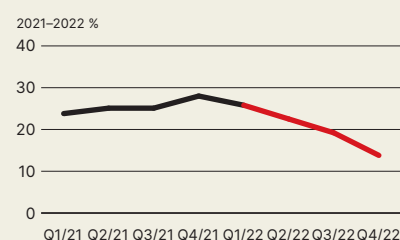
## Operating profit (EBITA) per quarter



## Earnings per share per quarter



## Return on equity per quarter



## Financial highlights

SEKm (unless otherwise specified)	2022	2021	2020	2019	2018
Net sales	10,774	11,610	9,359	7,919	8,102
Operating profit (EBITDA)	1,411	1,805	1,456	1,263	1,189
Operating profit (EBITA)	908	1,369	1,066	895	949
EBITA margin, %	8.4	11.8	11.4	11.3	11.7
Profit after financial income and expense	875	1,401	1,014	857	921
Profit after tax	697	1,160	806	703	722
Diluted earnings per share, SEK	2.59	4.32	3.02	2.66	2.74
Cash flow after investments, excluding acquisitions and disposals	8	446	905	800	593
Net investments, affecting cash flow, excluding acquisitions and disposals	451	782	347	360	452
Cash conversion, %	1	35	87	88	60
Return on capital employed, %	12.8	22.8	20.7	23.1	29.7
Return on shareholders' equity, %	13.6	28.0	23.9	25.5	30.4
Equity/assets ratio, %	54	47	44	48	50
Financial net debt (-)/net assets (+), excluding pension and lease liabilities	- 708	- 51	- 298	666	341
Dividend per share (2022 proposal), SEK	1.90	1.90	1.60	—	1.40
Average no. of employees	6,627	8,669	6,721	5,941	6,449

See key performance indicators and definitions of alternative performance measures and IFRS measures on pages 105–107.

# Equipped for opportunities

During the year we focused on responding to our challenging operating environment, enhancing our competitiveness and meeting our customers' needs in the optimum way. With our solid position as a strategic global partner, a diversified customer portfolio and robust financial position, we are equipped to harness business opportunities and generate profitable growth over business cycles.

The challenges faced by society in recent years, from the pandemic to heightened geopolitical uncertainty and macroeconomic conditions, have led to changes to the conditions in which we operate as a business. Russia's invasion of Ukraine in February 2022 has led to greater geopolitical tensions, sparked an energy crisis and a macroeconomic trend of high inflation, rising interest rates and an uncertain economic outlook.

## Challenging operating environment

In 2022, we worked closely with our business partners, focusing on responding to and managing the challenging operating environment. Macroeconomic developments have resulted in general cost inflation of energy, materials and labor, and during the year we stepped up efforts to reduce our total costs and boost efficiency.

**Medical Solutions** experienced healthy demand and volumes during the year, with a strong recovery in the surgery segment and growth in most product areas. Continued strategic investments in product development and design have boosted customer value, led to shorter lead times in the development phase and improved product quality. The business area's increased volumes and consolidated position as a global business partner with local production create a strong platform for continued growth.

**Integrated Solutions** generated healthy growth in EMC in 2022, and the business area expanded its customer base in the automotive industry and began working within renewable energy. The established position in new sector areas creates a solid platform for new ventures in the automotive sector and the continued expansion of 5G. Strategic use of combined production resources in

China has also forged closer cooperation with customers and generated new business opportunities. Demand for Vaporiser Heating Products (VHPs) from Eastern Europe was adversely affected during the year as a result of Russia's invasion of Ukraine. This, combined with changes to a customer's sourcing strategy, new regulatory requirements and licensing by Chinese authorities led to a gradual decline in VHP production volumes during the year.

**Industrial Solutions** increased sales and strengthened its market position in 2022, with solid demand in most areas of the market. Ongoing investments in technology development, coupled with a clear focus on sustainable solutions and collaboration between business areas, have contributed to enhanced customer value and business benefits. As with the previous year, in 2022 we experienced supply chain disruptions and component shortages, primarily in the automotive industry. This has affected customer demand, and led to fluctuating production planning and lower production efficiency, which is adversely impacting the margin.

**Consolidated net sales** totaled SEK 10,774 million (11,610) and **operating profit (EBITA)** was SEK 908 million (1,319 excluding non-recurring items). The decrease in sales on the previous year is mainly attributable to a decline in VHP volumes. Despite conscious efforts during the year to manage fluctuating production planning, streamline internal processes and charge on cost increases to customers, these factors led to lower margins in 2022.

## Strong position as global strategic partner with production on three continents

The completed expansion investments, together with Nolato's combined production

capacity in the US, Europe and Asia, help consolidate our position as a global business partner with local production. Nolato is a strategic partner with the resources and expertise to support our customers from concept to delivery of finished products. We offer development and production on three continents in more than 30 units close to our customers, and are continually expanding our offering in response to customer needs. Our business areas' combined expertise, cutting-edge technology and global presence with local production create synergies, enhance customer value and generate business benefits. With production on three continents, Nolato is also well positioned to respond to the continued regionalization of supply chains.

Cooperation between the business areas is developing as business benefits and customer value increase. During the year, the strategic collaboration between Consumer Electronics within Integrated Solutions and Industrial Solutions was developed to optimize the Group's expertise as part of a combined customer offering. This collaboration allows for a broader technological and geographical offering to our existing customer base, while satisfying growing demand from customers in Industrial Solutions for solutions with increased electronics content.

## Heightened focus on sustainability

Sustainability is at the heart of our corporate culture and integrated into our business, and Nolato supports the 10 principles enshrined in the UN Global Compact. Our sustainability strategy includes targets and activities relating to social responsibility, environmental responsibility and business benefit, and supports the UN's Agenda 2030 and Sustainable Development Goals. We sharpened our focus



on sustainability during the year, and towards the end of 2022 we updated our Code of Conduct and clarified the requirements and expectations of our business partners regarding responsible conduct throughout the value chain. We have also begun work on supplementing our plan to achieve our emissions target with the addition of Scope 3, alongside Scope 1 and 2, signed up to the Science Based Targets initiative (SBTi), and committed to the 1.5-degree target with a pledge to achieve zero emissions by 2050.

Customers and stakeholders' sustainability knowledge and requirements are growing, as is demand for sustainable products and collaboration early on in the development process. Nolato is an important link between material suppliers and our customers' products, giving us a strategic role in customers' transition to sustainable development. For example, during the year we increased the use of bio-based raw material and are working proactively on design and material optimization, and changes to promote recycling and circular flows.

Work on energy efficiency improvements is crucial in achieving our emissions target, and this has gained greater commercial significance amid the current high electricity prices. We are also continuing to transition to renewable energy sources, and the solar farm in southern

Sweden, which Nolato signed an agreement with in 2021, entered operation in 2022. The solar farm will supply Nolato with renewable electricity corresponding to approximately 15% of the Swedish business's annual consumption. The proportion of fossil-free electricity in Nolato's plants increased in 2022, and by the end of the year totaled 84%. Measures introduced have cut the Group's carbon dioxide emissions from energy consumption in absolute terms by 55 percentage points compared with 2021. That means we are well on track to achieve our ambitious target of reducing the Group's carbon dioxide emissions by 80% by 2025.

#### **Equipped for opportunities**

I both admire and am proud of how our dedicated employees have coped with the challenging operating environment, while creating new business opportunities during the year. It confirms the strength of Nolato's decentralized business model and the strong sense of responsibility throughout the organization.

Overall in 2022 we have intensified efforts to cut our total costs and improve efficiency, while bolstering our market position. Greater local and regional cooperation has created new business opportunities and allows more efficient logistics and cost savings, while reducing dependency.

We enter 2023 with a solid position as a strategic global partner with production on three continents, a well-diversified customer portfolio and a robust financial position. We are seeing continued strong underlying demand for our products and are in an excellent position to respond to the continued regionalization of supply chains, rapid developments within 5G, electrification and the growing need for sustainable products and solutions.

Our operating environment is becoming more complex and challenging, and many of the factors that characterized the past year will no doubt continue to impact 2023. In 2022 we enhanced our competitiveness and are equipped to harness business opportunities and generate profitable growth over business cycles, despite the likelihood that economic conditions in 2023 will remain challenging for some areas.

*Torekov, March 2023*

**Christer Wahlquist**  
President and CEO

## OPERATING ENVIRONMENT AND TRENDS

# Global trends driving change

Strong megatrends affecting the operating environment are driving change and impacting Nolato's customers and market. Together with customers and business partners, Nolato is turning trends and challenges into business opportunities and boosting its competitiveness in order to be part of the solution in a more sustainable world.



## Competitiveness

*Nolato operates in a competitive sector and our customers are increasingly facing competition from new market entrants.*

Nolato improves its own competitiveness and that of its customers by helping customers develop new, innovative and sustainable products that meet the requirements of cost effectiveness, greater differentiation and sustainability. Nolato offers high-tech collaboration and partnerships with a global presence and production close to customers in more than 10 countries.

Nolato's competitive lean manufacturing, cutting-edge technology and wide-ranging expertise in sustainable end-to-end solutions help maximize business benefits for customers, with efficient processes and a high level of quality assurance.

## Globalization and geopolitical uncertainty

*Globalization, increased geopolitical uncertainty and trade barriers, combined with supply chain disruptions and reduced travel are boosting demand for global business partners with regional and continental production, flows and business relationships.*

Nolato is a global high-tech solutions provider with an established position and manufacturing on three continents. Production located near both customers and suppliers enables closer collaboration, quicker decisions and provides flexible management of crises and supply chain disruptions. Proximity to customers' operations creates new business opportunities and more efficient logistics, enabling cost savings and a lower climate impact.

## Increased focus on core business

*The rapid pace of development is increasing the need for customers to focus on their own core business by outsourcing parts of their business to strategic partner companies.*

Nolato is well placed to efficiently handle those aspects of the business that need to be outsourced and, where required, to expand locally or globally together with customers. As a high-tech global solutions provider with local production near customers and the ability to deliver integrated solutions, either subsystems or complete products, Nolato also helps simplify and shorten customers' logistics chains.

## Digitalization and electrification

*Electrification, digitalization and IoT (Internet of Things) are being integrated into everything from medical devices to consumer electronics and vehicles. Growing electrification is increasing the need for shielding and heat dissipation for electronics in new product areas.*

Our combined expertise in polymer products and systems identifies development needs, innovates sustainable solutions and supplies tailored subsystems and finished products. A high level of digitalization and access to real-time data also enables continued development and increased operating efficiency, including using automated processes.

New needs for shielding and heat dissipation for more electronics in products are generating new market opportunities. Nolato is also meeting new needs in the related product areas of personal health and consumer electronics.

## Sustainability

*Climate change and the Paris Agreement's 1.5-degree target make it clear that significant measures are needed for sustainable development. Greater needs for health, security and equality, human rights, a smaller carbon footprint, biodiversity and resource efficiency are driving development towards a fair, carbon-neutral, circular and sustainable society.*

*Global warming and natural resource shortages are also spurring legislation and requirements to create circular flows and accelerate the transition to renewable and recycled materials and renewable energy. Customer and stakeholder requirements for and expectations of proactive, responsible sustainability measures are growing and more companies are looking to ensure sustainable operations throughout the value chain.*

Nolato conducts business responsibly by operating in a highly ethical and transparent way, aiming to conduct business that has a minimal negative impact on our employees and environment.

Sustainability is an integral part of our strategy and our day-to-day business, and Nolato's capabilities in offering sustainable solutions generate increased value for customers and create business benefits. Nolato is also an important part of customers' value chains and their aims to increase the level of renewable and recycled materials, along with designs that allow products to become part of a sustainable loop and contribute to a circular economy.

Nolato has defined clear sustainability targets, including an 80% reduction in carbon dioxide emissions by 2025 compared with the 2011–2012 average.

Find out more about Nolato's sustainability work on pages 34–51 and in the directors' report.



## VISION

Nolato aims to be the customer's first choice of innovative partner in sustainable design and production.

Being the customer's first choice means being repeatedly chosen as a partner for a customer's most important projects. Nolato should be viewed as a reliable partner that combines expertise and experience with an innovative approach, takes responsibility and actively contributes to sustainable development, and puts the customer's specific needs front and center.

### Long-term customer relationships

Long-term, close cooperation is the objective for all Nolato's customer relationships. In-depth understanding and knowledge of customer processes and needs, combined with continuity that creates experience, help generate key value.

### Broad customer offering

Customers are increasingly prioritizing suppliers with the global resources and expertise to be involved from concept to delivery. That's why Nolato's global organization and broad customer offering comprises everything from concept development, product design, procurement of products and services, and process optimization to high-volume production, post-processing, assembly and logistics. And there is an emphasis on sustainable development throughout all stages of the process.

### Expertise

Our customers constantly challenge us with new requests and tougher requirements. We enhance our customer offering by continually raising employees' skill levels and investing in cutting-edge technologies and acquisitions. Synergies between business areas increase value for Nolato customers and are achieved through a 'One Nolato' approach.

### Local yet global presence

Proximity to customers and their markets is crucial. It's about achieving the most efficient logistics possible, along with short lines of command and the ability to make quick decisions, close to our customers.

### High productivity

High productivity and a continual focus on costs are key elements of our business. Lean manufacturing maximizes business benefits for both Nolato and its customers, while it also helps to streamline processes, optimize use of resources, cut lead times, and develop innovative and sustainable solutions.

### Responsible business conduct

We have strong core values based on the view that responsible, efficient and profitable business operations must be ethical and sustainable. Areas relating to ethics, social responsibility, the environment, and health and safety are therefore an integral part of our business and key to defining Nolato's corporate culture.

### Sustainable procurement

Nolato's supply chain is an extension of Nolato's network and capabilities. Our strategic suppliers should strive to have a positive impact on people, society and business value, minimize their impact on the environment, and comply with Nolato's Code of Conduct, as well as supporting other Nolato initiatives.

### Solid finances

A strong financial position provides us with firm foundations and is essential for our business. Ensuring solid finances also makes Nolato a reliable supplier and partner for the long term over multiple business cycles.

## RESPONSIBLE BUSINESS CONDUCT

# Values embedded in our business

Nolato has a long tradition of responsible business conduct, in which care for people and the environment has been integral since the company was founded.

For over 80 years in business we have worked systematically, progressively, and responsibly, with a strong emphasis on customer benefits, professionalism and efficiency, caring for the environment and people. Good business ethics are deeply embedded in Nolato's corporate culture. Nolato's group-wide values, of being Professional, Well Organized and Responsible, form the basic principles of a long tradition of responsible business and a sustainable development strategy.

Find out more about Nolato's sustainability work on pages 34–51 and in the directors' report.

## Professional

- › We are professional and endeavor to achieve long-term profitability
- › We focus on the needs and wishes of our customers
- › We combine expertise and experience with innovative approaches

## Well organized

- › We ensure our operations are well organized
- › Our operations are based on a shared foundation
- › We grasp opportunities and solve problems when they arise

## Responsible

- › We take responsibility for all aspects of our business
- › We contribute actively to sustainable development
- › We operate with integrity and transparency



# Targets and outcomes

## FINANCIAL TARGETS

These financial targets reflect Nolato's strategic focus, with three business areas and advanced market positions, providing the financial flexibility to grow, make new acquisitions and provide good potential dividends for shareholders. The Group is managed with the aim of achieving healthy earnings, generating adequate cash flow and maintaining a healthy level of financial risk.

### EBITA margin

TARGET

# >10%

The target for the EBITA margin is for it to exceed 10% over a business cycle.

OUTCOME IN 2022

# 8.4%

9.4%	10.1%	4.9%
Medical Solutions	Integrated Solutions	Industrial Solutions

FIVE-YEAR AVERAGE



Over the past five years, the EBITA margin has averaged 10.9%.

### Cash conversion

TARGET

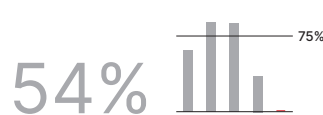
# >75%

The target is to achieve cash conversion of more than 75% of EBIT over a business cycle, measured as the ratio of cash flow after investment and EBIT.

OUTCOME IN 2022

# 1%

FIVE-YEAR AVERAGE



Over the past five years, cash conversion has averaged 54%.

### Equity/assets ratio

TARGET

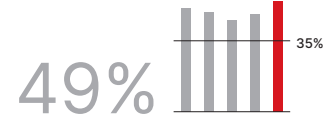
# >35%

The target for the equity/assets ratio is for it to exceed 35% over a business cycle.

OUTCOME IN 2022

# 54%

FIVE-YEAR AVERAGE



Over the past five years, the equity/assets ratio has averaged 49%.

### Dividend policy

Nolato's dividend policy is to propose a dividend that exceeds 50% of profit after tax, taking account of Nolato's long-term development opportunities, financial position and investment needs. The Board's proposed dividend for the 2022 financial year is SEK 1.90 per share, which equates to 78% of profit after tax, excluding non-recurring items.

OUTCOME IN 2022

# 1.90

2023 PROPOSAL

# 1.90

**GROWTH TARGET**

Nolato aims to achieve growth that exceeds the level of growth within each market segment.



**Medical Solutions** sales growth in 2022 was 8%, adjusted for currency. Long-term volume growth for this business area's market segments and applications is assessed to remain around 4–5%. The surgery area experienced good growth, while in vitro diagnostics (IVD) volumes were lower due to pandemic-related inventory adjustments. The charging on of higher costs contributed to higher sales.



**Integrated Solutions** sales in 2022 decreased by some 46%, adjusted for currency, due to low Vaporiser Heating Products (VHPs) volumes following Russia's invasion of Ukraine, a change in a customer's sourcing strategy, and the halt in sales for much of the fourth quarter due to the lack of a production license in China. EMC sales increased considerably through good growth in telecom and significant relative growth in automotive.



**Industrial Solutions** sales growth in 2022 was 6%, adjusted for currency. Volumes decreased somewhat, although the charging on of higher costs contributed positively. Demand was solid in most market areas, but deliveries of products to areas in the consumer discretionary sector were lower towards the end of the year.

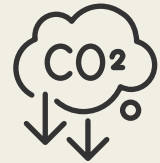
**SUSTAINABILITY TARGETS**

Nolato has 10 long-term sustainable development targets covering social responsibility, environmental responsibility and business benefits. These targets are linked to the UN's Sustainable Development Goals and 2030 Agenda. Find out more about sustainability targets on pages 34–51 and in the directors' report.

**Carbon emissions**

– 80%

Carbon dioxide emissions are to be cut by 80% by 2025 compared with the average for 2011–2012.



**Energy**

– 55%

Energy usage is to be cut by 55% by 2025 compared with the average for 2011–2012.



Measures introduced have cut the Group's carbon dioxide emissions from energy consumption (Scope 1 and 2) year after year since the base year. This means Nolato is ahead of schedule in achieving its ambitious emissions target.

Energy usage has also decreased since the base year, and we are well on track to achieve our energy target of cutting the Group's usage by 55% by 2025.

For annual changes, see pages 122 and 130.

# Strategy for profitable growth

The following overarching strategy remains in place in order to achieve targets:

## Market positioning and progression along the value chain

Nolato aims to be a high-tech solutions provider with a global presence, with the objective of long-term growth and stable returns for shareholders.

## World-class expertise and offering

We invest in highly skilled employees and the development of cutting-edge technology, along with competitive lean manufacturing. This allows us to offer end-to-end solutions in which sustainability is a key element.

## A decentralized organization that generates synergies

A corporate culture based on a decentralized business model. This gives the business areas' companies scope to develop and adapt their offerings based on the specific needs and demands of customers.

The similarity of the technologies used by the three business areas generates synergies and cooperation that provide additional customer value.

## Customer-oriented strategy provides the focus for organic growth

A customer-oriented strategy means Nolato looks for large customers in product areas with organic growth, providing opportunities to expand and develop alongside their market offerings.

## Expansion on priority geographic markets

Nolato's expansion is achieved both by accompanying customers into new markets and by acquiring companies with a corporate culture that matches Nolato's and that complements the existing customer base, in addition to expertise that further broadens Nolato's offering.

## Nolato's strategic progression

Nolato is on its way to becoming a global solutions provider

### YESTERDAY

- > Mobile phone sector, industry, small medtech companies.
- > Supplier.
- > Leading position in Sweden. Position in Asia and Central Europe is progressing. Robust internal responsible business conduct.

### PRESENT

- > A well-balanced group: Medical Solutions, Integrated Solutions and Industrial Solutions.
- > Solutions provider/partner for customers/cooperation partners.
- > Strong presence on the three continents of Europe, Asia and North America. Green initiatives for customers.

### TOMORROW

- > Global, innovative end-to-end provider of sustainable solutions for the medical and industrial sectors, and of integrated solutions and EMC.
- > Additional emphasis on close partnerships. Intensified development of the medical business.
- > End-to-end solutions with sustainability at their heart. Aiming for a climate-neutral business focus.

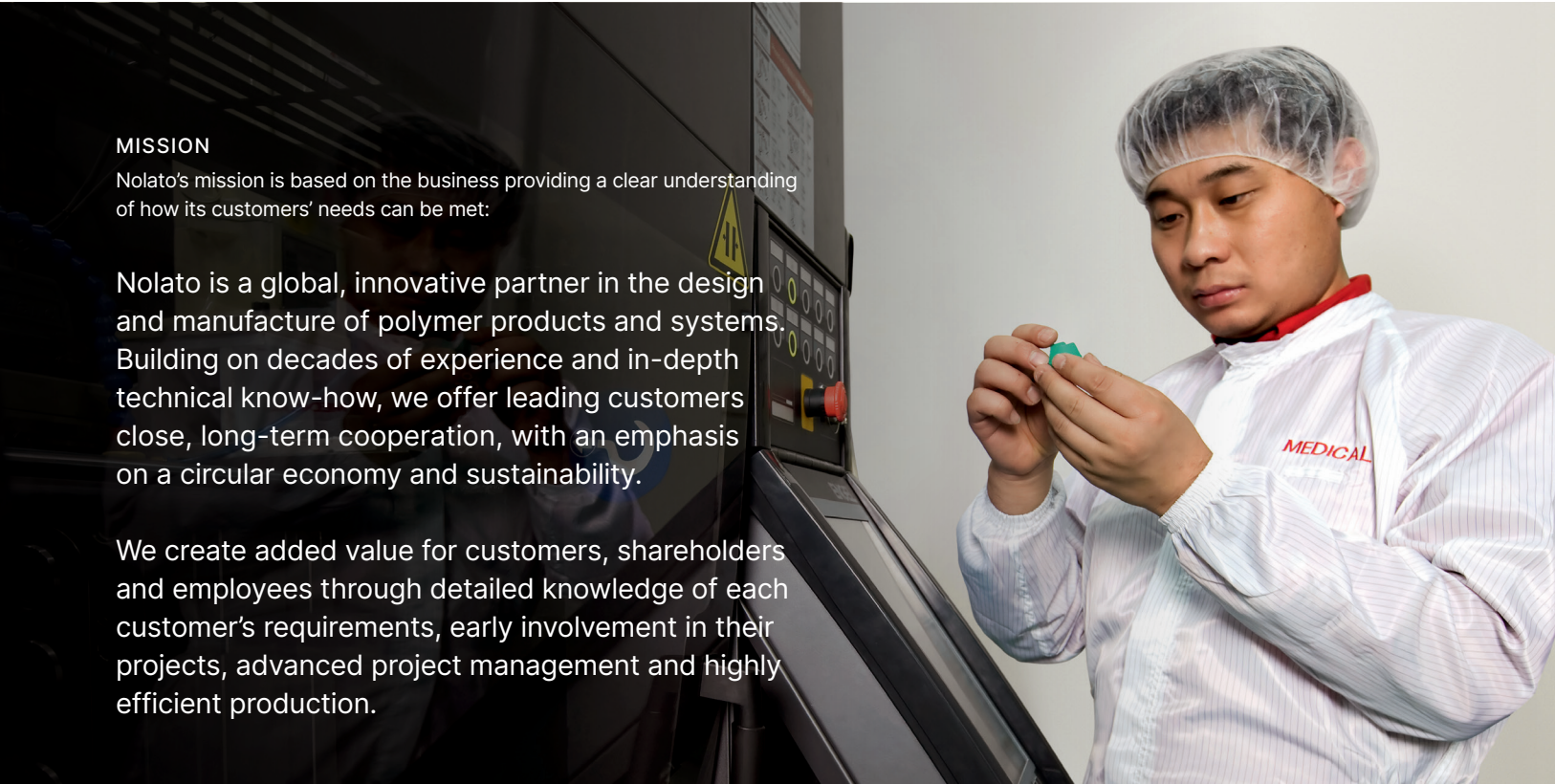


**MISSION**

Nolato's mission is based on the business providing a clear understanding of how its customers' needs can be met:

Nolato is a global, innovative partner in the design and manufacture of polymer products and systems. Building on decades of experience and in-depth technical know-how, we offer leading customers close, long-term cooperation, with an emphasis on a circular economy and sustainability.

We create added value for customers, shareholders and employees through detailed knowledge of each customer's requirements, early involvement in their projects, advanced project management and highly efficient production.

**BUSINESS MODEL**

Nolato's business model is based on three decentralized business areas, with their own decision-making and group-wide aims to achieve the vision, financial targets and sustainability goals that are set. This creates secure jobs for employees and generates value for shareholders.

Extensive experience and wide-ranging expertise allow us to develop close, long-term and innovative cooperation with customers.

Added value is created for both customers and owners through progressive, leading technology, extensive expertise in development and design, advanced project management, and highly efficient production.

Nolato's group-wide core values inform all aspects of our business.

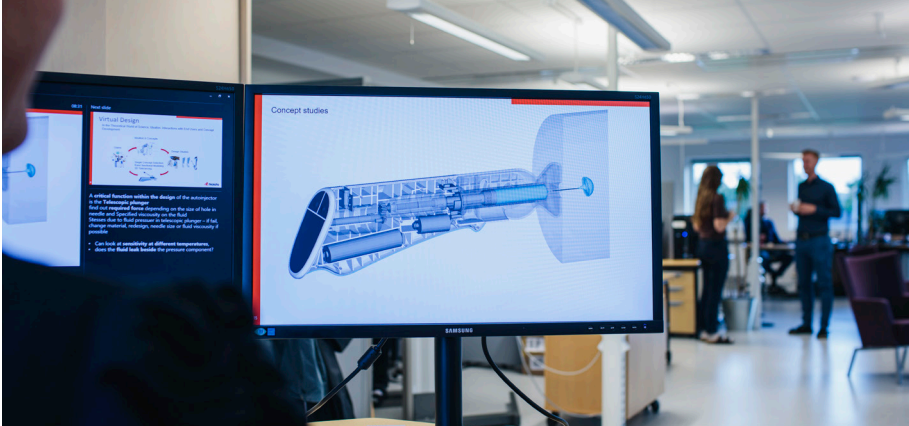
**REVENUE MODEL**

Nolato's revenue is mainly generated from customer production assignments. Manufacturing and supply of products take place in accordance with customer orders and other preferences, and are then billed. Manufacturing is based on short production and turnaround times, resulting in low risk exposure for warehousing and obsolescence.

An important part of value creation for customers and owners is the ability to provide in-depth expertise in leading technologies, sustainable solutions, design and advanced project management at an early stage of product development.

## NOLATO'S BUSINESS

Nolato's business consists of developing and manufacturing customer-specific products, primarily in polymer materials such as plastic, silicone and TPE. Customers can be found in the medical technology, pharmaceutical, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors.



### Customer-specific products

Customer needs and requirements form the basis for all of Nolato's development work. Customer-specific products and solutions are created by leveraging our expertise in advanced technologies, sustainable solutions and cost-effective manufacturing. Nolato supports customers from concept development to high-volume production.

**Medical Solutions** supports its medical technology and pharmaceutical customers from idea, concept and design to validation, quality assurance and full-scale production. Products include drug injection systems and medical technology applicators.

**Integrated Solutions** offers a wide range of technologies and expertise in a one-stop shop for areas including injection molding, casting, die-cutting, painting, decoration, assembly, testing and packaging of electronic products. These include components and subsystems for integrated products such as speaker systems, fitness trackers, alarms and Vaporiser Heating Products (VHPs).

**Industrial Solutions** is a high-tech partner for customers in the automotive and general industry sectors, from concept development through the entire production process, with an emphasis on high productivity and lean manufacturing. Products include interior

details for vehicles and components for chainsaws and grass trimmers.

### Standard products

The standard range of own products developed and manufactured by Nolato includes pharmaceutical packaging, laboratory products, and process and materials solutions for shielding and heat dissipation for electronics.

## From concept to finished product

### Concept development

Nolato supports customers from the concept stage and is involved in discussions about production options.

### Customer-oriented solutions

We create technical solutions that give products unique haptic and cosmetic properties, make them water-resistant, reduce the weight of products and/or minimize their environmental impact.

### Design

Nolato optimizes design in order to create the most efficient and effective production solutions in terms of function, quality and price.

### Prototypes (3D)

Nolato visualizes the future product by producing prototypes and materials samples.

### Production tooling

Nolato specifies and manufactures, or buys in, molds and related production equipment.

### Full-scale production

We work with most production technologies, primarily in the field of polymers.

### Quality assurance

Nolato constantly ensures the correct quality through automated vision systems, professional operators and effective systems for continuous improvements.



**OUR PRODUCTION TECHNOLOGIES**

Below are examples and explanations of the most common manufacturing technologies used by Nolato. The range and depth of these are part of the customer offering that makes Nolato a high-tech partner.



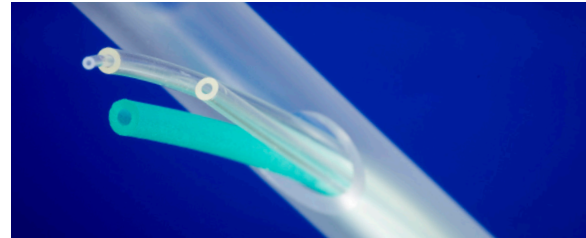
**Injection molding**

Technology for manufacturing components from plastic, silicone, TPE and ceramics to highly precise dimensions and stringent quality requirements. Our most common production technology.



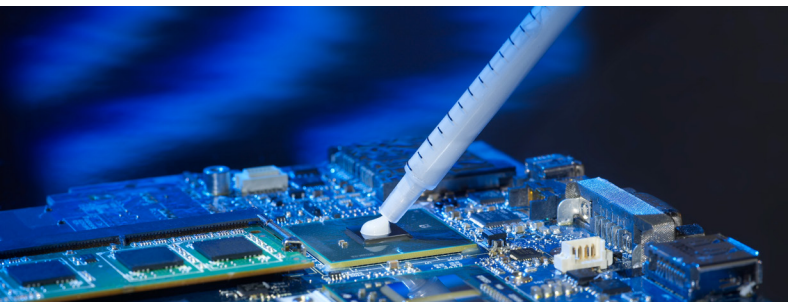
**Injection blow molding**

Technology for manufacturing plastic containers and bottles. We use this method for the manufacture of pharmaceutical packaging.



**Extrusion**

Technology for the production of tubing and other tubular products. This technique is used to manufacture surgical instruments and urine catheters, as well as EMC shielding gaskets.



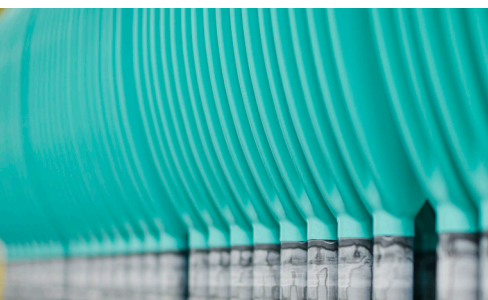
**EMC shielding**

Techniques and materials developed to achieve electromagnetic compatibility, i.e. to prevent disruption from electromagnetic radiation between electronic components. Radio base stations are an example of a customer product that uses EMC shielding.



**Die-cutting**

Technology for producing flat products from one or more materials and for providing effective joining of components and electronics. We use die-cutting for manufacturing adhesive, gaskets, seals and cosmetic details for customers in the telecom, automotive, medical technology and electronics industries.



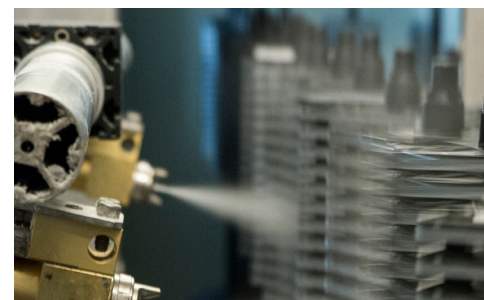
**Dip molding**

Technology for the production of flexible, airtight liquid latex products. This is used to manufacture products such as catheter balloons and breathing bags.



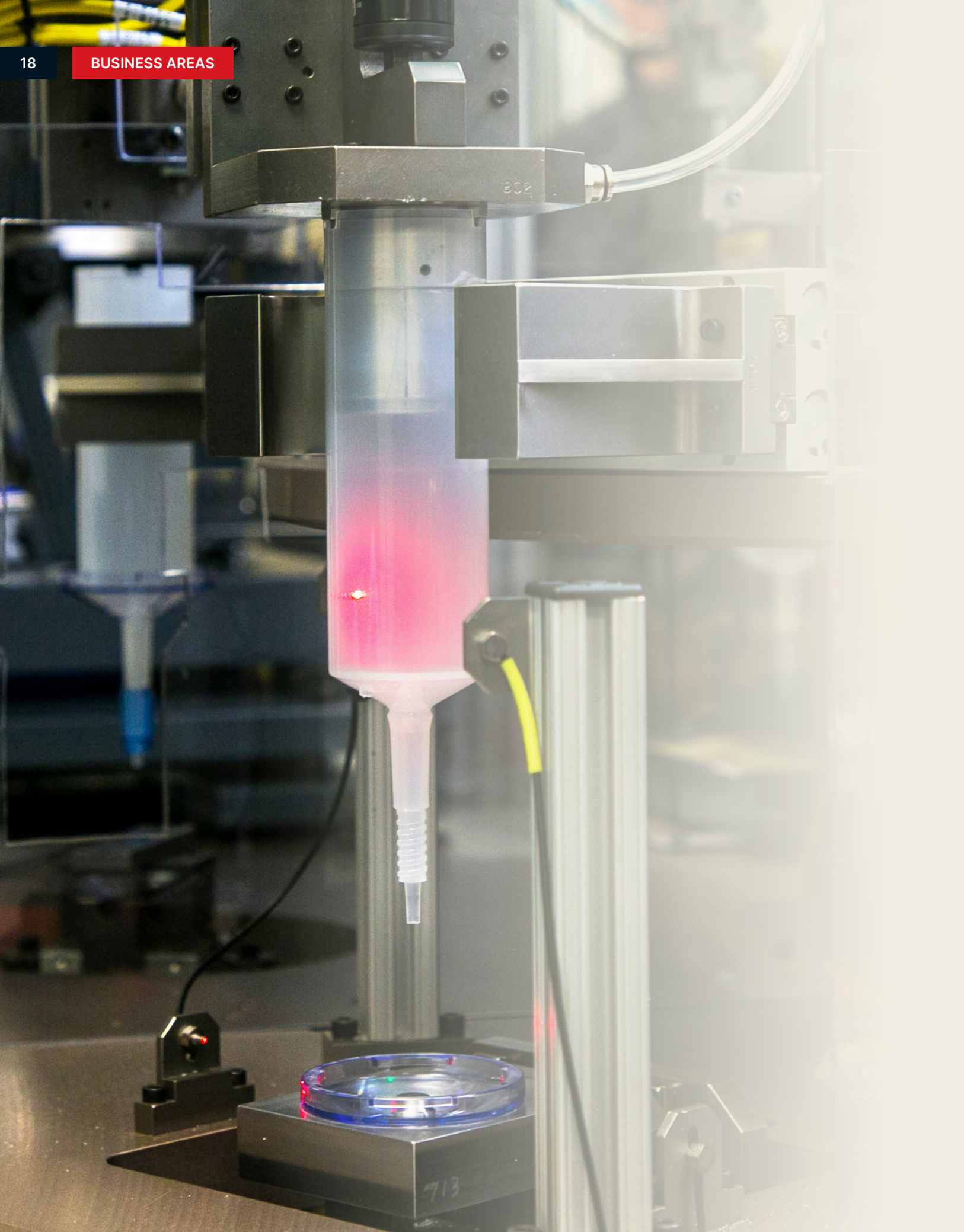
**Assembly**

Assembly of components to create a complete product or subsystem. This may take place on a fully automated, semi-automated or manual basis. Automated assembly is mainly carried out for medical devices such as auto-injectors, for which assembly is performed on a fully automated basis at high volumes.



**Post-processing**

We provide components with the desired finish through painting, decoration and metallization of components for products like mobile phones and medical devices.



## BUSINESS AREAS

# Cross-fertilization of know-how generates business benefits

Nolato is a global, innovative partner in the design and manufacture of polymer products and systems. Building on decades of experience and in-depth technical know-how, we offer leading customers close, long-term cooperation, with an emphasis on a circular economy and sustainability.

We create added value for customers, shareholders and employees through detailed knowledge of each customer's requirements, early involvement in their projects, advanced project management and highly efficient production.



## MEDICAL SOLUTIONS

Development and manufacture of complex product systems and components for medical devices, the pharmaceutical industry and diagnostics.



## INTEGRATED SOLUTIONS

Design, development and manufacture of advanced components, subsystems and ready-packaged products for fast-growth areas of technology.



## INDUSTRIAL SOLUTIONS

Development and manufacture of products and product systems for industrial companies.



Share of Group sales



Share of Group operating profit (EBITA)



Nolato's business model is based on three decentralized business areas, with group-wide aims and their own decision-making to achieve the vision, financial targets and sustainability goals that are set. The sharing of know-how and experience, cutting-edge technologies, expertise in product design, project management, sustainable solutions and products, along with highly efficient production, allows us to establish close, long-term and innovative cooperation with customers and partners, generating value for both customers and shareholders.

Nolato's shared values of being professional, well organized and responsible form the basis of a long tradition of responsible business and are reflected throughout the business.

#### **Collaboration between business areas boosts customer value**

Cooperation between the business areas is developing as enhanced business benefits and value for customers become increasingly clear. Synergies and increased customer value are generated through cross-fertilization of the business areas' expertise in polymer materials, circular and renewable materials, technologies and production processes in various sectors. Nolato's unique customer offering, with access to combined cross-sectoral know-how and cutting-edge technology with local production, is continually developing and helping enhance our end-to-end offering as a high-tech partner.

#### **Decentralized business model enables flexibility and customized offerings**

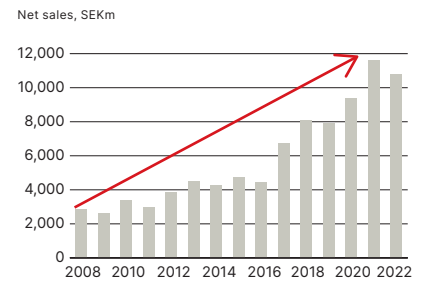
Nolato's decentralized business model enables customized offerings based on specific needs, which also bolsters long-term customer relationships. The strength of the decentralized business model, based on production and decision-making close to customers and suppliers on three continents, enables agility and flexibility to optimally meet customers' needs. Production close to customers also enables greater local and region cooperation and provides a platform for new business opportunities, more efficient logistics, cost savings and a smaller carbon footprint.

#### **Strong position as a global solutions provider with production close to customers**

Nolato is a strategic partner with the resources and expertise to support customers from concept to delivery of finished products. Development and production are conducted in over 30 units in Europe, North America and Asia, and the offering is being continually expanded in response to customer needs. Nolato is expanding geographically, both by following existing customers in their expansion into new markets and through strategic acquisitions that complement our existing customer base and add expertise, technology or capabilities that broaden Nolato's offering.

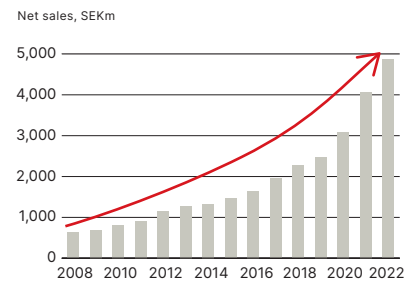
#### **The Nolato Group 2008–2022**

**A global solutions provider established on three continents**



#### **Medical Solutions 2008–2022**

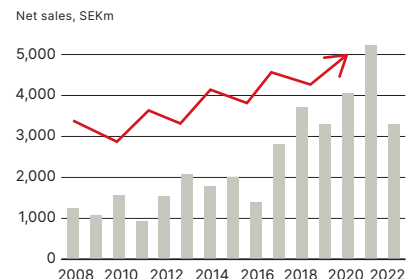
**Sustainable growth and global expansion**



Growth-related

#### **Integrated Solutions 2008–2022**

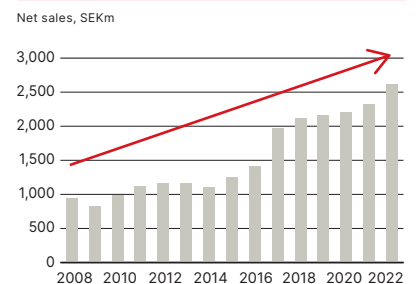
**Expansion into new market segments**



Project-related

#### **Industrial Solutions 2008–2022**

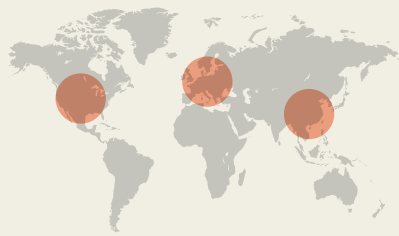
**Technological and geographical expansion**



Business cycle-related

Business areas' strategic growth markets

## Global production and position on three continents



### Medical Solutions

Express aim of growing on the American, European and Asian markets. Operates in a sector with stable growth driven mainly by population growth, an aging population and lifestyle diseases, and the fact that more and more people are being offered health care. Growing demand for outsourcing services and medical devices that make life easier for patients. Bolt-on acquisitions are continually considered.



### Integrated Solutions

Continued focus on the American, European and Asian markets. Continual demand for advanced components and subsystems for consumer electronics products, with an increase in integrated electronic and smart solutions, in addition to a growing need for shielding and heat dissipation for electronics.



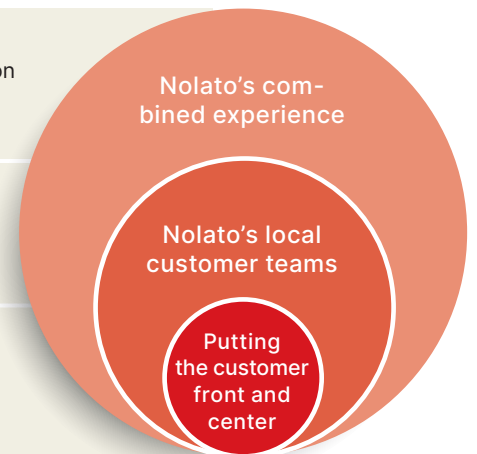
### Industrial Solutions

Continued emphasis on the industrial sector on the Nordic market and selected Central European markets, with the possibility of bolt-on acquisitions. The strategic establishment in the US and production capabilities in Mexico through the acquisition of GW Plastics create new business opportunities and the ability to meet customer needs, to supply high-quality, cost-effective products with short lead times, and is a fundamental driver of growth.

Access to the entire Group's expertise and resources; a combination of close cooperation and an efficient decision-making structure with the local customer team.

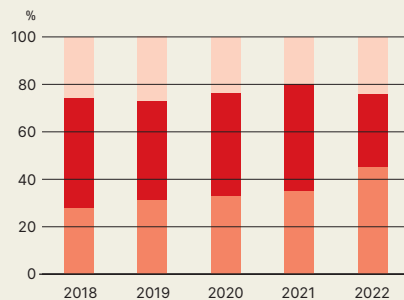
A local team of experts with a dedicated customer team that takes overall responsibility for projects and delivery in close cooperation with the customer.

An end-to-end solution offering that generates increased customer value.

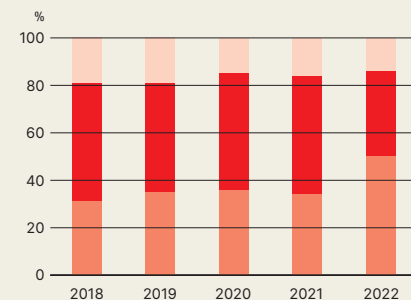


Business areas' market share

Share of net sales



Share of operating profit (EBITA)



- Industrial Solutions
- Integrated Solutions
- Medical Solutions



# Medical Solutions

Medical Solutions develops and manufactures complex product systems and components for medical devices, the pharmaceutical industry and diagnostics.

## Performance in 2022

- > Demand was good in 2022, and we are seeing growth in most product segments. The in vitro diagnostics (IVD) segment experienced lower demand and volumes than the previous year as a result of demand normalizing from a high level during the pandemic in 2021 and high inventory levels in the distribution chain being adjusted down.
- > GW Plastics, which was acquired in 2020, has expanded the geographic offering, generated sales synergies and contributed to material volumes and new business opportunities in 2022.
- > The expansion of production capacity in Switzerland, Hungary, Poland, the US and Sweden was completed according to plan in 2022 and the ramp-up of large customer projects has started.
- > The combination of a change in the sales mix, a greater proportion from the surgery area

and a lower proportion from IVD had a negative impact on the margin. A time lag in the charging on of cost increases also had an effect.

- > Cooperation early on in the development process and continued development of sustainable products and solutions, based on renewable or circular materials, has led to new business opportunities together with customers and suppliers.
- > Strategic investments in product development and design have boosted customer value in the form of shorter lead times in the development phase and improved product quality and manufacturability.
- > More efficient energy and resource use, along with a further increase in renewable electricity, has helped cut carbon dioxide emissions and environmental impact, and also led to cost savings.

4,859 (4,067)

Sales, SEKm

457 (457)

Operating profit (EBITA), SEKm

9.4 (11.2)

EBITA margin, %

2,519 (2,546)

Average no. of employees

## MEDICAL SOLUTIONS 2022

# Continued growth and strong global market position with local production

The Medical Solutions business area operates on the market for medical devices, pharmaceuticals and diagnostics, developing and manufacturing complex product systems and components based on advanced polymer technology and automation. This business area also develops and manufactures advanced packaging solutions for pharmaceuticals and dietary supplements.

## Development in 2022

In 2022, the surgery segment experienced good growth, with increased demand across all product segments. Surgery sales were positively affected by more planned operations taking place in health care in 2022 compared with the low number of operations carried out during the pandemic in 2021.

The in vitro diagnostics (IVD) segment experienced lower demand and volumes than the previous year. The lower volumes were mainly due to a normalization of demand following high levels in 2020 and 2021, when demand grew, driven by the

pandemic and the need to conduct more precise diagnostics. Many customers adjusted their inventory down in 2022.

The combination of a change in the sales mix, with a greater proportion from the surgery area and a lower proportion from IVD, had a negative impact on the margin. It has not yet been possible to fully charge on inflationary effects and higher production costs, the greatest impact from which has been in the US. Investments in capacity made in 2021 are still not being fully used and are consequently having a negative impact on the margin.

GW Plastics, acquired in 2020, has added significant volumes and a strong position on the North American market, and has contributed to a solid global position. The acquisition has expanded the customer offering and generated cross-selling, and has also contributed to material volumes and new business opportunities in 2022.

The impact of the handling of the pandemic in China has resulted in lockdowns and travel restrictions in China, which has contributed to continued supply chain disruptions and component shortages. This led to greater demand for continental and regional product flows during the year.

Medical Solutions' extensive expansion of production capacity is a strategic part of the continued global expansion and is meeting the growing demand for continental product flows. The expansion of production capacity in Switzerland, Hungary, Poland, the US and Sweden was completed according to plan in 2022 and the ramp-up of large customer projects has started. Greater proximity to customers enables closer cooperation in the development phase and more efficient transport, which helps cut costs and reduce the environmental footprint.

Further strategic investments in product development and design, primarily in virtual design and prototypes, and simulation, have

## Medical Solutions

### Nature of the market

- > Large, global medical technology, diagnostics and pharmaceutical companies.
- > Long development phases and product life cycles.
- > Extensive regulatory requirements and regulations.
- > High standards on quality, safety and traceability.
- > Consolidation among both customers and suppliers.

### Customer trends

- > Greater focus on core business is leading to product development and production being outsourced.
- > A desire for cooperation early on in the development process.
- > Projects that require shorter lead times and greater globalization.
- > Increasing customer requirements for responsible business conduct, as well as sustainable product packaging and medical devices made from materials with a small carbon footprint.
- > Greater demand for continental and regional product flows.

### Strengths

- > In-depth medical understanding that puts the patient front and center.
- > Expertise to develop and manufacture customized, high-quality solutions and cooperation early on in the development process.
- > Access to Nolato's combined technologies, know-how and resources.
- > Broad technological base and global business partner with local production.

### Strategic focus

- > Organic growth.
- > Partnerships – increased proportion of system projects.
- > Global expansion and acquisitions.

### Volatility

- > Low. Steady market growth. Long-term growth potential.

## Customers & competitors

### Some of Medical Solutions' customers

- > Abbott
- > AstraZeneca
- > Becton Dickinson
- > Boston Scientific
- > Coloplast
- > Hamilton
- > Johnson & Johnson
- > Medtronic
- > Novo Nordisk
- > Pfizer
- > Roche
- > Sanofi
- > Takeda

### Some of Medical Solutions' competitors

- > Carclo
- > Flex
- > Gerresheimer
- > Jabil
- > Nemera
- > Phillips-Medisize
- > Tessa Plastics
- > West Pharmaceuticals

helped increase customer value in the form of shorter lead times in the development phase, enhanced product quality and manufacturability. This enables optimization of the product being manufactured, with improved function, efficiency, productivity and reduced environmental footprint.

During the year, there was also greater demand by customers for cooperation early on in the development process. This increases the business area's ability to have an influence on the product's quality, choice of materials and sustainability by optimizing the design and materials and enabling closer cooperation with the customer. Medical Solutions is an important link between the suppliers of materials and the customers' products, and has a strategic role in customers' transition to products with a lower climate impact.

### Global presence



Development, production and sales take place in Sweden, the UK, Hungary, Switzerland, Poland, the US, Mexico, China and Ireland.

### Products

#### Medical devices

Examples of therapy areas and products: Asthma (inhalers, check valves), diabetes (insulin pens, infusion sets), hearing aids (seals, earpieces), heart rhythm treatment (seals for pacemakers, cardiac anchors), dialysis (seals, connectors), urology (urine catheters, uridomes), surgery (catheter balloons, complete blood purification equipment), diagnostics (PCR tests, blood analyses, allergy tests).

#### Pharmaceutical packaging

Standard or customer-specific primary plastic packaging that meets pharmaceutical and dietary supplement industry requirements.



#### Product life cycle

Long product life cycles.

The emphasis in 2022 remained firmly on developing sustainable products, including by increasing the use of materials with a smaller carbon footprint. The development of sustainable product packaging and medical devices, based on renewable or circular materials, continued to generate new business opportunities together with customers and suppliers during the year.

Strategic lean manufacturing efforts and measures to continually enhance efficiency in Medical Excellence improved productivity and product quality during the year. GW Plastics' operations have been fully integrated and quality management resources coordinated, which has also generated business benefits.

#### Solid market growth with good outlook

Market growth is mainly driven by global population growth, increased access to medications, an aging population in industrialized countries, and more people being affected by lifestyle diseases. This is leading to a growing need for health care, with a greater proportion of self-care at home with medical equipment that patients can use themselves. The need for more precise diagnostics is also a strong driver for IVD. Growth in medical devices is expected to remain solid at around 4%–5% globally.

#### Medical Solutions' market

This market is characterized by companies increasingly prioritizing drug development. This is leading to a need for outsourcing to global solutions providers for both advanced development and production of medical devices. In addition, cooperation with global companies that can manage the entire value chain is becoming increasingly important. There is also a notably greater emphasis on developing medications that require new medical devices to be administered and more and larger development projects with short lead times in the development phase. These market trends are contributing to continued consolidation among both customers and competitors. Nolato is well positioned as a global end-to-end provider to take advantage of continued growth opportunities and to grow faster than the market.

#### Strong position to handle changes in the market

Medical Solutions is well positioned in terms of both expertise and capabilities to meet growing demand for sustainable products and solutions.

Medical Solutions' competitive advantages to address changes in the market and to further strengthen competitiveness:

- > In-depth medical understanding, with a focus on patients.
- > Extensive capabilities in developing and manufacturing sustainable, customized and platform-based solutions.
- > Expertise to handle growing customer requirements for responsible business conduct and to develop sustainable product packaging and medical devices using renewable and circular materials.
- > Good ability to handle the rapid development of technology, including in the field of IoT.
- > Global production and a broad technological base and know-how.
- > Virtual prototypes and simulation at various stages of detail and system level for product and manufacturing optimization.
- > A packaging system supplier that is focused solely on the pharmaceutical and dietary supplements sector.
- > A strong pharma packaging offering that fully complies with regulatory management and applicable quality requirements for both individual components and entire packaging solutions.

#### Strategy for sustained growth

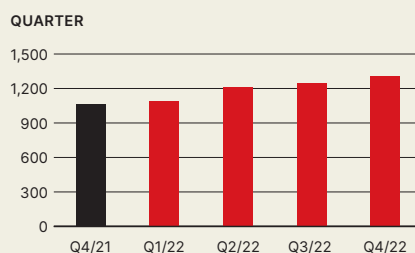
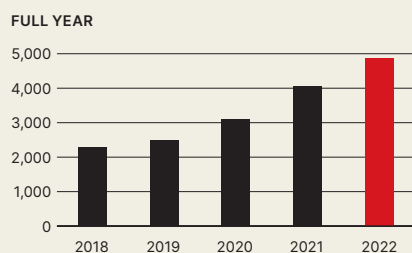
Medical Solutions' vision is to be the acknowledged best global systems solution development and production partner for medical technology, diagnostics and pharmaceutical companies. The strategy is to grow organically in all segments. The aim is to grow both organically and through acquisitions, enabling rapid global expansion. Strategic priorities are growing alongside customers' businesses, and ensuring strong offerings consisting of global production, design optimization, product development and integrated electronics. A combined offering of standardized products with the development of customer-specific products optimized for customers' specific needs is a strategic area of growth.

#### Outlook

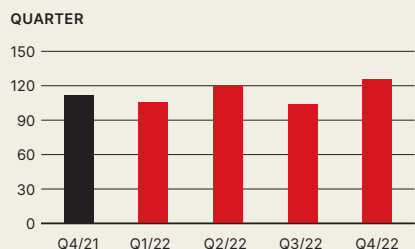
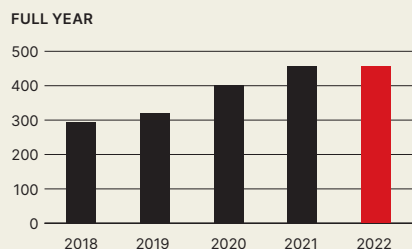
The objective of the Medical Solutions business area is to outpace expected market growth of 4–5%, with growth estimated to be strongest in IVD, autoinjectors, insulin products and incontinence products. Close cooperation with raw material suppliers and ensuring production capacity are strategically important to meet increased demand, particularly in IVD. A continued strong offering of local production to respond to growing demand for regionalization is also key to sustained growth alongside existing customer and customer projects. Building on current initiatives to strengthen our margins is a top priority.



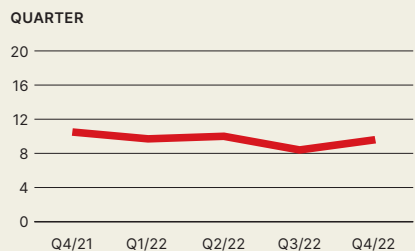
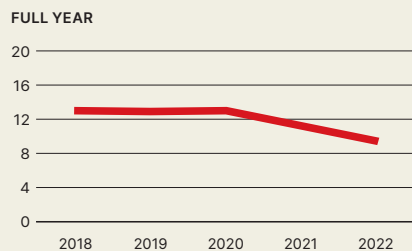
**Net sales, SEKm**



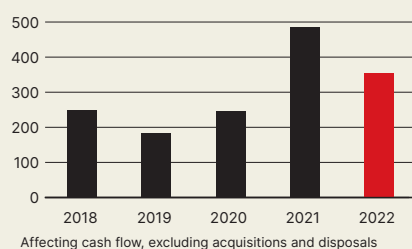
**Operating profit (EBITA), SEKm**



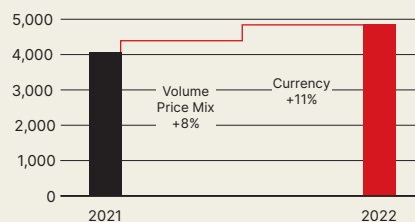
**EBITA margin, %**



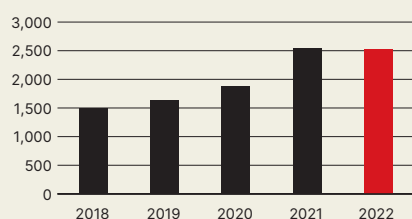
**Investments, SEKm**



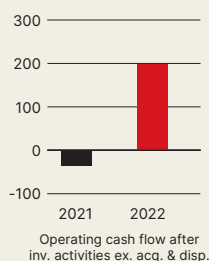
**Change in sales, SEKm**



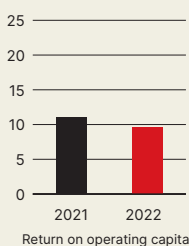
**Average no. of employees**



**Cash flow, SEKm**



**Return, %**



**Business area's units**

**Avenue**  
 Sligo, Ireland  
 Site Manager Ricardo Silva

**Nolato Beijing Medical**  
 Beijing, China  
 MD Thomas Hofflander

**Nolato Cerbo**  
 Trollhättan, Sweden  
 MD Cecilia Hellner

**Nolato Contour**  
 Baldwin, USA  
 MD Tom Gulland

**Nolato GW Bethel**  
 Bethel, USA  
 Site Manager Gene Birmingham  
 (since Jan. 1, 2023)

**Nolato GW Dongguan**  
 Guangdong, China  
 Site Manager Ron Tomes

**Nolato GW Querétaro**  
 El Marques, Mexico  
 Site Manager Eric Olvera

**Nolato GW Royalton**  
 Royalton, USA  
 Site Manager John Therriault

**Nolato GW San Antonio**  
 San Antonio, USA  
 Site Manager Rafael Sojo

**Nolato GW Silicones**  
 Royalton, USA  
 Site Manager Mark Hammond

**Nolato GW Tucson**  
 Tucson, USA  
 Site Manager Ed Boyden

**Nolato Hungary**  
 Mosonmagyaróvár, Hungary  
 Negoiesti, Romania  
 MD Guido Vollrath (since Oct. 1, 2022)

**Nolato Jaycare**  
 Newcastle, UK  
 MD Alan Sweeting

**Nolato MediTech**  
 Hörby and Lomma, Sweden  
 MD Hanna Ingesson (since Jan. 1, 2023)

**Nolato MediTor**  
 Torekov, Sweden  
 MD Johan Barkentin

**Nolato Stargard**  
 Stargard, Poland  
 MD Jonas Hansson

**Nolato Treff**  
 Degersheim, Switzerland  
 MD Guido Vollrath



# Integrated Solutions

Integrated Solutions designs, develops and produces advanced components, subsystems and ready-packaged products for consumer electronics. EMC & Thermal develops and manufactures shielding and heat dissipation products and systems for electronics.

## Performance in 2022

- › Expansion of the customer base in automotive and renewable energy generated good growth for EMC in 2022.
- › Strategic use of Integrated Solutions' combined production resources in China generated closer cooperation with a customer and created new business opportunities across all segments in 2022.
- › Demand in Vaporiser Heating Products (VHPs) decreased in the year as a result of reduced demand in Eastern Europe, which has been negatively affected by Russia's invasion of Ukraine, as well as the impact of dual sourcing and by new regulatory requirements and licensing by Chinese authorities.
- › The impact of the handling of the pandemic in China contributed to supply chain disruptions, component shortages and higher costs. In particular, lower volumes had a negative impact on the margin.
- › Development of sustainable products, based on renewable and circular materials, has led to new business opportunities together with customers and suppliers.
- › During the year, increased purchasing of renewable electricity, close to 100% in all China-based production plants, along with energy saving and reduced material use, helped cut carbon dioxide emissions and environmental impact.
- › This business area's continued strategic investments in technology and digitalization led to more efficient processes and development phases, faster project start-ups and product launches.

**3,311** (5,226)

Sales, SEKm

**334** (671)

Operating profit (EBITA), SEKm

**10.1** (12.8)

EBITA margin, %

**2,870** (4,813)

Average no. of employees

## INTEGRATED SOLUTIONS 2022

# Cutting-edge technology

Integrated Solutions designs, develops and manufactures advanced components and subsystems for rapidly growing fields of technology. The business comprises two business sectors: Consumer Electronics and EMC & Thermal.

Consumer Electronics designs, develops and manufactures advanced components, subsystems and ready-packaged electronic products. Integrated electronics and IoT also remain key drivers. The Consumer Electronics business sector also includes Vaporiser Heating Products (VHPs), for which Nolato supplies heating devices.

EMC & Thermal develops and manufactures process and material solutions for the shielding of electronics to achieve electro-magnetic compatibility (EMC), and for heat dissipation (Thermal). Demand is growing, particularly in the automotive industry, as electrification and electronics develop for all types of vehicles.

## Development in 2022

EMC & Thermal is seeing growing demand, driven primarily by increased electrification

and greater need for electronics in the automotive and aviation industries and the continued roll-out of 4G and 5G networks. The EMC business continued to perform well in 2022, despite a challenging operating climate. The customer base was expanded during the year, and new customers in automotive and the growing renewable energy segment generated new business. The successful product launch, begun in 2020 with Compashield Pad, a surface-mounted grounding component for circuit boards, also generated sustained strong volume growth during the year.

Demand for Vaporiser Heating Products (VHPs) in Eastern Europe was adversely affected by Russia's invasion of Ukraine and by the impact of dual sourcing in the second half of the year. New regulatory requirements for VHP products were introduced in China in 2022. During the year, Nolato applied to the Chinese authorities for a permit, which it received at the start of December 2022. Nolato was unable to manufacture or sell VHP products for most of the fourth quarter due to delays in the authorities' issuing of the permit.

The impact of the handling of the pandemic in China affected the business area's performance during the year. Lockdowns and travel restrictions added to supply chain disruptions and component shortages. Continued disruptions have resulted in higher costs, as well as increased demand for continental and regional product flows. With a strong position as a global high-tech partner with well-established local production on three continents, Integrated Solutions is well equipped to meet this demand.

Parts of the production in China, in both Consumer Electronics and EMC & Thermal, which relocated closer to a customer in 2021, have enabled strategic use of Integrated Solutions' combined production resources in China. This has also generated closer cooperation with a customer, as well as new business opportunities in a number of areas. The business area's combined advanced expertise also enables growth in new segments with exacting requirements for high-tech know-how, such as in renewable energy.

## Integrated Solutions

### Nature of the market

- > A number of large, global companies.
- > Stringent customer requirements for advanced technology.
- > Expectations of short development times and rapid production start-ups.

### Customer trends

- > Constant need for cost-effective solutions.
- > Cosmetic effects, unique design solutions and special functions of great importance.
- > Surge in the need for EMC shielding and heat dissipation for electronics in products.

### Strengths

- > A high level of creativity in development work, combined with cutting-edge technologies, as well as advanced project management.
- > High productivity and rapid production start-ups.

- > Access to Nolato's combined technologies, know-how and resources.
- > A strong position as a global high-tech cooperation partner, with a well-established local presence.

### Strategic focus

- > Organic growth and broader customer offering for new markets.
- > One-stop shop with development of niche technologies, advanced project management and rapid time to market.
- > Further development of EMC & Thermal aimed at reaching new markets and customer segments.

### Volatility

- > High. Project-based operations.

## Customers & competitors

### Some of Integrated Solutions' customers

- |            |            |
|------------|------------|
| > Bosch    | > Jabra    |
| > Delphi   | > Nokia    |
| > Dyson    | > PSS      |
| > Ericsson | > Sonos    |
| > Google   | > Sony     |
| > Gore     | > Veoneer  |
| > Harman   | > Verisure |
| > Huawei   | > ZTE      |

### Some of Integrated Solutions' competitors

- |                     |               |
|---------------------|---------------|
| > Beijing Jones     | > Laird       |
| > BYD               | > Lingyi Tech |
| > China First Union | > Marian      |
| > Chomerics         | > Rosti       |
| > Fabri-Tech        |               |
| > Jabil Green Point |               |



### Global presence



Development, production and sales take place in Sweden, China, Malaysia, Hungary and the US.

### Business sectors

#### Components, subsystems and ready-packaged products for Consumer Electronics

Subsystems for VHPs, mobile phones and home electronics products, which contain injection-molded, painted and decorated components, often integrated with electronics in the form of 'mechanical modules', sometimes water-resistant. Creative material and surface design with significant cosmetic and haptic content. Small, designed adhesive-based components with mechanical and/or cosmetic functions, such as logos, speaker grilles and three-dimensional design elements.

#### EMC & Thermal

Process and material solutions for the shielding of electronics to achieve electromagnetic compatibility (EMC), and for heat dissipation.



#### Product life cycle

Short.

Development of sustainable products, based on renewable and circular materials, has led to new business opportunities together with customers and suppliers. During the year, this business area continued to focus firmly on energy efficiency improvements, reducing waste, minimizing use of water and phasing out environmentally unsustainable chemicals. The business in Beijing has also replaced all buses and internal transport trucks with electric vehicles. During the year, increased purchasing of renewable electricity, close to 100% in all China-based production plants, along with energy saving and reduced material use helped cut carbon dioxide emissions and environmental impact. These measures are strategically important for achieving the Group target of reducing carbon dioxide emissions by 80% by 2025, compared with the average for 2011–2012.

Strategic lean manufacturing efforts resulted in improvements in materials supply helping to cut costs, which offset increases in material costs during the year. The vast majority of the increase in raw material prices during the year was charged on to customers, with some time lag. Continual measures to optimize logistics and streamline production processes also generated business benefits and contributed to cost savings and reducing environmental impact. This business area's continued strategic investments in technology and digitalization are also enabling more efficient processes and development phases, faster project start-ups and product launches.

#### Cutting-edge technology creates growth

Integrated Solutions is refining and expanding its product offering by constantly adapting and developing cutting-edge technologies to ensure they are relevant to more customers. Meeting the evolving needs of customers with stringent demands in terms of technology, expertise and design helps gradually expand the customer base. Integrated Solutions meets customers' high standards and needs in development work and enables rapid adaptation of the customer offering for the changing, fast-paced consumer electronics market. The customer base has also been expanded gradually in the Ceramic and Laser Applications product areas by adapting and developing the products so they are more relevant to companies developing web cameras, fitness trackers, audio speakers, thermostats and other items.

EMC is also seeing growth by responding to new needs of discerning customers in terms of technology, expertise and design, which is leading to a gradual expansion of its offering and customer base. Growth in demand is chiefly fueled by increasing needs for products and applications tailored to 4G and 5G networks as the number of new connected products grows. Increased network traffic and greater electrification, particularly of vehicles, along with new product areas in renewable energy, are contributing to a growing need for materials and process solutions for heat dissipation and shielding. Integrated Solutions also has the expertise to address the need for materials used for demanding heat dissipation for electronics in telecom, environmental technology, automotive, home electronics, IT, smart appliances, medtech and wellbeing products.

#### Varying market positions

Integrated Solutions is largely a niche operator in consumer electronics product areas, based on in-depth in-house expertise in development, design and production. In VHP, this business area is positioned as a strategic partner.

The business area has a strong position in EMC & Thermal as a supplier of technically advanced products, such as shielding solutions for network base stations.

#### Strategy for sustained growth

Its objective is to be a strategic partner and solutions provider for technically advanced products, mainly for high-end segments of the electronics and telecom industry.

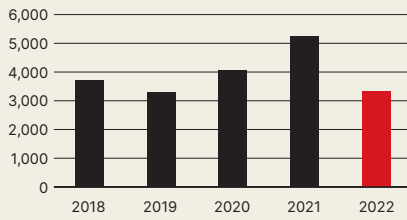
It is intensifying development of electrically and thermally conductive material solutions and components for shielding and heat dissipation in electronics. The aim is to reach new markets and customer segments, both through direct sales channels and licensed partners.

#### Outlook

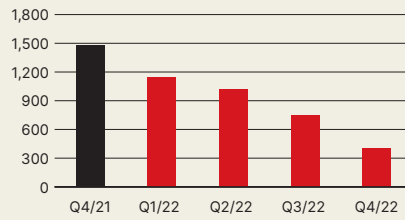
The business area's strategic focus is based on helping existing customers to develop and adding new customers in priority segments. Electrification, particularly in automotive and environmental technology, along with the roll-out of 5G networks, is creating additional good business and growth opportunities for EMC & Thermal.

**Net sales, SEKm**

**FULL YEAR**

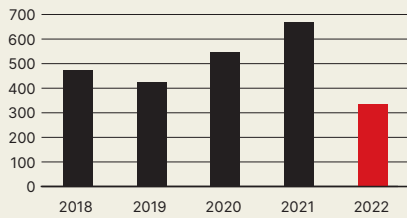


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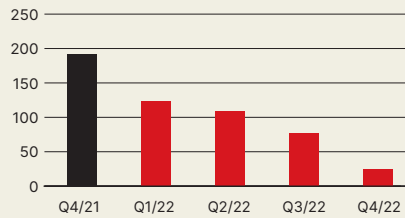


**Operating profit (EBITA), SEKm**

**FULL YEAR**

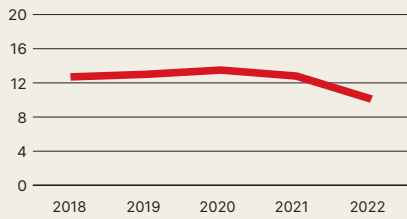


**QUARTER**

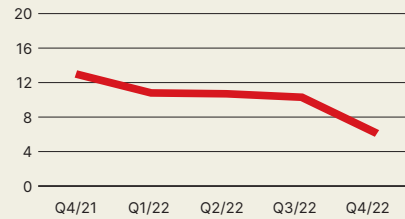


**EBITA margin, %**

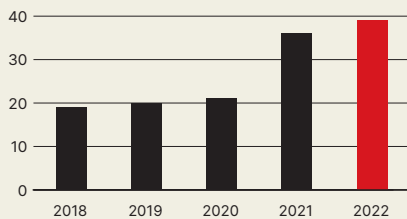
**FULL YEAR**



**QUARTER**

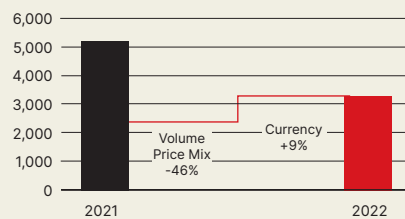


**Investments, SEKm**

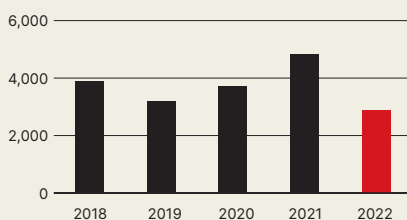


Affecting cash flow, excluding acquisitions and disposals

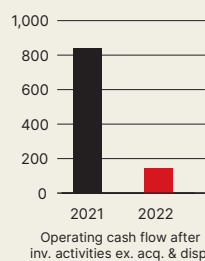
**Change in sales, SEKm**



**Average no. of employees**



**Cash flow, SEKm**



**Business area's units**

**Consumer Electronics:**

Nolato Beijing  
Beijing, China  
Suzhou, China  
Dongguan, China  
MD Thomas Hofflander

**Lövepac Converting**

Beijing, China  
Shenzhen, China  
Penang, Malaysia  
MD Dan Wong

**EMC & Thermal:**

Nolato Silikonteknik  
Hallsberg, Sweden  
Beijing, China  
Suzhou, China  
Penang, Malaysia  
Mosonmagyaróvár, Hungary  
New Jersey, USA  
MD Anders Ericsson

# Industrial Solutions

Industrial Solutions develops and manufactures products and product systems, primarily in polymer materials, for customers in the automotive sector, hygiene, packaging, gardening/forestry, appliances, furniture and other selected industrial segments.

## Performance in 2022

- > Increased sales and stronger market position, despite challenging operating climate.
- > Focus on renewable and circular materials has led to business opportunities together with customers and suppliers.
- > A global offering with manufacturing on three continents, combined with expansion of production capacity in Europe, has strengthened Industrial Solutions as a global business partner with local production and is creating a great platform for further growth.
- > Energy efficiency improvements and a further increase in the percentage of fossil-free electricity has helped cut carbon dioxide emissions and the environmental impact of the business area's production units.
- > Supply chain disruptions and continued component shortages impacted customer demand and resulted in both fluctuating production planning and lower production efficiency in 2022. Together with a time lag in charging on cost increases, this had a negative impact on the margin.

2,618 (2,324)

Sales, SEKm

128 (208)

Operating profit (EBITA), SEKm

4.9 (9.0)

EBITA margin, %

1,230 (1,303)

Average no. of employees

## INDUSTRIAL SOLUTIONS 2022

# Increased sales and stronger market position, despite challenging operating climate

Industrial Solutions develops and manufactures advanced technical products for customers in the automotive sector, as well as for general industry in the hygiene, packaging, gardening/forestry, appliances, furniture and other selected industrial segments. The business has a strong customer focus and manufactures large volumes and long production runs.

## Development in 2022

Despite a challenging operating climate, Industrial Solutions increased sales and strengthened its global market position. Demand remained good in most market areas in 2022. This business area, however, has been impacted by a challenging business environment, comprising inflationary effects and higher production costs for energy, materials and labor. Continued supply chain disruptions and component shortages have resulted in volatile production planning by customers, particularly in the automotive industry. The impact of the handling of the pandemic in China, which has resulted in

lockdowns and travel restrictions, contributed to further supply chain disruptions, component shortages and higher costs.

During the financial year, Industrial Solutions continued its strong focus on its strategic lean manufacturing efforts and efficiency improvements.

This business area's close cooperation with customers and long-term strategic partnerships, along with a firm focus on delivering what the customer wants, helped it manage the disruptions during the year.

Through active price management, a sustained emphasis on constant efficiency gains and good cost control, Industrial Solutions is stepping up efforts to offset cost increases due to inflationary effects and higher manufacturing costs for energy, materials and labor. Lower production efficiency, combined with a time lag in the charging on of cost increases, however, adversely affected the margin in 2022.

An emphasis on renewable and circular materials led to business opportunities together with customers and suppliers, especially in the automotive industry, where there was high demand for sustainable solutions during the year. There has been significant emphasis on developing sustainable solutions based, in particular, on recycled plastic, as well as bioplastics, to replace fossil-based plastic and metal components.

Industrial Solutions is an important link between the suppliers of materials and the customers' products, and has a strategic role in customers' transition to products that have a lower climate impact. The percentage of recycled material also increased in the year, and improvements were made by reducing the amount of waste, saving water and phasing out environmentally unsustainable chemicals.

Further energy efficiency improvements and an increased percentage of fossil-free electricity helped cut the business area's carbon

## Industrial Solutions

### Nature of the market

- > A fragmented and differentiated market with good access to both customers and suppliers.

### Customer trends

- > Growing demand for sustainable solutions such as bioplastics and recycled plastic to replace fossil-based plastic and metal components.
- > A desire for cooperation early on in the development process.
- > Increased demand for continental product flows and sharp growth in the need for global operators that can coordinate local production.

### Strengths

- > Expertise in developing and manufacturing high-quality customer-specific solutions. Extensive technology base, project management and high productivity.

- > Access to the Nolato Group's combined technologies, expertise and resources, as well as extensive know-how in processing recycled materials.

- > A strong position as a global high-tech cooperation partner, with a well-established local presence.

### Strategic focus

- > Helping existing customers develop and winning market share in priority segments.
- > Selective geographic expansion, together with customers and through acquisitions that bring new customers and technologies.
- > Improving productivity.

### Volatility

- > Medium. Follows the industrial business cycle, particularly in Northern Europe.

## Customers & competitors

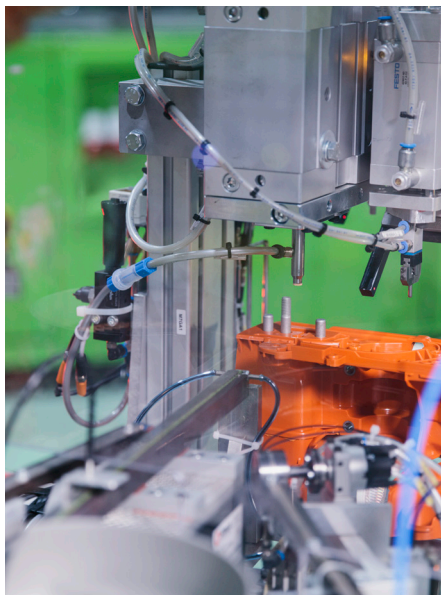
Around one-third of the business area's customers are in the automotive industry, while two-thirds are in general industry.

### Some of Industrial Solutions' customers

- > Bosch
- > Brose
- > Continental
- > Geberit
- > Husqvarna
- > Kinnarps
- > MCT Brattberg
- > Scania
- > SKF
- > Volvo
- > Volvo Cars

### Some of Industrial Solutions' competitors

- > Flextronics
- > KB Components
- > Plastal
- > Rosti (Nordstierman)



### Global presence



Development, production and sales take place in Sweden, Hungary, Switzerland, Romania, the US, China and Mexico.

### Customer sectors

#### General Industry

Ball retainers and storage seals for ball bearings, armrests etc. for office chairs and fireproof cable ducts. Components for microwave ovens, chainsaws and grass trimmers (recoil housing, filler caps, air filter holders, etc.), flushing mechanisms for toilets and brew units for coffee machines.

#### Automotive industry

Exterior details, engine components, gaskets for engines and exhaust systems, interior details, battery casings, etc.



#### Product life cycle

Medium/long.

dioxide emissions during the year. The business in Sweden increased its share of purchased renewable electricity, due in part to the start-up of the solar farm in southern Sweden, which the Nolato Group invested in 2021. The solar farm generates around 15% of Nolato's total energy consumption in Sweden.

During the year, the strategic collaboration between Consumer Electronics within the Integrated Solutions and Industrial Solutions was developed in order to optimize the Group's expertise as part of a combined customer offering. This cooperation enables a broader geographic and technological offering for existing customers. The combined offering of these business areas also meets the growing demand for solutions from Industrial Solutions customers for greater electronics content. The strategic acquisition of GW Plastics, made in 2020, has continued to generate new business opportunities through a broader geographic offering and local production close to customers.

The strategic expansion of production capacity in Switzerland and Hungary, which was completed as planned in 2022, strengthens Industrial Solutions as a global business partner with local production and a great platform for growth. Further supply chain disruptions and component shortages during the year led to a greater need for local production with global coordination. The expansion of production capacity in Europe addresses increased customer demand for continental product flows to improve risk diversification and reduce disruptions to supply chains, as well as enabling more efficient transport and resulting environmental benefits.

#### Strong position in a fragmented market

The polymer products manufacturing market is fragmented, comprising numerous companies, many of which have a strong regional and local focus. The market is highly competitive and highly sensitive to changes in industrial activity.

Industrial Solutions has a strong market position as a global high-tech cooperation partner, with a well-established local presence. The business area has a leading position on the Swedish and European markets. Establishment in the US and Mexico has further strengthened our market position as

a result of an expanded customer offering and global manufacturing.

#### Customized solutions driving growth

Industrial Solutions is firmly focused on customized solutions, and this business area has grown by constantly adapting and develop its offering to the changing demands and needs of industry. This business area meets customers' demand for cost-effective, high-quality products on their regional markets and with the capacity for and expertise in integrated production processes. Offerings are tailored to customer needs by being everything from a high-volume manufacturer of components to a high-tech solutions provider that manages the process from development to delivery of finished products to market.

#### Strategy for profitable growth

Industrial Solutions' objective is to be a leading high-tech supplier, providing development and production of products and product systems in polymer materials for customers in the general industry and automotive sectors. The strategic approach is to help existing customers grow faster than the market in all segments. Growth is generated organically, both by gaining new customers, by growing alongside existing customers on new geographic markets, and through bolt-on acquisitions. Lean manufacturing is a key aspect of delivering on this strategy, which involves focusing on efficient, value-adding processes, an increasingly high degree of integration and automation, as well as optimization of inventory and quality management.

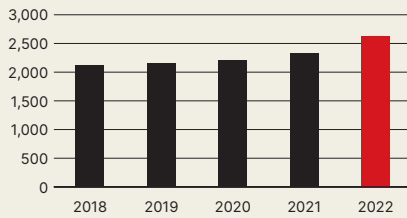
#### Outlook

Industrial Solutions' aim is to grow faster than the market. Its strategic priority is to grow through geographic expansion alongside existing customers and through acquisitions that provide new volumes and technologies. In the short term, however, deterioration in economic conditions could adversely affect volumes. Building on ongoing initiatives to strengthen our margins over the long term is a top priority.

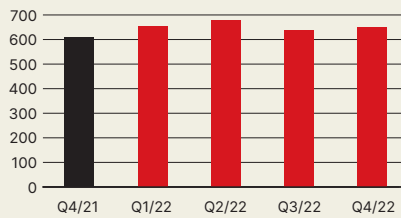


**Net sales, SEKm**

FULL YEAR

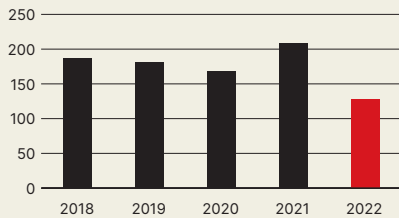


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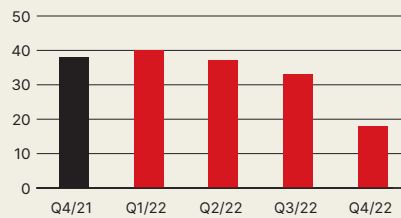


**Operating profit (EBITA), SEKm**

FULL YEAR

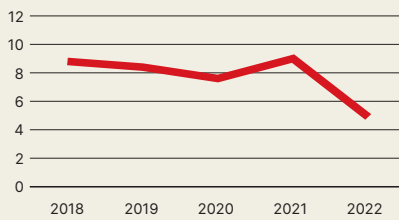


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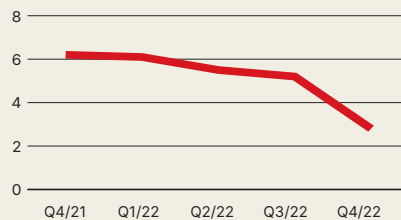


**EBITA margin, %**

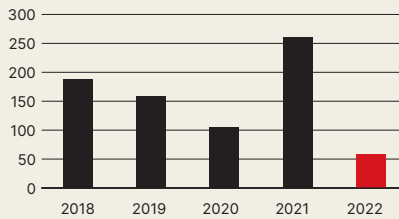
FULL YEAR



QUARTER

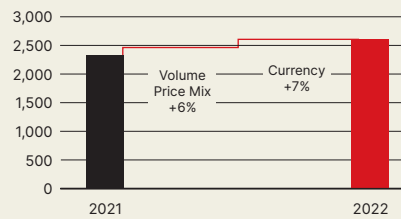


**Investments, SEKm**

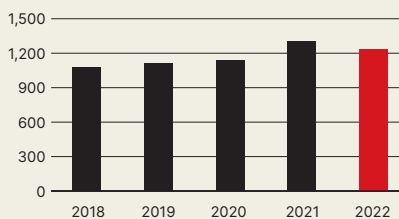


Affecting cash flow, excluding acquisitions and disposals

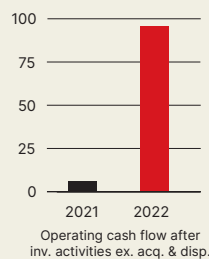
**Change in sales, SEKm**



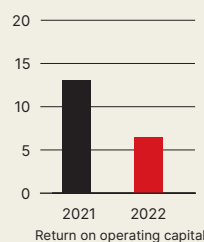
**Average no. of employees**



**Cash flow, SEKm**



**Return, %**



**Business area's units**

Nolato Contour  
Baldwin, USA  
MD Tom Gulland

Nolato Gota  
Götene, Sweden  
MD Olof Pettersson

Nolato GW Dongguan  
Guangdong, China  
Site Manager Ron Tomes

Nolato GW Querétaro  
El Marques, Mexico  
Site Manager Eric Olvera

Nolato GW San Antonio  
San Antonio, USA  
Site Manager Rafael Sojo

Nolato Hungary  
Mosonmagyaróvár, Hungary  
MD Guido Vollrath (since Oct. 1, 2022)

Nolato Lövepac  
Skånes Fagerhult, Sweden  
MD Fredrik Welander (since Jan. 18, 2023)

Nolato Plastteknik  
Gothenburg, Sweden  
MD Olof Pettersson

Nolato Polymer  
Torekov & Ängelholm, Sweden  
MD Anders Willman

Nolato Romania  
Negoiesti, Romania  
MD Guido Vollrath (since Oct. 1, 2022)

Nolato Treff  
Degersheim, Switzerland  
MD Guido Vollrath

# Nolato's sustainable development strategy

Nolato's sustainable development strategy is an integral part of Nolato's overarching strategy for profitable growth and is based on the Global Compact and the UN Sustainable Development Goals. It is focused on addressing challenges in the near future, while equipping ourselves to respond to future expectations and requirements.

## Materiality analysis provides foundation

The materiality analysis helps identify Nolato's most important sustainability issues and lays the foundation for priorities and long-term targets.

The materiality analysis was updated towards the end of the financial year, and Nolato's sustainability strategy, priorities and targets will be reviewed in 2023. Find out more on pages 118–119.



1 Sound business ethics

2 Climate impact

3 Customer requirements in relation to sustainable development

4 Health and safety for employees

5 Product safety and product responsibility

6 Human rights, equality

7 Attractive employer

8 Use of chemical products

9 Land and/or groundwater pollution

10 Production waste and scrap/spills in production

11 Proximity in the supply chain

12 Choice of raw materials

13 Energy consumption

14 Water consumption

15 Pandemics

16 Wastewater emissions

17 Sustainability risks in the supply chain

18 Society's views on plastics

19 Digitalization

20 Transportation of raw materials and products

21 Business travels and company vehicles

22 Products' life cycle

23 Active corporate citizen

24 Legal requirements in relation to the environment and health and safety

25 War zones

**For Nolato, sustainable development means:**

- > Preventive measures: Nolato has a good understanding of our business' impact on people, the environment and society. Risk and costs are reduced through preventive measures, risk analysis and investments in modern technology.
- > Responsibility and transparency: Nolato complies with international guidelines, principles and standards for sustainable development, including via being a signatory to the UN Global Compact. The long-term targets provide a road map for our sustainability work. Progress

and setbacks are reported transparently according to international sustainability reporting standards.

- > Reduced climate impact: Strategic issues for Nolato are reducing the carbon footprint from raw materials and production plants, supporting customers with eco-design\* of products that we develop for them, and preparing ourselves for the impact of climate change on the Group's value chain.

- > New business opportunities: Through our experts working closely with suppliers and customers, we support the development of innovative products with a lower climate impact, which generates both sustainability and business benefits.

\* Find out more about eco-design on page 45.

**SIGNIFICANT EVENTS IN 2022**



Measures in 2022 cut the Group's carbon dioxide emissions from energy consumption (Scope 1 and 2) in absolute terms by 55% compared with 2021.



The percentage of fossil-free electricity used at the production plants in 2022 increased to 84% (70). Production plants in Asia and Europe purchased almost 100% fossil-free electricity.



In 2022, the use of bio-based raw material increased to 74 tons (60). Two units in Sweden were certified for mass balance according to ISCC PLUS, which allows them to offer customers a gradual increase in bio-based plastic.



The solar farm in southern Sweden, with which Nolato signed an agreement in 2021, entered operation in 2022 and will provide Nolato with renewable electricity corresponding to around 15% of the Swedish business' annual usage.



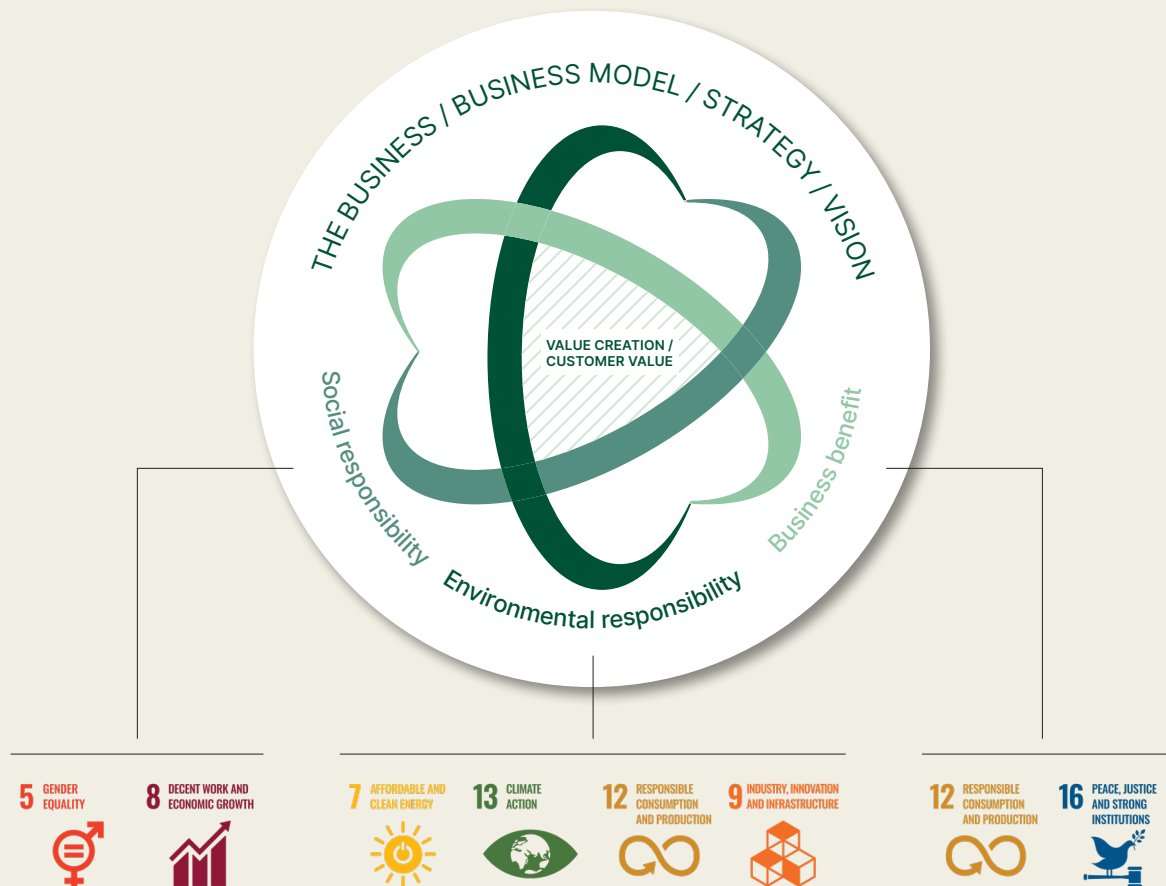
In 2022, Nolato applied for membership of the Science Based Targets initiative (SBTi) and committed to the 1.5-degree target, pledging zero emissions by 2050.

# Sustainable development targets

Nolato's long-term sustainable development targets cover social responsibility, environmental responsibility and business benefits.

The Group has 10 long-term sustainable development targets, based on Nolato's overarching strategy and business. These are integral to Nolato's sustainability strategy and linked to the UN Sustainable Development Goals and Agenda 2030. The following pages contain information about these targets and Nolato's sustainability work.

The sustainability targets are monitored alongside the Group's financial targets.



## Nolato and UN Sustainable Development Goals

The UN presented its Sustainable Development Goals (SDGs) in 2017, as part of its 2030 Agenda for Sustainable Development. The 17 goals provide a clear and useful framework for addressing global challenges, and they have had a huge impact on society. Businesses are expected to contribute by adopting responsible business practices, providing transparent reporting of their own targets and outcomes and developing products and services that foster sustainable development. The UN Sustainable Development Goals help Nolato identify key areas within sustainable development, and the Group has highlighted seven goals that are clearly relevant to our business. With

these goals as a starting point, Nolato can see opportunities to reduce its environmental impact and create business opportunities.

Minimizing Nolato's use of resources and climate impact is an important principle in achieving our targets. We accomplish this by working with innovation, efficiency improvements, investment in new technology, greater use of renewable energy and initiatives focusing on bio-based and recycled plastics. The UN Sustainable Development Goals also provide inspiration for measures on social responsibility, social engagement and business ethics.

## SOCIAL RESPONSIBILITY

Nolato aims to create workplaces where we are proud to work, where our conduct and actions are guided by principles about ethics, integrity and respect for human rights, sound labor relations and good working conditions.



Nolato aims to be both a good employer and a reliable business partner that always acts responsibly, ethically and transparently.

### Updated Code of Conduct

The documents that summarize Nolato's values, 'The Nolato Spirit' and Nolato's Code of Conduct, provide the basis for our efforts to ensure knowledge of and compliance with Nolato's core values and policies, and guidelines for responsible business conduct. The Code of Conduct was extensively updated in 2022. The update included the strengthening and clarification of requirements and expectations regarding human rights, inclusion and safety, based on the Group's global business operations.

**+** Find out more about Nolato's updated Code of Conduct on page 46.

### Clear requirements enable management of sustainability risks in the supply chain

The main risks within social responsibility relate to Nolato's subcontractors. Requiring

subcontractors to comply with our Code of Conduct allows us to manage sustainability risks in the supply chain. We target the elimination of all workplace accidents and have zero tolerance for deficient compliance with human rights or discriminatory treatment.

**+** Find out more about Nolato's monitoring of compliance on page 47.

The Group's employees receive continual training on the Code of Conduct, and non-compliance can be reported by employees and other stakeholders via Nolato's whistleblower function, available on Nolato's website.

**+** Find out more about Nolato's whistleblower function on page 46.

### Safety first

Nolato puts safety first and targets the elimination of occupational injuries, which means no employee being injured at work. Each production plant has a safety committee or equivalent. Nolato's production plants

comply with laws, requirements and relevant health and safety standards. Risk analyses and continual improvements are carried out to prevent accidents. Nolato's units are certified or work in line with ISO 45001 and have systems to manage and record near misses.

A review is carried out when making significant changes to business operations, such as the expansion of capacity or new products, processes and technology, in order to further improve health and safety.

A good safety culture is vital in Nolato's business operations, with onboarding programs, and procedures to continually improve safety and training courses being key to efforts to prevent accidents. Nolato's basic principle of being 'well organized' supports the reporting and prevention of non-compliance, which are key to achieving our objective of eliminating occupational accidents, and also supports a sharper focus on quality, which benefits customers.



Safe workplaces are critical to our business and are just one of our many key factors in attracting new employees and involving current employees in efforts to further enhance the business and their own professional development.

#### Outcome in 2022

The system for recording near misses was improved during the year. A system for near misses had been established at 97% (90) of units by year-end 2022.

Courses and practical training in safety and other subjects were held at Nolato's production plants in China during the year. Nolato Beijing also took part in the China National Health & Safety Cup, organized by the All-China Federation of Trade Unions and the National Health Commission of the PRC. Nolato's team from the factory warehouse in Beijing was among the winning teams.

The number of workplace accidents decreased in 2022 compared with the previous year as a result of continual safety improvement measures. There were 4.5 accidents (5.2) resulting in absence per million hours worked



in 2022. The most common causes of occupational accidents were falls and slips, and injuries from equipment and machinery. Each accident, however, is one too many, and safety measures remain the highest priority in achieving the goal of eliminating workplace accidents.

#### Increased inclusion and diversity

Respect for equality, human rights and inclusive workplaces involves treating everyone with respect and offering everyone equal opportunities and treatment. Nolato endeavors to increase inclusion and diversity, and takes long-term, preventive measures to ensure no cases of inadequate equality, human rights breaches, discrimination or forced labor occur.

Nolato's efforts to ensure inclusive workplaces that are free from all kinds of unacceptable behavior and discrimination are vital. They help retain and attract new employees, increase employee involvement and build a strong brand, which is key to operating a successful global business. One of the Group's initiatives for boosting inclusion and diversity is to employ people with disabilities and, together with local

stakeholders, create job opportunities for newly arrived immigrants with relevant experience or training.

#### Priority gender equality measures

Nolato is prioritizing measures that promote gender equality. Employees of different genders, ages, experience and backgrounds contribute to new approaches and innovative solutions. The Group's initiatives include achieving a better balance between genders, with the aim of increasing the percentage of women in management positions at all levels of the Group. Diversity and gender equality should be prioritized for management appointments in cases of equal skills and suitability.

#### Outcome in 2022

The prioritized work of increasing the percentage of women in management positions at all levels of the Group resulted in 2 (1) female managing directors in Group subsidiaries and the percentage of female managers in local management teams increasing to 28% (27). The Group's executive management committee included 1 (1) female member by year-end 2022.

During the financial year, 18 (17) units, out of 29, took measures to promote gender equality, including in relation to recruitment. By year-end 2022, 72% (69) of the Group's companies had gender equality plans, and the percentage of women employees in the Group was 46% (47) in 2022.

Nolato's efforts to employ people with disabilities continued during 2022, and in Hungary, for example, Nolato had 22 (21) employees with disabilities.

**Training and education**

Employees' skills, experience and involvement allow Nolato to generate value and remain competitive. Committed employees who develop and enjoy their work are essential to the success of the business. Nolato endeavors to support employees'

skills development and create career opportunities, with the aim of offering all employees personal development plans. Nolato's various companies handle skills development according to local needs and traditions.



**Outcome in 2022**

China is the country with the most Nolato employees. In 2022, a new model was established in China to identify talent within Nolato, use scientific methods to evaluate talent and provide the HR department with a tool to match talent to needs to help develop and retain employees. It has been launched as a pilot project in one of the companies and, if successful, will be rolled out to other China-based companies.

As part of employee skills development, employee reviews were held with 60% (44)

of the Group's employees in 2022. During the year, employees attended the equivalent of around 33 hours (37) of training per employee. Training opportunities were partly limited because of pandemic restrictions in Asia. The training courses comprise both regular courses required for regulatory compliance, such as fire drills, and programs for professional categories such as supervisors, process technicians and instructors, as well as being based on individual development plans resulting from employee reviews.

Employee surveys are carried out regularly as part of our efforts to be an attractive employer. These were carried out at 16 (17) units in 2022. 74% of Nolato's employees participated in surveys in 2022.

Target	SDG	Measures to achieve goal	Outcome in 2022
<p><b>Safe workplaces</b> The long-term target is for no one to be injured at work. The number of workplace accidents should be minimized.</p>	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> 	<p>Actions are both preventive and systematic. Relevant and regular training courses are held.</p>	<p>There were 4.5 (5.2) accidents resulting in absence per million hours worked. <sup>1</sup></p>
<p>Systems for registering and managing near misses should be in place at all units.</p>		<p>Participate in national campaigns and competitions in China to promote safety and gauge Nolato's level.</p>	<p>Systems for recording near misses are in place at 97% (90) of units and there are certified health and safety management systems in place at 7 (7) units.</p>
<p><b>Human rights and gender equality</b> There should be no cases of infringements of human rights, discrimination or forced labor.</p>	<p><b>5 GENDER EQUALITY</b></p> 	<p>Nolato's Code of Conduct was extensively updated in 2022, and included the start of planning for training courses and implementation of the Code, to begin in 2023.</p>	<p>No cases of infringements of human rights were recorded in 2022.</p>
<p>Nolato should be/wants to be regarded as an attractive employer.</p>		<p>Employees are regularly kept up to date via various channels, both in dialogue at quarterly or departmental meetings and via employee magazines and the intranet.</p> <p>Nolato contributes to employees' personal development through training courses and the prioritization of internal applicants for new vacancies and creating career opportunities identified in employee reviews.</p>	<p>21 units out of 29 conducted an annual employee survey. Recruitment of people with disabilities continued and increased to 22 (21).</p> <p>60% (44) of Nolato's employees had a documented employee review during the year.</p>
<p>The proportion of women in management positions should increase at all levels of Nolato.</p>		<p>Female candidates should be prioritized for management appointments in cases of equal skills and suitability.</p>	<p>Women make up approximately 28% (27) of local management teams, of which 2 (1) subsidiaries have a female managing director.</p>

<sup>1</sup>Lost time accident rate (LTAR) per 200,000 hours worked, will be reported from 2023.

## ENVIRONMENTAL RESPONSIBILITY

Nolato contributes to combating climate change and reducing our emissions by optimizing energy efficiency, increasing the percentage of renewable energy in our business, and cutting the carbon footprint of our value chain by replacing materials and using more renewable materials. We also help our customers by developing innovative, more sustainable products and solutions that enable a circular economy.



Climate change and the Paris Agreement's 1.5-degree target are increasing understanding of the need to transition to a circular economy and a sustainable society. Increased requirements for a smaller environmental and carbon footprint, and efficient use of resources are driving developments towards a carbon-neutral, circular society. Global warming and natural resource shortages are also spurring legislation and requirements to create circular flows and accelerate the transition to renewable and recycled materials, as well as renewable energy, technological development and green investment.

Strategically important issues for Nolato are: knowledge about and preparation for how climate change will affect the value chain, reducing our carbon footprint from raw materials, production plants, and supporting customers with eco-design\* to cut products' carbon footprint.

In cooperation with suppliers and customers, Nolato is developing innovative sustainable products and solutions with a lower climate impact, creating environmental and business benefits, as well as new business opportunities.



\* Find out more about eco-design on page 45.

### Systematic and preventive environmental measures

Nolato takes a proactive and systematic approach to minimizing its environmental impact and contributes to fulfilling the Paris Agreement by cutting emissions throughout the value chain, from the extraction of raw materials to production, distribution and use of products.

The risks of the environmental and climate impact throughout the value chain are assessed annually. Preventive measures, risk analyses and investment in new tech-

nology provide the basis for measures to reduce both the impact and costs. Issues relating to the climate and energy are a high priority, linked to long-term targets.

In 2022, Nolato invested SEK 88.1 million (67.8) in measures that directly or indirectly help reduce environmental impact and improve health and safety. 47% related to measures concerning energy and climate, such as more energy-efficient production equipment and infrastructure, while 9% related to preventive health and safety measures.

### Significant environmental factors considered

There are a number of significant environmental factors to consider in the manufacture of products from polymer materials, including the use of additives, chemicals, energy and water. Emissions of greenhouse gases and solvents, along with the occurrence of various types of waste, are also key



environmental factors. Indirect environmental issues regarding products, packaging and transport are also factors to consider in efforts to reduce our environmental impact.

**+** Find out more about environmental factors, activities and outcomes on pages 121–126.

### Environmental management systems help cut impact

Within Nolato, the ISO 14001 environmental management system is the most important tool in efforts to systematically reduce our environmental impact. The conditions are being created for credible, systematic sustainability measures within the Group by applying ISO standards and concepts such as lean manufacturing and Medical Excellence, including methods like 5S. The Group's goal is for all units to be ISO 14001 certified and for acquired companies to be certified within two years.

By year-end 2022, 72% (72) of units were environmentally certified to ISO 14001 standards. The unchanged figure for certified production plants compared with the previous year was mainly due to the acquisition of GW Plastics. The business was acquired in 2020 and has had three years instead of two to implement ISO 14001, as the pandemic resulted in other tasks being prioritized.

### Ambitious emissions targets to counter global warming

Nolato is taking a proactive approach for a climate-neutral and circular future, and is

taking responsibility for helping to counter climate change. The Group has ambitious emissions targets, aiming to reduce carbon dioxide emissions from energy usage, Scope 1 and 2, by 80% by 2025 compared with the average for 2011–2012.

Measures to reduce the carbon footprint and contribute to countering global warming are a strategic priority issue for Nolato. So the emphasis is on cutting the Group's carbon dioxide emissions throughout the value chain, from extraction of raw materials to production, distribution and use of products.

Nolato is firmly set on driving efforts to reduce emissions at the pace required to counter and limit climate change to 1.5 degrees. In 2022, Nolato applied to join the Science Based Targets initiative (SBTi) and committed to the 1.5-degree target and achieving zero emissions by 2050.

### Outcome in 2022

In 2022, Nolato continued its firm focus on cutting the Group's carbon dioxide emissions through more efficient energy usage, purchasing a greater share of fossil-free electricity, the installation of solar panels, increased use of renewable raw material and phasing out of fossil-based fuels.

In 2022, the percentage of renewable electricity at production plants in China and the Group reached almost 100% for the purchase of fossil-free electricity in Asia and Europe. The purchase of renewable energy for pro-

duction plants in the US also started in the year, and the percentage of fossil-free electricity at Nolato's plants increased to 84% (70) overall in 2022.

The solar farm in southern Sweden, with which Nolato signed an agreement in 2021, entered operation in 2022 and will provide Nolato with renewable electricity corresponding to around 15% of the Swedish business' annual usage. During the year, Nolato also examined the possibility of signing additional power purchase agreements (PPAs) based on renewable electricity in Sweden. Nolato also participates in other initiatives together with customers and suppliers to ensure renewable electricity and is evaluating possibilities in markets in both Europe and the US.

Efforts to find new alternatives for renewable and recycled materials were stepped up in 2022. The polymer industry is transitioning from fossil to renewable inputs for plastic, and the choice of both bio-based and recycled plastic is still limited. Nolato Cerbo and Nolato Plastteknik were certified in 2022 for mass balance under the ISCC PLUS standard, which allows Nolato to gradually increase the amount of bio-based material. The use of bio-based raw material increased during the year, amounting to 74 tons (60) in 2022.

**+** Find out more about our reduced environmental footprint from raw materials on pages 42 and 123.

## Nolato's strategy to help combat climate change

Nolato aims to contribute to fulfilling the Paris Agreement and to help limit global warming by cutting emissions throughout the value chain, from extraction of raw materials to production, distribution and use of products.

Nolato takes a long-term approach, working in three strategic areas to help limit global warming.

- > Reduce our own greenhouse gas emissions from energy usage through energy efficiency improvements and the use of renewable electricity in our own business.
- > Reduce the footprint of Nolato's value chain, which mainly consists of raw materials used

in production and comprises the majority of Scope 3. Nolato's strategic approach is to monitor and influence developments in the direction of bio-based, mass-balanced\* and recycled materials to replace fossil raw materials in current polymer materials. Together with suppliers, various renewable alternatives that are relevant to different customers and industries are being evaluated. Suppliers are being encouraged to follow the same initiatives as Nolato, such as signing up to SBTi.

- > Adopt a strategic role in customer projects by supporting customers to design, produce and distribute products that make it possible to avoid, reduce and remove emissions. This

is possible by replacing materials (for example, replacing metal and glass with plastic), reducing the weight of an existing plastic product, switching the type of plastic to one with lower CO<sub>2</sub> equivalents, optimizing the product for transport and preparing for recycling at end of life.

Find out more about Nolato's eco-design model on page 45.

\* Find out more about mass balance on page 42.

# Mass balance: a key milestone

Mass balance is a beneficial way of accelerating the industry's transition to using plastic produced from renewable bio-based raw materials or recycled plastic.

There is now significant interest in switching from plastic produced from fossil raw materials to plastic made from more sustainable, renewable raw materials such as tall oil, used cooking oil, other vegetable oil or from molecular-recycled plastic.

However, transitioning the entire industry to only use sustainable raw materials is a huge change that can't be made, either economically or practically, in the short term. The mass balance approach to plastics has emerged to accelerate this transition and make it possible to do this gradually. This approach is an important milestone on the path to bio-based, circular use of plastic.

## Similar to the green electricity process

In simple terms, the mass balance approach is when, together with one of our customers, we decide to manufacture a product in bioplastic and order that amount of bioplastic granules from one of our raw-material suppliers. Our supplier, in turn, buys in the corresponding amount of bio-based raw material, mixes this with fossil raw materials and produces the granules that we use in our injection-molding machines.

Our granules then consist of a mix of bio-based and fossil raw materials. The exact same mix is also supplied to the raw material producer's customers that did not order bio-based raw material. So although the product we manufacture is not manufactured from pure bio-based raw materials, we know that a corresponding amount of bio-based plastic will be used overall in the plastics industry.

This means the decision to use bio-based raw materials has increased the use of sustainable raw materials around the world and reduced the use of fossil raw materials to a corresponding extent.

"This approach is very similar to developments in global electricity production," says

Glenn Svedberg, Group Sustainability Director at Nolato.

"It's the same electricity in the cables to your home, whether or not you pay for green electricity, but your order to the electricity company to only purchase electricity produced from renewable sources like wind, hydro and solar means the overall mix is slightly greener for everyone."

## Single-use products and packaging

But using the mass balance approach to plastic doesn't work equally well in all situations.

"We find it's mainly in single-use medical products and packaging that mass balance works best, as it's easiest to calculate what percentage of bio-based raw material the client can label their final product as," says Glenn Svedberg.

Within Nolato, Gothenburg-based Nolato Plastteknik and Nolato Cerbo in Trollhättan have been certified by the regulatory body International Sustainability and Carbon Certification (ISCC) for the use of mass balance for the manufacture of plastic packaging. The customer, which has also signed up to ISCC through certification or licensing, can then inform its end-customers and label the company's products, indicating they were manufactured from ISCC PLUS-certified plastic at the percentage that the company opted to purchase. This is calculated purely mathematically, as all of the versions of the packaging are, in fact, manufactured from the same plastic.

The advantages for customers in the pharma industry is that they can increase the percentage of renewable raw materials without needing to undergo new testing and without the need for trials of the products by global authorities. That saves a lot of money and, above all, time.



In 2023, Nolato will establish a road map, including specific targets and activities, so that absolute greenhouse gas emissions (Scope 1, 2 and 3) are reduced to support SBTi's 1.5-degree target from 2020 to 2030. Work to calculate the Group's Scope 3-related carbon dioxide emissions began in 2022, and up to 90% of Nolato's Scope 3 footprint is assessed to stem from raw materials, mainly plastic granules.

Measures taken during the year cut the Group's carbon dioxide emissions from energy consumption by 51% compared with 2021. This means Nolato is ahead of schedule in terms of achieving the Group's target of reducing Scope 1 and 2 carbon dioxide emissions by 80% by 2025 compared with the average for 2011–2012 (tons/net sales).

#### **Continual energy efficiency improvements**

The Group's production plants are energy intensive and account for most of the Group's energy consumption. Energy efficiency improvements enable both a reduction in carbon dioxide emissions and cost savings. Nolato is working systematically and continually to improve the energy efficiency of its operations. This work is adapted according to

regional regulations, laws and certifications. Each production unit carries out energy audits and undertakes energy efficiency improvements.

#### **Outcome in 2022**

In 2022, there was a firm focus on continued investments in more energy-efficient production equipment, infrastructure and lighting.

Work in Europe was stepped up in 2022 to identify new opportunities to further improve energy efficiency on the back of high energy prices. The year saw the start of a separate initiative with all plants in Sweden to identify energy savings, learn from each other and establish simple procedures to minimize energy needs.

Nolato is well on track to achieve its target by 2025, which will result in a 55% reduction compared with the average for 2011–2012 (GWh/net sales).

#### **Reduced environmental footprint from raw materials**

Nolato cooperates over the long term with customers and suppliers to reduce the carbon footprint of products. The Group's pro-

active measures to find and evaluate alternatives and increase the use of recycled and bio-based raw materials are important in reducing the carbon footprint. The climate impact of products can be reduced, for example, by switching from fossil-based plastic with a large carbon dioxide footprint to an equivalent with a smaller footprint or, even better for the environment, to bio-based or recycled raw materials. Eco-design, which helps reduce the use of resources and adaptation to a circular society, helps achieve additional sustainability benefits.

Nolato's target is for the percentage of bio-based and recycled raw materials to increase and for carbon dioxide emissions related to products (Scope 3) to decrease by 5% between 2020 and 2025 in tons/net sales.

#### **Outcome in 2022**

Over the financial year, Nolato increased its cooperation with both suppliers and customers and held a large number of meetings regarding renewable raw materials as an alternative to fossil-based materials.

A range of primary pharmaceutical packaging products using renewable materials has



been launched, and two of Nolato's units were certified to ISCC PLUS standard during the year. This enables Nolato to offer renewable raw materials, known as 'mass-balanced' materials, consisting of bio-based or chemically recycled raw materials.

In 2022, Nolato increased the amount of bio-based plastics and used a total of 74 tons (60).

The pace of the switch to renewable raw materials is affected by the fact that it often requires extensive testing to validate func-

tion when replacing materials and that access to bio-based and recycled materials is still relatively limited. Access to recycled and bio-based raw materials are expected to increase materially in the second half of the 2020s.

#### Phasing out of hazardous chemicals

Nolato's business contains a limited amount of chemicals. Nolato continually works systematically to ensure safe handling of chemical products with a view to phasing out hazardous chemical substances. This work is aimed at ensuring good health and






safety and minimizing the risk of employees, customers and the environment being exposed to hazardous chemical substances.

#### Outcome in 2022

During the year, Nolato continued phasing out hazardous chemical substances where possible. In 2022, more than 30 (50) chemical products were phased out or replaced with alternative products that are better for the environment and for people's health.

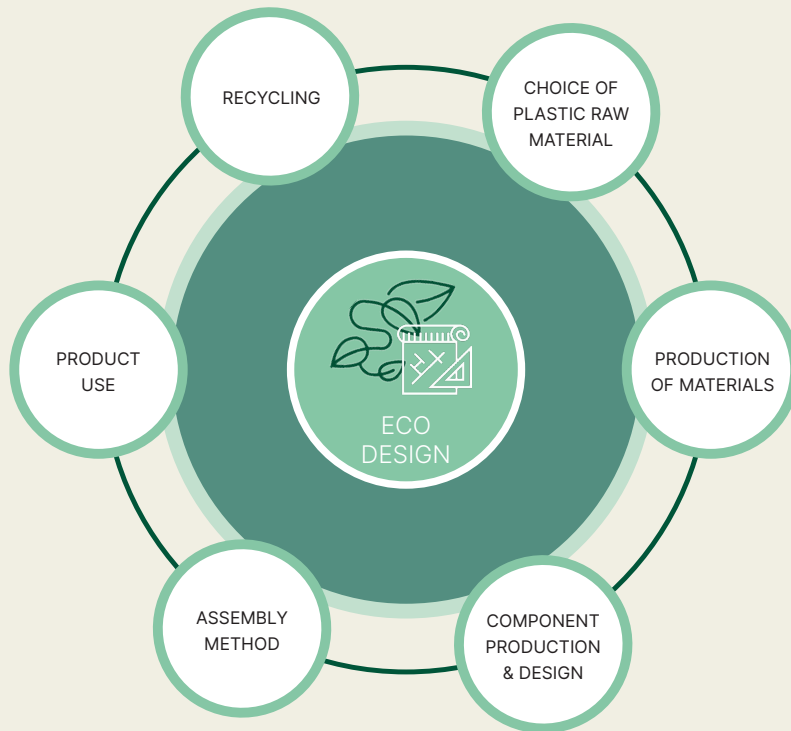


Find out more about the Group's work with chemicals on pages 123 and 125.

Target	SDG	Measures to achieve goal	Outcome
<b>Carbon emissions</b> Carbon dioxide emissions from energy consumption (Scope 1 and 2) are to be reduced by 80% by 2025, compared with the average for 2011–2012 (tons/net sales).	<b>13 CLIMATE ACTION</b> 	More efficient use of energy, installing heat pumps, procuring fossil-free electricity, fitting of own solar panels, contracts with solar farms, and phasing out fossil fuels.	Since 2011–2012, carbon dioxide emissions from energy consumption (tons/net sales) have declined by roughly 90 percentage points. Nolato is consequently on its way to achieving its target by 2025.
<b>Energy</b> More efficient energy use; by 2025 usage should decrease by 55% compared with the average for 2011–2012 (GWh/net sales).	<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	Continued investment in more energy-efficient production equipment, infrastructure and lighting. Increased automation could mean higher electricity consumption in the longer term.	Since 2011–2012, GWh/net sales has decreased by 52%, which means Nolato is on its way of achieving its target by 2025.
<b>Climate impact: raw materials and products</b> There should be an increase in the percentage of bio-based and recycled raw materials. Carbon dioxide emissions related to products (Scope 3) should be reduced by 5% between 2020 and 2025 (tons/net sales).	<b>13 CLIMATE ACTION</b> 	The climate impact of products is being reduced through greater use of bio-based and reduced raw materials, together with designs that contribute to a circular economy. Nolato aims to be at the forefront of sustainability projects with customers and other stakeholders.	74 (60) tons of bio-based and 682 (1,441) tons of recycled plastics were used in 2022. The amount of recycled material has declined as the method was changed, and Nolato now uses a strict model that specifies the weight of recycled material, while the previous model specified the weight of recycled material contained in the material. The change has been made to ensure the calculation of Scope 3 emissions is correct. A number of projects with customers were successfully undertaken during the year and the number of specific discussions about renewable materials is growing.
<b>Chemical products</b> Hazardous chemical substances should be identified and, where possible, phased out.	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	A number of chemical substances have been identified as candidates to be phased out. Continued measures for the safe handling of chemical products are being implemented.	During the year, more than 30 (50) chemical products were replaced with alternatives that are better for the environment and for people's health.
<b>Environmental management systems</b> All units to be ISO 14001 certified.	<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	Acquired companies should be certified within two years.	72% (72) of production units are certified in accordance with ISO 14001.

# Nolato's eco-design model

Nolato's eco-design model aims to optimize a product's overall environmental impact.



Nolato's eco-design comprises six strategic areas:

## 1. Choice of plastic raw material

Plastic often has a smaller footprint than glass and metal. And there is also a big difference in carbon footprint between different types of plastic. Different types of plastic are chosen depending on a product's area of application (pressure, temperature, tensile strength, dynamics/vibration, etc.). Nolato seeks to find new versions of basic materials with a smaller carbon footprint that can replace traditional technically advanced materials that are often both more expensive and have a larger carbon footprint.

## 2. Production of materials

The assessment of raw materials for the production of materials, i.e. what is used as a basis for the manufacture of the chosen

type of plastic, is key to optimizing a product's overall carbon footprint. This assessment aims to find alternatives to fossil raw materials, such as bio-based or materials that have been recycled, either mechanically or chemically. The location of the raw material's production is also considered to optimize transportation. Factors considered include renewable energy used in the product's manufacture, as the source of energy for production is highly significant.

## 3. Component manufacture and design

Design is key to optimizing weight and injection molding for a given function specification (strength, lifespan, etc.). Lower weight means less resource usage, as less material can be melted and cooled more quickly, making for a more efficient manufacturing process. The efficiency and quality of molds, machinery and other equipment

are other crucial factors. Molds are designed for optimal cycle time, and great importance is placed on isolating sections that need to be heated from channels that cool another. The choice of other equipment is also crucial, as the unit that controls the temperature in the different sections of a mold has a significant impact on overall energy use in injection molding. The manufacturing location, i.e. the region and country, and which type of energy is used in production also has a major influence on the carbon footprint.

## 4. Assembly method

The assembly of components to make a finished product can be done in numerous different ways. The method of assembly is influenced by the desired technical lifespan and the product's area of use and design. A judgement is made between speed (=cost) of assembly and the ability to disassemble the product for repair, upgrade or refurbishment, which are significant factors for climate impact and a circular economy.

## 5. Product use

This stage assesses whether it is a passive or active product, which is mainly the responsibility of Nolato's customers. An active product means that it continues consuming resources, such as energy, over its useful life. A fossil-based vehicle, for instance, has a significant carbon footprint when it is used, whereas an electric vehicle charged with renewable electricity has a much smaller carbon footprint when used.

## 6. Recycling

Circularity, i.e. the ability to recycle materials, is an important factor in optimizing a product's environmental footprint. The main consideration in this regard is whether the product can be upgraded or refurbished to extend its useful life. A factor to consider in recycling is whether a component could be manufactured in a 'mono-material', i.e. when a component essentially consists of material that makes it possible to recycle instead of recovering energy.

## BUSINESS BENEFITS

Nolato promotes and applies sound business ethics and endeavors to combat all forms of corruption. We conduct business with a high level of integrity and expect the same of our suppliers and business partners. Taking responsibility for what we do and showing awareness are a core part of our corporate culture.



Being a good employer and corporate citizen, while also acting responsibly, ethically and transparently, is of great strategic importance to Nolato. Our proactive, responsible approach also generates business benefits and opportunities. Since 2010, Nolato has been a signatory to the UN Global Compact, which comprises 10 principles on the environment, human rights, labor conditions and the combatting of corruption. The Group's Code of Conduct, which is available on Nolato's website, sets the framework and demonstrates that Nolato operates its business in accordance with the relevant conventions, regulations and laws. The Code of Conduct includes core values, policies and guidelines for responsible business conduct, which Nolato requires employees, suppliers and business partners to comply with.

### Sustainable business relationships

Nolato's Code of Conduct also provided the basis for efforts to promote good business ethics and prevent corruption. As part of the work to maintain sustainable business relationships and good business ethics, Nolato provides training in and monitoring of compliance with the Code of Conduct. Prevention of corruption is a key part of this work, and is also something Nolato has adopted based on the principles of the Global Compact. The Group's target is for there to be no cases of bribery, corruption or cartel formation.



Find out more about risks and governance on pages 58 and 71–73.

### Preventive training

Continual training of employees is key to Nolato's preventive efforts to ensure good business ethics and combat corruption. Knowledge of legislation and what is permitted in different business relationships and situations is essential to prevent, detect and manage these risks.

The Code of Conduct, together with information about Nolato's core values and corporate culture, is part of the onboarding program for new employees. The management of each Group company is responsible for training in, monitoring of and compliance with the Code of Conduct. Managers and employees in purchasing and sales receive regular training on matters relating to corruption, cartel formation and business ethics.

### Update of the Code of Conduct

Nolato's Code of Conduct was extensively updated in 2022. The updated Code clarifies requirements for and expectations of both employees and suppliers in preparation for the EU Corporate Sustainability Reporting Directive (CSRD). The Code was launched at the start of 2023 and is available on Nolato's website and has been translated into the languages used within Nolato. Implementation of and training in the Code will take place locally in each company in 2023, supported by centrally produced presentation materials. The goal is for all the Group's employees to attend this training in 2023.

### Whistleblower system

Nolato's whistleblower system, available on Nolato's website, allows employees and other stakeholders to report, anonymously and without risk of reprisal, suspicions of breaches of law or the company's internal rules and policies.

Nolato's whistleblower system was updated in 2022 to ensure compliance with the EU's directive on the protection of persons who report breaches of Union law (2019/1937) and those new national laws based on the directive. Nolato's whistleblower system is available for both employees and other stakeholders linked to Nolato and is active in all countries in which the Group operates.

No reports were received by Nolato's whistleblower system in 2022 that satisfy the definition of whistleblowing as set out in the Swedish Whistleblowing Act (2021:890) or the EU's directive on the protection of persons who report breaches of Union law (2019/1937).

Nor were any incidents relating to corruption, cartel formation or inadequate business ethics recorded during the year.



Find out more about Nolato's work on governance and monitoring of ethical issues on pages 58 and 127–129.

### Sustainable value chains for purchasing

Nolato's purchase of goods and services from a number of countries generates various types of value chains. By cooperating with and placing requirements on suppliers, Nolato is able to influence working conditions and the environment outside its own direct business.

### Complex global supply chains increase the need for transparency.

Nolato's supply chain is global and includes both direct and indirect materials and services. The Group has around 6,000 suppliers, and supplier relationships are usually long-term. Purchasing usually takes place from suppliers in North America, Europe and Asia within around 25 different categories, the largest two of which are raw materials (plastic) and components. Global, complex supply chains increase the need for reliable information about suppliers' activities. In 2022, Nolato clarified the social and environmental sustainability risks in its value chain. In conjunction with this, it added geopolitical risk as an additional dimension in the model used to categorize suppliers and assess risk in relation to them.

### Updated Supplier Code of Conduct

The extensive review and update of the Code of Conduct in 2022 has further strengthened and clarified Nolato's requirements and expectations of our suppliers. Updates during the year concerned, for example, requirements relating to a responsible supply chain. Work on following up and increasing the number

of strategic suppliers that agree to comply with the Code is ongoing, and from 2023 it will be included as a key performance indicator in subsidiaries' monthly reporting.

### Systematic supplier assessment

Nolato is systematic in its assessment of suppliers, with the aim of all strategic suppliers being assessed according to Nolato's guidelines for suppliers by 2025. Nolato's model for categorizing strategic suppliers is based on geopolitical risk, purchasing volumes and direct impact on quality or safety. Nolato has categorized around 760 of the Group's suppliers as strategic suppliers. These strategic suppliers account for approximately 80% of the Group's purchasing value.

Nolato's strategic suppliers are assessed using an extensive questionnaire regarding management systems and sustainability via the Group's digital platform for supplier assessments, which was launched in 2021. The basis is that suppliers must meet Nolato's requirements and accept the Group's Code of Conduct, or a supplier must have its own code of conduct that corresponds to Nolato's requirements. The Code of Conduct defines the values and ethical guidelines that Nolato stands for and requires suppliers to comply with. Requiring suppliers to comply with the Code enables governance of sustainability risks in the supply chain. Nolato's implementation of supplier assessments together with suppliers aims to ensure responsible conduct throughout the value chain.

Work to review strategic suppliers is ongoing, and by year-end 2022 60% of strategic suppliers had accepted Nolato's Code of Conduct or had their own code of conduct corresponding to Nolato's requirements.

During the year, the ownership structure of business partners in those countries that Nolato has defined as risk zones was analyzed, as well as in relation to new restrictions in the EU due to Russia's invasion of Ukraine. This resulted in the discontinuation of a few business relationships in Russia.

**+** Find out more about supplier assessments on pages 128–129.

### Customers' first choice for sustainability

Customers' requirements and expectations are continually changing and being affected, both by developments in sustainability and by legislation. Nolato takes a proactive, long-term approach to identify trends and customer requirements in order to exceed customer requirements and be the customer's first choice for sustainability.

Customer interest in and knowledge about climate issues and renewable and recycled raw materials increased during the year. It has also become increasingly important to be able to guide customers in available choices and alternatives in terms of their products' sustainability performance, for instance by calculating the carbon footprint or using life cycle analyses (LCAs). Requirements to





comply with codes of conduct throughout the supply chain have also become more common. The number of customer assessment and issues regarding sustainable development also increased during the year.

#### Outcome in 2022

Nolato's development of sustainable and environmentally sound products were a high priority during the year, and the Group's combined expertise and technologies helped identify opportunities to reduce both customers' and Nolato's impact on the environment and people in the value chain.

Nolato helped reduce the environmental footprint of products and customers by phasing out fossil fuels, boosting energy efficiency and increasing the use of renewable raw materials.

Continuing professional development and the use of digital tools to simulate products' function and performance helped optimize products' use of resources and enabled circular flows. Nolato's support of customers with eco-design is strategically important expertise and helps reduce the carbon footprint of products.



Find out more about Nolato's eco-design model on page 45.

In 2022, Nolato started developing a method for calculating carbon dioxide equivalents to create decision guidance documentation for various alternative solutions and materials

relating to the carbon footprint. The model is scheduled to be ready by early 2023.

#### Regular customer surveys

As part of achieving the goal of being the customer's first choice for sustainability, customer satisfaction surveys are conducted to track customers' perception of Nolato's products and services and customers' future expectations. Most Group companies conducted these surveys during the year. The results showed an improvement on the previous year, at 7.96 (7.72) on a 10-point scale. The customer survey is carried out by an external third party and has both quantitative and qualitative sections. 912 customers were contacted and 52% (40) responded. Each company's management is responsible for establishing relevant action plans based on the results of the survey.

#### Nolato's community engagement

Nolato is a significant global employer and business partner, which means our business affects people, the environment and society in many locations in many countries. We therefore endeavor to be a responsible corporate citizen and have a positive impact on the communities in which we operate through cooperation and engagement.



Find out more on pages 128–129.

#### Nolato's role in society

The Group manufactures products and components for leading customers in medical

devices, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industries. These products and components are part of customers' products that are of great importance to many parts of society, including in diagnostics and respirators, areas that can be regarded as essential to society.

Business operations are conducted in Europe, Asia and North America, and Nolato is a significant local employer in many regions. The Group employs over 6,000 people and indirectly provides work for thousands more people.

#### Cooperation and coordination with local communities

It is vital for Nolato to understand the needs of local communities in order to act as a responsible organization. Nolato therefore cooperates with local communities in numerous ways and also takes a proactive, long-term approach to create jobs where we already have business operations.


A priority initiative is cooperation with municipalities to create employment opportunities for newly arrived immigrants, supporting integration, and to create jobs for the long-term unemployed. A number of initiatives are also being conducted with education services in several regions. This includes study visits by students from various target groups and stages of their education. Initiatives to encourage more women into technical training and professions are also undertaken.





In China, Nolato has for many years supported schools in deprived rural areas, for example, by contributing teaching materials and donating used IT equipment. Nolato also has long-term strategic cooperation initiatives with universities and takes part in various research projects.

Participating in public debate and engaging on an ongoing basis with government authorities, politicians, industry and stakeholder organizations is also part of this. For example, Nolato is an active member of the Nordic Bioplastics Organization.

In several of the locations where it operates, Nolato also sponsors local sports, with a focus on young people to encourage movement and promote health.

 Find out more about Nolato's cooperation initiatives on page 129.

Target	SDG	Measures to achieve goal	Outcome
<p><b>Anti-corruption</b> Ensure training of employees in the Code of Conduct and anti-corruption measures.</p> <p>There should be no cases of bribery, corruption or cartel formation.</p>	<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>Use of preventive procedures and the Code of Conduct, as well as monitoring of compliance.</p> <p>Training in the Code of Conduct and anti-corruption measures.</p> <p>Information about Nolato's values, corporate culture and Code of Conduct are part of the onboarding process for all new employees.</p> <p>Extensive update of the Code of Conduct.</p> <p>Application of the whistleblower system throughout the Group.</p>	<p>61% of the Group's purchasers were trained in anti-corruption towards the end of the year.</p> <p>The annual evaluation of Group companies' anti-corruption measures indicated a persistently high level of ambition. No incidents relating to corruption or inadequate business ethics were reported in 2022.</p> <p>Business partners in risk zones were analyzed with regard to new restrictions in the EU and some business relationships were discontinued.</p>
<p><b>Customers</b> Nolato aims to maintain a leading position and be perceived as the customer's first choice within sustainable development.</p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Trends and customer requirements within sustainable development should be identified and, where relevant, turned into practical measures. The overriding aim is to exceed customer expectations.</p> <p>Annual survey of customer satisfaction regarding customers' perception of the company's products and services, as well as future expectations.</p>	<p>Interest in climate issues, and renewable or recycled raw materials grew in 2022.</p> <p>Increased number of customer meetings in 2022 about solutions and alternatives that support sustainable development.</p> <p>Professional development and the use of digital tools to simulate products' function and performance has helped optimize products' use of resources and enabled circular flows.</p> <p>Start of development of a CO<sub>2</sub>e calculator, that provides guidance on the choice of alternative solutions and materials with regard to the carbon footprint. The model is scheduled to be ready by early 2023.</p>
<p><b>Suppliers</b> By 2025, all strategic suppliers<sup>1</sup> will be assessed based on Nolato's guidelines for suppliers.</p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>In 2022, Nolato refined the Group's guideline on categorizing suppliers so that it now also includes geopolitical risk level.</p> <p>Assessment of Nolato's strategic suppliers using an extensive questionnaire on management systems and sustainability.</p>	<p>By year-end 2022, 60% of strategic suppliers had accepted Nolato's Code of Conduct or had their own code of conduct corresponding to Nolato's requirements.</p>

<sup>1</sup> Nolato's strategic suppliers represent 80% of purchasing value, or could have a direct impact on Nolato's product quality, employees and production plants, and/or sustainability work, or have operations in a region with high geopolitical risk.

# Nolato and the EU taxonomy for sustainable investments

The taxonomy for environmentally sustainable investments (the Taxonomy Regulation) is one of the measures in the EU's Sustainable Finance Action Plan. The taxonomy enables investors to identify and compare investments that are essential to achieving a sustainable economy. The idea is for it to form the basis of future standards and labelling of sustainable financial products. Companies with more than 500 employees are expected to report sales, capital investments and operating expenditure in accordance with the taxonomy.

The following applies to the taxonomy:

– **Contribute to environmental objectives:**

To be sustainable according to the regulation, a business must materially contribute to at least one of the taxonomy's environmental objectives. The contribution can be made via internal measures and/or by Nolato helping a stakeholder to contribute to one of the objectives.

– **Not counteract environmental objectives:**

The fulfilment of one or more of the taxonomy's environmental objectives must not counteract the other environmental objectives.

– **Fulfil fundamental principles and norms:**

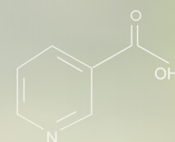
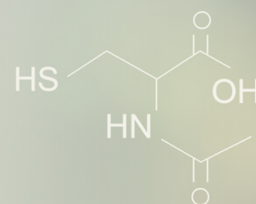
This relates to conventions and guidelines in areas such as health and safety and human rights.

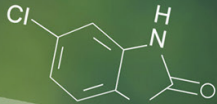
– **Commit to technical criteria:** The taxonomy stipulates specifications and criteria for an activity or product to be regarded as sustainable. The EU taxonomy is being developed and it is important to recognize that the regulation does not cover all sustainability initiatives within the business sector. To encourage development towards net

zero carbon dioxide emissions, the regulation initially focuses on activities that have a very significant impact on the climate. As a polymers company, Nolato does not belong to this category and there are currently no criteria in the taxonomy that are directly applicable to the Group's business and products.

The EU taxonomy was analyzed by the Group management in 2021. A working group developed criteria and designed a system to collect data (volumes, revenue, investments, costs) on products that contribute to sustainable development. The aim was to create a clear overview of this area and prepare for possible future criteria that could be applied by the polymer industry.

Several of Nolato's products and product groups help reduce climate impact and support a circular economy, as well as making a positive contribution to Group revenue. Nolato's main economic activities are not subject to the taxonomy. Consequently, the proportion of Nolato's sales subject to the taxonomy regulation is 0%. The proportion of capital expenditure and operating expenses subject to the taxonomy regulation is consequently also 0%.





HS

NH<sub>2</sub>

# Shareholder information

## Listing

Nolato AB was listed on the Stockholm Stock Exchange in 1984, and its B shares are now listed on Nasdaq Stockholm. Nolato is a Large Cap company in the Industrials sector. The share symbol is STO:NOLA B and the ISIN code is SE0015962477.

## Share price performance

Nolato's B shares fell by 49% (+30) during the year. The share price at the end of 2022 was SEK 54.65 (107.90). The highest closing price on Nasdaq Stockholm in 2022 was SEK 105.50 (Jan. 4, 2022) and the lowest closing price was SEK 46.16 (Nov. 03, 2022).

In 2022, 237.2 million Nolato class B shares were traded, 43% of which was in open exchange trading (lit + auction market) and 57% in other trading (dark, off-book, OTC and SI). Of total trade, 45% was on the primary Nasdaq Stockholm market, 40% on Cboe Global Markets, 9% on LSE Group, 3% on ITG, 2% on Aquis and 1% on other markets.

The turnover ratio of B shares, based on all markets and all trade, was 98%. There were 17,142 (15,489) shareholders at December 31.

## Share capital

The share capital of Nolato AB totals SEK

135 million, divided among 269,377,080 shares. Of these, 27,594,000 are A shares and 241,783,080 are B shares. Each A share entitles the holder to ten votes, while a B share entitles the holder to one vote. All shares have equal rights to the assets and earnings of the company.

## Incentive programs

Nolato has share warrant programs for management, which could result in the dilution of the number of shares. For further information, see Note 27 on page 98.

## Dividend policy and dividend

Nolato's dividend policy is to propose a dividend that exceeds 50% of profit after tax, taking account of Nolato's long-term development opportunities, financial position and investment needs. The Board of Directors proposes an unchanged dividend for 2022 of SEK 1.90 (1.90), corresponding to SEK 512 million (512).

The pay-out ratio, i.e. the dividend in relation to profit after tax, is 78% (51), excluding non-recurring items. The dividend yield was 3.5% in relation to the share price at December 31, 2022. Over the last five years, the average dividend yield from Nolato's shares was 2.2%.

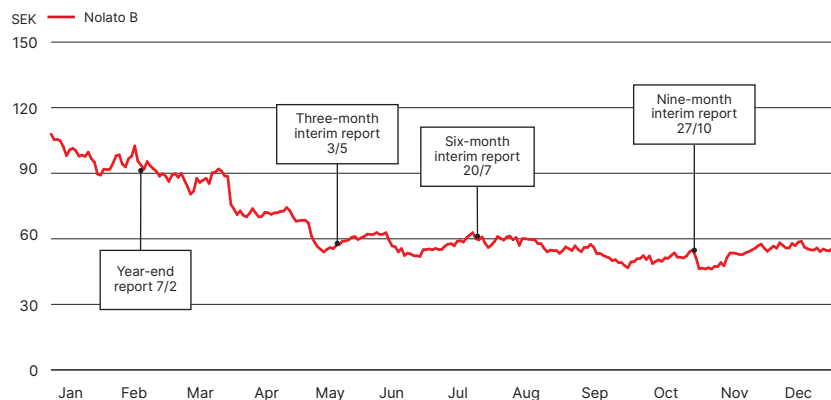
## Transferability

There are no restrictions on the transferability of the shares as a result of legal provisions or the company's Articles of Association.

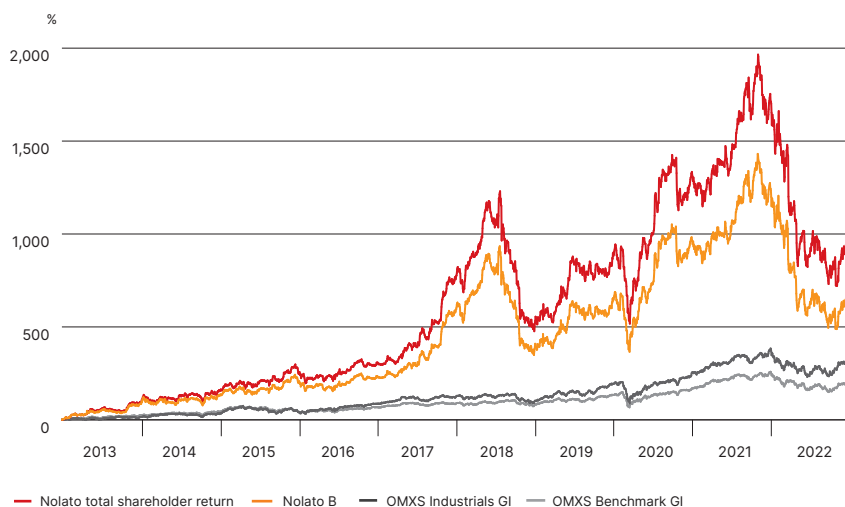
## Financial information

Nolato's management works continually to develop and improve financial information, in order to provide the market with good conditions for determining the value of the company as fairly as possible. This includes participating actively when dealing with analysts, shareholders and the media. Information about the current and historical price of Nolato's B shares and monthly updates on Nolato's largest shareholders can be found on our website, [www.nolato.com](http://www.nolato.com). On the website you will also find all interim reports, annual reports and press releases dating back 10 years.

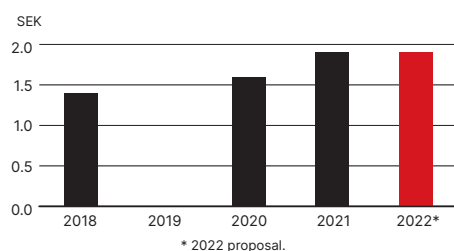
## Share price performance in 2022



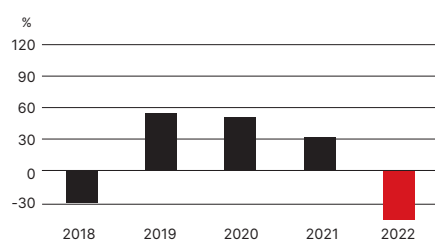
## Total shareholder return and share price performance 2013–2022



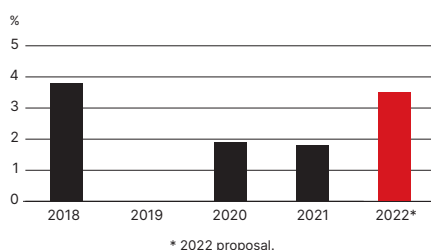
## Dividend 2018–2022



## Annual total shareholder return 2018–2022



## Dividend yield 2018–2022



## Total shareholder return:

10 years	849% (yearly average 25%)
5 years	13% (yearly average 2%)
3 years	1% (yearly average 0.2%)

### Definition of total shareholder return (not IFRS measure):

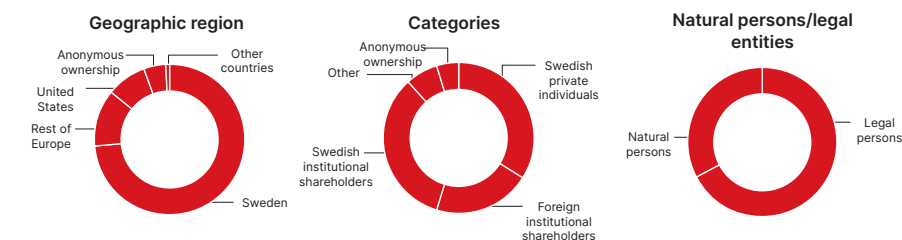
Total shareholder return shows the change in the share price, including reinvested dividends over the period.

## Analysts

Over the course of the year, Nolato's shares were monitored and analyzed by analysts including the following:

- ABG Sundahl Collier – Adrian Gilani +46 8 5662 8692
- Carnegie – Mikael Laséen +46 8 5886 8721
- DNB – Johan Skoglund +46 708 43 55 94
- Nordea – Carl Ragnerstam +46 10 1562 817

## Breakdown of shareholders at December 31, 2022



## The largest shareholders at December 31, 2022

Shareholders	% of capital		% of votes	
	Dec. 31, 2022	Change*	Dec. 31, 2022	Change*
Jorlén family	9.2	0.0 >	24.0	0.0 >
Boström family	9.2	0.0 >	19.3	0.0 >
Hamrin family	9.2	0.9 ^	19.0	0.5 ^
First Swedish National Pension Fund (AP1)	6.8	3.7 ^	3.5	1.9 ^
Lannebo Fonder	6.6	0.1 ^	3.4	0.0 >
Nordea Fonder	4.0	2.8 ^	2.1	1.5 ^
Second Swedish National Pension Fund (AP2)	3.8	3.2 ^	2.0	1.7 ^
Vanguard	2.3	0.2 ^	1.2	0.1 ^
Didner & Gerge Fonder	2.1	-0.3 v	1.1	-0.1 v
Norges Bank	1.6	0.2 ^	0.8	0.1 ^
Danske Bank	1.4	-0.2 v	0.7	-0.1 v
Dimensional Fund Advisors	1.3	0.0 >	0.7	0.0 >
BlackRock	1.3	0.1 ^	0.7	0.1 ^
Svolder	1.2	0.4 ^	0.6	0.2 ^
SHB Fonder & Liv	1.2	0.0 >	0.6	0.0 >
<b>Total percentage for the 15 largest shareholders</b>	<b>61.2</b>	<b>3.7</b>	<b>79.7</b>	<b>2.0</b>
Other shareholders	38.8	-3.7	20.3	-2.0

\* Change (percentage points) in shareholdings compared with December 31, 2021.  
Source: Modular Finance

## Data per share

	2022	2021	2020	2019	2018
Diluted earnings per share after tax, SEK <sup>1</sup>	2.59	4.32	3.02	2.66	2.74
Shareholders' equity per share, before dilution, SEK <sup>2</sup>	20	18	14	11	10
Cash flow after investing activities excl. acquisitions and disposals per share, before dilution, SEK	0.03	1.66	3.40	3.02	2.25
Share price at December 31, SEK	54.65	107.90	83.20	55.00	36.65
Price/earnings ratio, times <sup>3</sup>	21	25	28	21	13
Turnover rate, %	98	70	63	68	92
Dividend (2022 proposal), SEK	1.90	1.90	1.60	0.00	1.40
Dividend yield (2022 proposal), % <sup>4</sup>	3.5	1.8	1.9	-	3.8
Dividend as a percentage of earnings per share (2022 proposal)	78	51	53	-	51
Average number of shares after dilution, million	268.8	268.8	266.6	264.3	263.8
Price/equity per share, times	2.7	6.0	6.0	4.9	3.7
Market capitalization at December 31, SEK million	14,721	29,066	22,251	14,601	9,642

### Definitions

<sup>1</sup> Profit after tax divided by the average number of shares, IFRS measure.

<sup>2</sup> Shareholders' equity divided by the number of shares.

<sup>3</sup> Quoted share price at December 31 divided by earnings per share after tax.

<sup>4</sup> Dividend for the year divided by the share price quoted on December 31.

# Corporate governance

Nolato is a Swedish limited company. Its corporate governance is based on Swedish legislation (primarily the Swedish Companies Act), Nasdaq Stockholm regulations, the Swedish Code of Corporate Governance and the rules and recommendations issued by relevant organizations. Moreover, there are a number of principles and rules for the business that have been established by Nolato (see pages 57–59). These can be found on the company's website (nolato.com) or, if they are internal documents, they are not made public.

## Shareholder governance

Shareholders exercise their power of ownership at General Meetings. Nolato's A shares entitle holders to ten votes, and the B shares to one vote. There is no restriction on how many votes shareholders may cast at general meetings.

Resolutions at annual general meetings are normally passed by simple majority. On certain issues, the Swedish Companies Act stipulates a specific minimum percentage of the shareholders present and/or a larger majority.

The general meeting of the company, where the Board presents the annual accounts and auditor's report, is called the annual general meeting (AGM) and is usually held by Nolato in late April or early May. The AGM also addresses matters regarding dividends, the discharge of Board members and the CEO from liability, and the election of Board members, the Chairperson and auditors. The AGM also determines the fees payable to the Board and the auditors, guidelines for the remuneration of senior executives and the principles for appointing the Nomination Committee for the next AGM.

Shareholders have the opportunity to ask questions about the company and its performance at the AGM. Shareholders also have opportunities to request that a particular issue be dealt with by submitting such a request in writing to the Board.

Information about conditions affecting ownership of shares in Nolato, including major shareholders, can be found on page 53 and at [nolato.com/en/ir](http://nolato.com/en/ir).

## 2022 Annual General Meeting

The 2022 AGM took place on May 3, 2022. The meeting was attended by 280 shareholders, together representing 58.2% of the number of shares and 76.8% of the number of votes in the company.

The AGM re-elected Board members Fredrik Arp, Tomas Blomquist, Sven Boström, Lovisa

Hamrin, Åsa Hedin, Erik Lynge-Jorlén and Lars-Åke Rydh, and elected Carina van den Berg as a new member. Fredrik Arp was re-elected as Chairman of the Board. The members are presented in more detail on pages 64–65 and at [www.nolato.com/en/IR/Corporate-Governance](http://www.nolato.com/en/IR/Corporate-Governance).

The AGM resolved on several issues, including fees for Board members, guidelines for remuneration of senior executives and instructions for the Nomination Committee. The AGM also resolved to adopt the income statement and balance sheet for Nolato AB and for the Group, as well as the proposed appropriation of profits. The meeting discharged the members of the Board and the President and CEO from liability for the 2021 financial year.

The AGM approved the Board's proposal for authorization of the Board to make decisions regarding the issue of new B shares.

The AGM also approved the Board's proposal to establish incentive programs for senior executives.

## Nomination Committee

The 2022 AGM resolved that the Nomination Committee ahead of the 2023 AGM should consist of one representative for each of the five largest shareholders in terms of the number of votes at the end of September 2022.

In accordance with this decision, the Nomination Committee ahead of the 2023 AGM consists of

- Henrik Jorlén, chairman, appointed by the Jorlén family
- Gun Boström, appointed by the Boström family
- Lovisa Hamrin, appointed by the Hamrin family
- Hjalmar Ek, appointed by Lannebo Fonder
- Ossian Ekdahl, appointed by the First Swedish National Pension Fund (AP1).

Since it was established and up until February 2023, the Nomination Committee has held two meetings.

In addition, the Nomination Committee maintained continual contact by phone and email.

The Nomination Committee can be contacted by email: [henrik.jorlen@gmail.com](mailto:henrik.jorlen@gmail.com) or by ordinary mail: Nolato Nomination Committee, c/o Henrik Jorlén, Kommendörsgatan 4, 269 77 Torekov, Sweden.

## Auditor

The 2022 AGM elected Ernst & Young AB as auditor of Nolato, with authorized public accountant Joakim Falck as principal auditor.

Joakim Falck, born 1972. Authorized public accountant, Ernst & Young AB. Auditor of Nolato since 2018. Other customers include Garo AB, Itab Shop Concept AB and Nefab.

The auditor works according to an audit plan. The auditor reported back to the Board during the course of the audit and in connection with the adoption of the 2022 year-end report on February 8, 2023.

During the year, the auditor carried out certain consultancy assignments in addition to the audit, which related primarily to accounting and tax issues.

The external audit is conducted in accordance with generally accepted auditing standards. Auditing of financial statements for legal units outside Sweden is carried out in accordance with statutory requirements and other relevant regulations in the respective country, and according to generally accepted auditing standards.

The auditor regularly examines the adjusted minutes from Nolato's Board meetings and has continual access to the monthly reports submitted to the Board.

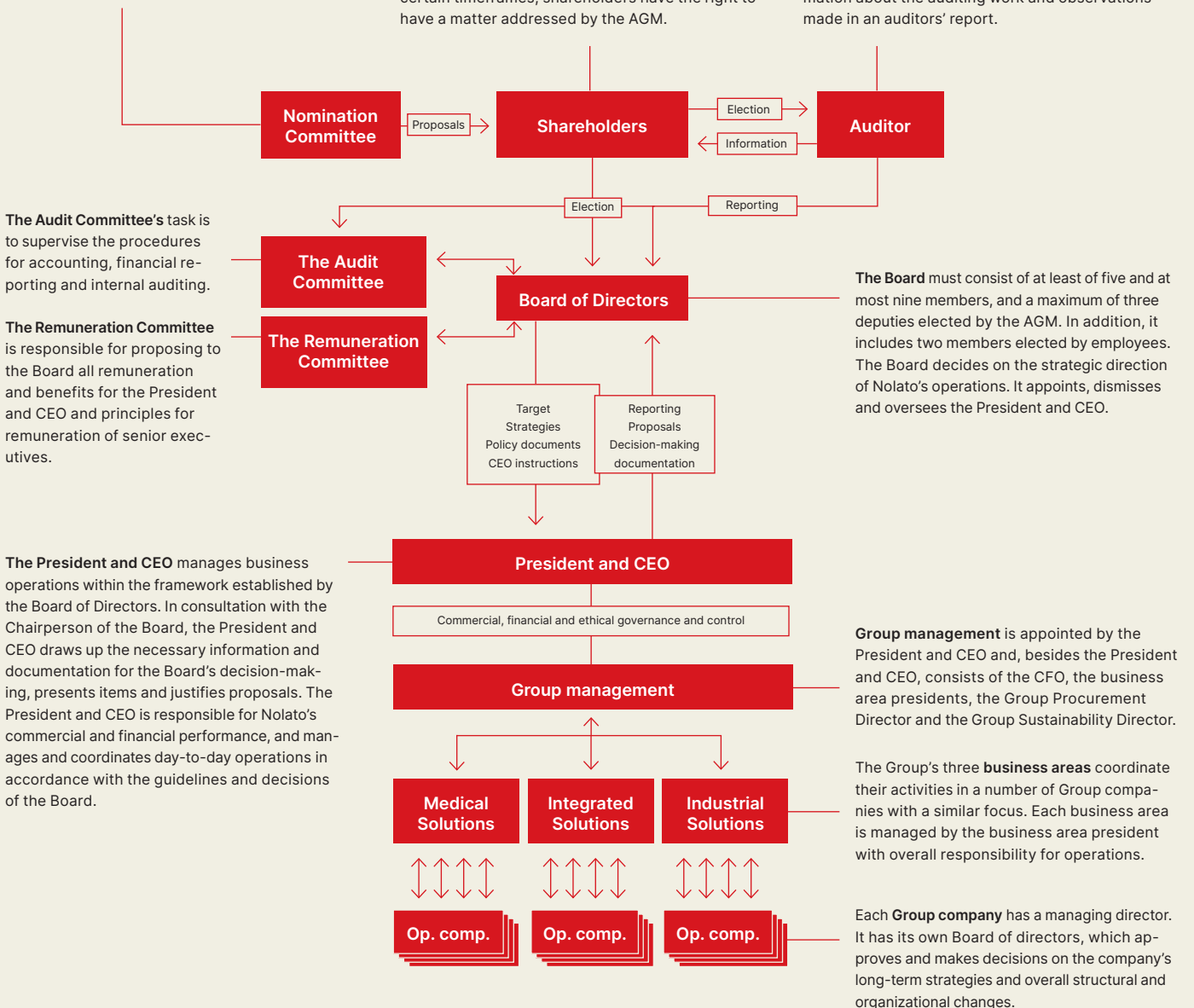
The auditor has examined the remuneration of senior executives and reviewed the company's half-year report.

**SCHEMATIC DESCRIPTION OF THE NOLATO GROUP'S CORPORATE GOVERNANCE**

**The Nomination Committee** is responsible for submitting proposals to the AGM regarding the Chairperson of the Board, Board members, directors' fees, remuneration for committee work, how the Nomination Committee should be appointed for the coming year and submitting proposals regarding auditors and auditors' fees.

**The right of** shareholders to determine Nolato's affairs is exercised at the annual general meeting (AGM), which usually takes place in late April or early May. Among other things, the AGM elects the Board of Directors and takes decisions regarding a dividend, directors' fees and adopts the annual accounts. By registering a matter in writing with the Board within certain timeframes, shareholders have the right to have a matter addressed by the AGM.

**The Auditor** is elected by the shareholders at the AGM to audit the company's annual report and accounts, and the Board and CEO's management of Nolato. The auditor also reviews the remuneration of senior executives and the corporate governance report. Reporting takes place to the Board and the Audit Committee. At the AGM, the auditor provides information about the auditing work and observations made in an auditors' report.



Reporting and control occurs by means of the Board and the Audit Committee analyzing and assessing risks and control environments, and overseeing the quality of financial reporting and Nolato's internal control systems. This takes place by, for example, issuing instructions to the President and CEO and establishing requirements for the content of the financial performance reports provided to the Board on an ongoing basis. In addition, the Committee is responsible for making recommendations and proposals for ensuring reporting reliability. The Board reads and checks financial reporting such as monthly reports, forecasts, interim reports and the annual accounts, including the sustainability report. The Committee must inform the Board of the result of the audit, how it contributed to the reliability of reporting and what role the Committee had.

## THE BOARD AND ITS WORK

### The working methods of the Board

The Board decides on the strategic direction of Nolato's operations and prepares the necessary instructions. It establishes the Nolato Group's management structure and appoints, dismisses and oversees the President and CEO.

Principles have been decided on at initial statutory Board meetings following the AGM with regard to rules of procedure for the Board's work, the delegation of duties between the Board and the President and CEO, as well as financial reporting.

The key elements of these principles determine the following:

- The Board shall establish a work program comprising six ordinary meetings during the year, at which various matters according to the rules of procedure are considered at different Board meetings.
- Notice of the meeting, the agenda and documentation for the Board meeting will usually be distributed no later than one week prior to the meeting. Numbered minutes are taken at the meeting.
- The delegation of duties clarifies the responsibilities of the Board and the key duties of the Chairperson and the President and CEO. The instructions for the President and CEO include restrictions regarding decisions on investments, acquisitions, transfers and certain agreements.
- To enable the Board to continually follow and monitor the Group's financial position and performance, the President and CEO must provide the Board with monthly reports on sales, profit, capital commitments, cash flow, the balance sheet, forecast monitoring and forecast updates, as well as information about the Group's sustainability work.

The Chairman of the Board, Fredrik Arp, organizes and leads the work of the Board, to ensure it is performed in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies (including the Swedish Corporate Governance Code), and the Board's internal governance instruments. The Chairperson monitors operations through regular contact with the President and CEO and is responsible for ensuring that other Board members receive satisfactory information and decision-making documentation.

The Chairperson is responsible for ensuring that the Board is kept continually updated and increases its knowledge of Nolato and generally receives the training required in order to carry out its work in an effective manner. Furthermore, the Chairperson ensures that an annual evaluation of the work of the Board is conducted, and that the Nomination Committee is informed of the results.

An evaluation was carried out in 2022, during which all Board members were given the opportunity to submit their views and suggestions, and to rate such areas as the composition and practices of the Board. The evaluation has been presented to the full Board.

### Composition of the Board in 2022

Following the 2022 AGM, the company's Board consists of eight members elected by the AGM: Fredrik Arp (Chairman), Carina van den Berg, Tomas Blomquist, Sven Boström, Lovisa Hamrin, Åsa Hedin, Erik Lyngge-Jorlén and Lars-Åke Rydh.

The Board also includes two employee representatives: Björn Jacobsson (LO) and Steven Gorial (PTK). Their deputies are Arif Mislimi (LO), Tomas Sandblom (PTK) and Agneta Olsson (LO). Apart from the union representatives, none of the Board members are employed by or work within the company's operations.

The Board members Åsa Hedin, Carina van den Berg, Lars-Åke Rydh, Tomas Blomquist and Chairman Fredrik Arp are deemed by the Board to be independent of the company's major shareholders. Nolato's Board has determined that all members elected by the AGM are independent in relation to the company.

### Board members' attendance in 2022

	Feb 7	May 3	July 20	Sep 1	Oct 27	Dec 5	Total
Fredrik Arp	1	1	1	1	1	1	6
Carina van den Berg <sup>1</sup>			1	1	1	1	4
Tomas Blomquist	1	1	1	1	1	1	6
Sven Boström	1	1	1	1	1	1	6
Lovisa Hamrin	1	1	1	1	1	1	6
Åsa Hedin	1	1	1	1	1	1	6
Erik Lyngge-Jorlén	1	1	1	1	1	1	6
Lars-Åke Rydh	1	1	1	1	1	1	6
Håkan Bovimark	1						1
Steven Gorial <sup>1</sup>				1	1	1	3
Björn Jacobsson	1	1	1	1	1	1	6

<sup>1</sup> Elected at the 2022 Annual General Meeting.

Further information about the members of Nolato's Board can be found on pages 64–65.

### Nolato's Diversity Policy

Nolato applies the Swedish Corporate Governance Code. Point 4.1 of the Code specifies the following: The Board should have an appropriate composition that reflects diversity and breadth in terms of the skills, experience and background of its members elected by a general company meeting. Equal gender distribution should be sought.

Work on the Board adheres to these guidelines. The aim is for the Board to have as broad as possible a basis in terms of different types of skills and experience. Application of the policy is achieved both during the financial year through discussions at Board meetings and in connection with the Nomination Committee proposing candidates for Nolato's Board. The results of the policy are best reflected in the composition of the Board.

The current Board represents a broad spectrum. The members have experience from the manufacturing industry, retail and service companies. The members have different types of education and career experience, and include both younger and older members. The Board consists of members appointed by shareholders at a general meeting of the company and of employee members appointed by trade union branches within the company. Three out of eight members elected by the general meeting of the company are women.

### Attendance in 2022

In 2022, the members of the Board attended Board meetings as detailed in the table below.



### The Board's work in 2022

In 2022, the Board held six meetings and one initial statutory meeting following the AGM. Reviews of the company's operations, markets and finances have been standing items on the agenda. In addition to these points, the work of the Board during the year has focused primarily on investment discussions, market communication, acquisition processes, budgets/forecasts, financing and strategy discussions relating to the company's operations and sustainability work.

### The Audit Committee

The members of the Audit Committee are Lars-Åke Rydh (chairman), Carina van den Berg and Åsa Hedin, who were appointed by the Board. The work of the committee is regulated by specific rules of procedure, which have been adopted by the Board. The Audit Committee met on four occasions in 2022. The company's CFO and, at certain meetings, the company's auditors, have also participated in Board meetings. Minutes were taken at all meetings.

### The Remuneration Committee

The members of the Remuneration Committee are Fredrik Arp (chairman) and Lovisa

Hamrin, both of whom were appointed by the Board. The Committee met on two occasions in 2022.

Ahead of 2023, the Committee drew up principles for variable remuneration and other remuneration and benefits for the President and CEO and senior executives, which are reported in the Remuneration Report, and in certain sections which will be presented by the Board to the AGM for resolution.

### Reporting and control

The Board and the Audit Committee analyze and assess risks and control environments, and oversee the quality of financial reporting and Nolato's internal control systems. This takes place through, for example, issuing instructions to the President and CEO,

agreeing on requirements for the content of the reports on financial conditions given to the Board on an ongoing basis, and holding reviews together with the management and the auditors. The Board is informed of – and ensures the quality of – financial reports such as monthly reports, forecasts, interim reports and the annual and sustainability report, but has delegated to company management the task of ensuring the quality of presentation materials in connection with meetings held with the media, shareholders and financial institutions.

The Board is also informed of minutes drawn up by the Audit Committee and any observations, recommendations and proposals for decisions and measures, which are continually reported to the full Board.

### Audit Committee attendance in 2022

	Feb 7	May 3	Jun 15	Dec 5	Total
Lars-Åke Rydh	1	1	1	1	4
Carina van den Berg <sup>1</sup>			1	1	2
Åsa Hedin	1	1		1	3

<sup>1</sup> Elected at the 2022 Annual General Meeting.

## REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

See Note 27 on page 98 regarding policies, the preparatory and decision-making process, and information about remuneration and benefits.

## THE BOARD'S DESCRIPTION OF INTERNAL CONTROLS IN RELATION TO FINANCIAL REPORTING

According to the Swedish Companies Act and Swedish Corporate Governance Code, the Board is responsible for the company's internal controls. In the description, the Board does not issue any statement on the effectiveness of internal controls.

Nolato's internal audit in relation to financial reporting includes five main activities: creating a control environment, risk assessment, control activities, information and communication, and monitoring.

### Control environment

Effective Board work forms the foundation for good internal controls. The Board has established clear processes and rules of procedure for its work. One key element of the Board's work is deciding on and approving

a number of fundamental policies, guidelines and frameworks for financial reporting. These include the Code of Conduct, Information Policy and Financial Policy.

The Board evaluates the operating activities' performance and results on an ongoing basis, via reporting which includes business outcomes, earnings, rolling forecasts, the analysis of key performance indicators and other significant operating and financial information.

Nolato has a simple legal and operational structure, with established management and internal audit systems. This enables the business to react swiftly in the event of changes in the conditions in the Group's market or in other areas. Operational decisions are taken at company or business

area level, while decisions on overall strategy, focus, acquisitions, major investments and overall financial issues are taken by Nolato's Board and Group management. Internal controls in relation to Nolato's financial reporting is tailored to work within this organizational structure. Within the Group, there is a clear regulatory framework for delegating responsibility and authorization, and this follows the Group structure.

The basis for internal controls in relation to financial reporting is a control environment consisting of the organization, decision-making paths, authorization and responsibilities communicated, as well as the culture within which the Board and company management communicate and operate.

**Policy documents**

Nolato's group-wide regulations are defined in eight policy documents, as detailed in the list on page 58. These documents are an important part of creating an effective control environment within Nolato.

The documents relating to the Group's core values are based on the combination of ethical and professional values that Nolato has upheld for many years, and that are communicated to all employees, including in the form of a publication entitled 'The Nolato Spirit'.

In addition to these policy documents, rules of procedure for the Board, and CEO instructions have been drawn up. These describe matters such as the division of work within the Board and the duties of the Chairperson of the Board and the President and CEO.

Rules of procedure have also been drawn up for the managing director of each subsidiary.

Managers at various levels within the company are responsible for dealing with internal controls on an ongoing basis within their own particular areas of responsibility.

**Risk assessment**

The company carries out a risk analysis of its financial reporting, which is evaluated and adopted by the Board. In connection with this risk analysis, income statement and balance sheet items are identified where there is a heightened inherent risk of serious errors.

Within the company's operations, these risks are mainly present in non-current assets, financial instruments, inventories, trade receivables, accrued expenses, taxes and revenue recognition.

These risk assessments are based on effects on financial reporting, the outcome of the income statement, business processes, external factors and the risk of fraud.

**Control activities**

Those risks that have been identified in relation to financial reporting are dealt with via the company's control activities, e.g. authentication checks for IT systems and authorization controls.

These operational-specific controls are supplemented by detailed financial analyses of earnings and monitoring against business plans and forecasts, providing an overall assessment of the quality of the reporting.

**Information and communication**

The company's steering documents for financial reporting consist mainly of policies and guidelines, which are kept up-to-date and communicated via the relevant channels. Information is obtained from the subsidiaries through financial and operational reports to the Boards of the subsidiaries, the business area management and Group management.

**POLICY DOCUMENTS**

The following overall policy documents for the Group have been established by the Board of Directors:

- > **Nolato's Basic Principles:** These define the platform of shared values for all Group operations.
- > **Code of Conduct:** This sets out the ethical compass and corporate policy that Nolato employees are obliged to follow. Nolato's group-wide policies regarding the environment, health and safety, suppliers and quality are integrated into the Code of Conduct.
- > **Financial Policy:** This governs how financial risks should be managed in the Group.
- > **IT Policy:** This governs the Group's IT security structure.
- > **Information Policy:** This governs the dissemination of information by the Group, including in relation to listing requirements.
- > **Inside Information Policy:** This supplements the rules contained in the EU Market Abuse Regulation and other insider trading legislation with directives on notification obligations and trading in Nolato's shares.
- > **Trade Sanctions Policy:** This regulates the restrictions on having business relationships with certain individuals, companies, governments and countries according to sanctions, laws and rules issued by various countries at any given time.
- > **Whistleblowing Policy:** This governs the Group's systems and procedures for receiving and handling reports of any irregularities.

There is an information policy for communication with external parties, which provides guidelines on how such communication should be carried out. The aim of the policy is to ensure that all information obligations are complied with in a correct and complete manner.

### Monitoring

The President and CEO is responsible for internal controls being organized and monitored in accordance with the guidelines established by the Board. Financial control is carried out by the Group financial function. Financial reporting is analyzed in detail each month.

The Board has monitored the financial reporting at its meetings, and the company's auditors have reported back their observations to the Board and the Audit Committee. The Audit Committee has received regular reports from the auditor,

and monitors measures taken to improve or amend controls. The Board has received monthly financial reports and the company's financial situation has been addressed at each Board meeting.

The Board and the Audit Committee review all interim and annual reports prior to publication.

### Internal audit

Nolato has a simple legal and operating structure and established management and internal audit systems. The Board and the Audit Committee monitor the organizational assessment of internal controls, including through contact with Nolato's auditors. In view of the above, the Board has chosen not to carry out any separate internal audit.

## OTHER INFORMATION

### Group management

In 2022, the Group's management consisted of Christer Wahlquist (President and CEO), Per-Ola Holmström (CFO), Johan Iveberg (President of Medical Solutions), Jörgen Karlsson (President of Integrated Solutions, ended his employment on Jan. 13, 2023), Johan Arvidsson (President of Industrial Solutions for most of the year, ended his employment on Sept. 30, 2022), Camilla Magnusson (Group Procurement Director) and Glenn Svedberg (Group Sustainability Director). From Jan. 1, 2023, Group management also includes Anders Björklund (President of Industrial Solutions and Head of Consumer Electronics within Integrated Solutions) and Anders Ericsson (Head of EMC within Integrated Solutions and Managing Director of Nolato Silikonteknik). Further information about the members of Group management is available on page 66.

### Business operations

All operations in the Group are conducted by subsidiaries, in keeping with the decentralized culture that has always been a hallmark of

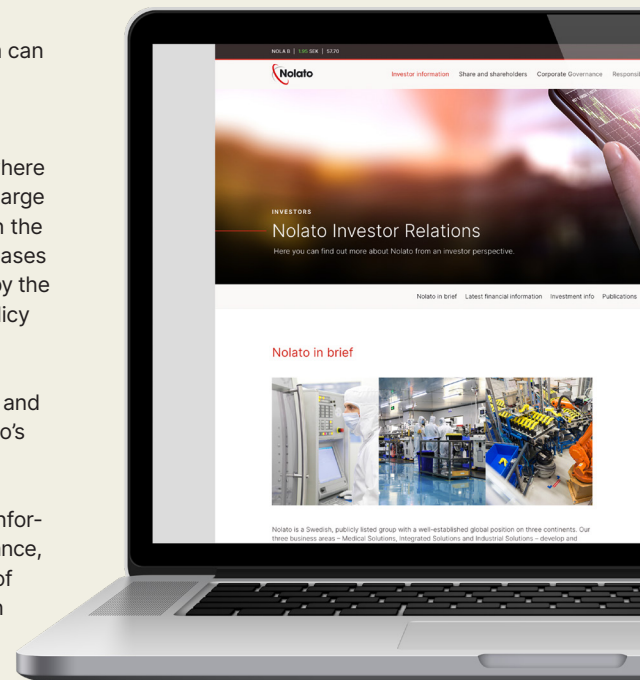
Nolato. The operational subsidiaries are organized into three customer-focused business areas. Information about them can be found on pages 18–33.

### Information for shareholders, etc.

Nolato reports to Nasdaq Stockholm, where the company's shares are listed in the Large Cap segment. Information is provided in the form of quarterly reports and press releases according to the requirements imposed by the stock exchange and the information policy adopted by Nolato's Board.

Reports, press releases, annual reports and other information are available on Nolato's website at [nolato.com/en/ir](https://nolato.com/en/ir).

The website also provides up-to-date information about Nolato's corporate governance, for example the current shareholdings of the Board, current Articles of Association and information about the Annual General Meeting and the largest shareholders.



Torekov, March 16, 2023



Fredrik Arp  
Chairman of the Board



Carina van den Berg  
Board member



Tomas Blomquist  
Board member



Sven Boström  
Board member



Lovisa Hamrin  
Board member



Åsa Hedin  
Board member



Erik Lynge-Jorlén  
Board member



Lars-Åke Rydh  
Board member



Steven Gorial  
Employee representative



Björn Jacobsson  
Employee representative



Christer Wahlquist  
President and CEO

## AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the general meeting of the shareholders of Nolato AB (publ), corporate identity number 556080-4592

### Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2022, and it 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 RevR 16. The auditor's examination of the corporate

governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

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

Torekov, Sweden, March 23, 2023

Ernst & Young AB



Joakim Falck  
Authorized Public Accountant

# Guidelines for the remuneration of senior executives

The 2022 Annual General Meeting of Nolato AB, company reg. no. 556080-4592 ('the Company') established the following guidelines for the determination of salary and other remuneration for Board members and senior executives. The senior executives are the CEO and other members of group management.

The guidelines shall apply for the time being, but no longer than until the 2026 Annual General Meeting. Once adopted by the 2022 AGM, the guidelines shall be applied for compensation that is agreed upon, and changes made to already agreed upon compensation. The guidelines do not cover Board remuneration or other compensation resolved upon by a general meeting of shareholders.

A review of the guidelines for remuneration of senior executives has been conducted in preparation for the 2023 AGM, resulting in a proposal to the 2023 AGM to adopt an amendment compared with previous guidelines regarding an increase in the maximum ceiling for senior executives' ability to receive variable compensation from 40% to 50% of base salary.

## **Promotion of the Company's business strategy, long-term interests and sustainability**

The Company's overall objective with its operations is to create long-term growth and stable return for the shareholders. The Company develops and manufactures polymer products and systems for leading customers in specific market areas. Further, the Company has a target-based approach to sustainable development, which creates benefits for the society and the group's business operations. Sustainable development is an integrated part of the Company's growth strategy and value creation. The Company's sustainability work is systematic and targeted. The results are reported in detail in the group's yearly sustainability report. For further information regarding the Company's business strategy, long-term interests and sustainability, see the Company's website.

The implementation of the Company's business strategy and capitalization on the Company's long-term interests, including the ability to meet expectations of a sustainable and

responsible business enterprise requires that the Company, based on country of employment, has market-based and competitive remuneration levels and terms of employment in order to recruit and retain qualified employees within the group management with the right competence and experience. The guidelines ensure that senior executives can be offered a market-based and competitive total compensation package.

The total compensation shall be based on the position, individual performance, the group's earnings and that the compensation is in line with the going rate in the market and competitive in the country of employment.

## **Incentive programs**

The Company has established warrant-based incentive programs for senior executives and other key persons in the group. The incentive programs have been implemented at market terms and conditions in order to increase the interest for the Company's business and earnings development. Further, the incentive programs contribute to an ownership interest and increase the participants' motivation and their affinity with the Company. Thus, the warrant-based incentive programs have a clear coupling to the Company's business strategy and capitalization on the Company's long-term interests including the ability to meet expectations of a sustainable and responsible business enterprise. The participants may acquire warrants at market price. Subscription for B-shares at exercise of the warrants can be made after three years.

The warranty-based incentive programs that were resolved at the Extraordinary General Meeting 2016 and at the Annual General Meeting 2019 are further described in Note 27 in the Company's 2021 Annual Report, which is kept available on the Company's website.

Since share-based and share price-related incentive programs are resolved by a general meeting of shareholders, these incentive programs are not covered by these guidelines.

## **Forms of compensation**

The total compensation for senior executives is based on position, individual performance and the group's earnings. The total compensation may consist of a fixed base salary, variable compensation, pension benefits and other benefits. This includes conditions for cessation of employment and severance pay. The total compensation shall be reviewed yearly to safeguard that the total compensation is in line with the going rate in the market and is competitive. Consideration shall then be taken with regard to position, the size of the Company, salary and the executive's experience. A general meeting of shareholders can, notwithstanding these guidelines, decide on share-based and share-price related compensation.

## **Fixed base salary**

The fixed base salary shall be related to the relevant market and shall reflect the degree of responsibility involved in the position. The fixed based salary shall constitute the basis for total remuneration.

## **Variable compensation**

In addition to fixed base salary, variable compensation may be payable to senior executives. The variable compensation shall be coupled to the outcome of financial ratios and is payable based on the achievement of the targets established by the Board. Positive earnings after financial items are required for the variable compensation to be payable. The criteria shall be formulated to promote the Company's business strategy, long-term interests and sustainability. The variable compensation may amount to a maximum of 60% of base salary for the CEO, and a

maximum of 40% of base salary for other senior executives.

The Company's sustainability work includes an environmental target meaning that carbon dioxide emissions should be reduced in the future in relation to objectives established by the Board.

The group-wide ratio is ton carbon dioxide/net revenue.

Variable compensation described above is divided as follows.

- > Result: 45% (54.2% for the CEO)
- > Return on assets: 45% (37.5% for the CEO)
- > Environmental goal carbon dioxide: 10% (8.3% for the CEO)

The variable compensation will be calculated on financial and other ratios based on audited reports. The Remuneration Committee approves the remuneration of the CEO and other senior executives.

Participants in the warrant incentive programs are also offered compensation corresponding to half of the participant's warrant premiums and the income tax charged on such compensation, provided that the participant's employment in the group does not cease before three years have elapsed.

The senior executives are offered a long-term variable compensation to stimulate the integration of GW Plastics acquired in 2020. The compensation is based on the earnings during the years 2020–2022 and is disbursed during 2023. The maximum outcome amounts to 50% of an annual salary (base salary).

Variable compensation does not qualify as pensionable income.

#### Pension benefits

The CEO and other senior executives have a defined contribution pension plan prepared in accordance with the levels and practices that apply in the country of employment. The pension premium for senior executives may not exceed 35% of the fixed base salary based on the fixed base salary and age. For the CEO and other senior executives, a retirement age of 65 shall apply.

#### Other benefits

Other benefits, for example health insurance and car benefit, may be payable in accordance with the conditions that apply in the country in which the senior executive is employed. However, such benefits should be as small as possible and may amount to a maximum of 10% of the fixed base salary unless compulsory rules or local practice require that additional benefits are paid.

#### Notice period and severance pay

Senior executives should be offered conditions in accordance with the legislation and practices applicable in the country in which the executive is employed. The notice period may not exceed 24 months. Total redundancy pay and severance pay may not exceed 24 months' pay for the senior executives. Upon termination by the senior executive, the notice period may not exceed 6 months without the right to severance pay. During the notice period, senior executives shall be prevented from engaging in competing activities.

To the extent a Board member performs work for the Company, in addition to Board work, consultancy fees and other remuneration may be granted for such work in accordance with a decision by the Board. Other than the board remuneration resolved by the Annual General Meeting no further remuneration is paid for Board membership.

#### Salary and terms of employment for employees

Salary and terms of employment for employees have been taken into account in the drafting of the Board's proposal for these remuneration guidelines. In the evaluation of the fairness of the guidelines and the limitations that emanate from these the following has formed the basis for the Remuneration Committee's and the Board's decision-making:

- i) Information on the employees' total compensation.
- ii) Compensation components.
- iii) The increase in compensation and the rate of growth over time.

The development of the gap between the remuneration to the CEO and the deputy CEO and remuneration to other employees who are not senior executives will be disclosed in the remuneration report.

#### The decision-making process for adopting, reviewing and implementing the guidelines

The Board shall prepare a proposal for new guidelines for the Annual General Meeting at least every fourth year. These guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board has established a Remuneration Committee. The committee's duties include conducting preparatory work for the Board's decisions on proposed guidelines for compensation of senior executives, compensation and other terms of employment for this group. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and compensation levels in the Company. The Chairman of the Board can serve as chairman of the Remuneration Committee. Other members of the Remuneration Committee shall be independent of the Company and its senior executives.

The CEO and other senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

If the Remuneration Committee uses the services of an external consultant, it is to ensure that there is no conflict of interest regarding other assignments this consultant may have for the Company or the senior executives.

#### Temporary deviation from the guidelines

The Board may temporarily resolve to deviate from the guidelines entirely or partly if the Board deems that in a specific case there is special cause for the deviation and a deviation is deemed necessary to safeguard the Company's long-term interests and to meet expectations of a sustainable and responsible business enterprise, or to ensure the Company's financial viability. If such deviation is made it must be reported at the next Annual General Meeting. It is part of the Remuneration Committee's duties to conduct preparatory work for the Board's decision to deviate from the guidelines.



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# Board of Directors



<b>Name</b>	Fredrik Arp	Carina van den Berg	Tomas Blomquist	Sven Boström	Lovisa Hamrin
<b>Elected</b>	2009 (also member 1998–1999)	2022	2021	2013	2017
<b>Position</b>	Chairman of the Board and Chairman of the Remuneration Committee	Board member and member of the Audit Committee	Board member	Board member	Board member and member of the Remuneration Committee
<b>Born</b>	1953	1974	1970	1983	1973
<b>Education</b>	Master of Science (Economics) and Ec. Doctor h.c.	Bachelor of Business and Economics	Marketing/Economics	Bachelor of Science (Chemistry), Master of Science (Analytical Chemistry) and Bachelor of Science (Economics)	Master of Science (Economics and Business), Stockholm School of Economics and Bachelor of Science (Economic History)
<b>Other assignments</b>	Chairman of Bravida Holding AB, Gränges AB and Hövding AB. Board member of Swedfund International.	—	—	—	Chairman of Herenco AB and Hamrin Foundation. Board member of Jönköping International Business School, Jönköping County Chamber of Commerce, Swedish Entrepreneurship Forum and Lyko.
<b>Background</b>	CEO of Volvo Cars, Trelleborg, PLM.	Director of Global Finance Operations & Development, SKF Group.	President and CEO of Biotage. Senior management positions at Abbott, Alere, Analyticon and Johnson & Johnson.	—	Owner and President of Herenco AB, owner and Executive Chairman of Herenco Holding AB, senior positions at Hall Media AB and Schibsted.
<b>Attendance</b>	6 of 6 meetings	4 out of 6 meetings (Elected at the Annual General Meeting)	6 of 6 meetings	6 of 6 meetings	6 of 6 meetings
<b>Remuneration<sup>1</sup></b>	1,055,000	300,000	300,000	300,000	340,000
<b>Shareholding<sup>2</sup></b>	30,000 B (30,000 B)	2,000 B	0 (0)	2,558,700 B (2,558,700 B)	8,192,000 A + 16,564,332 B (8,192,000 A + 14,060,191 B)
<b>Dependence</b>	Independent of the company and major shareholders.	Independent in relation to the company and to major shareholders.	Independent of the company and major shareholders.	Independent of the company but not independent of major shareholders.	Independent of the company but not independent of major shareholders.

<sup>1</sup>For further information about remuneration, see Note 27 on pages 98–99.

<sup>2</sup>Shareholding in Nolato at Dec. 31, 2022 (Dec. 31, 2021) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at [www.nolato.com/en/IR/The-Nolato-share](http://www.nolato.com/en/IR/The-Nolato-share).





<b>Name</b>	Åsa Hedin	Erik Lynge-Jorlén	Lars-Åke Rydh	Steven Gorial	Björn Jacobsson
<b>Elected</b>	2014	2020	2005	2022	2015 (also member 2000–2013) Deputy 2014
<b>Position</b>	Board member and member of the Audit Committee	Board member and Board's representative for sustainability issues	Member of the Board and chairman of the Audit Committee	Employee representative from PTK (Swedish Federation of Salaried Employees in Industry and Services)	Employee representative from LO (the Swedish Trade Union Confederation)
<b>Born</b>	1962	1979	1953	1983	1971
<b>Education</b>	Master of Science (Biophysics), Bachelor of Science (Physics).	Bachelor of Education.	Master of Science (Engineering)	KY Academy, NTI and other institutions.	Upper-secondary school
<b>Other assignments</b>	Chairman of Tobii Dynavox AB and Artificial Solutions AB. Board member of Cellavision AB, Biotage AB and Industrifonden AB.	—	Chairman of Danfo AB, Olja ek. för., Schuchardt Maskin AB, Chiffonjén AB and Prototypen AB. Board member of Nefab AB, Garo AB, Spectria Invest Fond AB, Söderbergföretagen AB, Hjo Verktyg AB and Östrand o Hansen AB.	Board member of Nolato Plastteknik AB.	Board member of Nolato Gota AB.
<b>Background</b>	CEO of Elekta Instrument AB. Senior positions at Siemens Healthcare and Gambro AB.	Upper-secondary school teacher.	President and CEO of Nefab.	Employed at Nolato Plastteknik.	Employed at Nolato Gota.
<b>Attendance</b>	6 of 6 meetings	6 of 6 meetings	6 of 6 meetings	3 of 6 meetings (Elected at the Annual General Meeting)	6 of 6 meetings
<b>Remuneration<sup>1</sup></b>	365,000	300,000	400,000	0	0
<b>Shareholding<sup>2</sup></b>	0 (0)	2,000 A + 350,000 B (2,000 A + 350,000 B)	20,000 B (20,000 B)	0	0 (0)
<b>Dependence</b>	Independent of the company and major shareholders.	Independent of the company but not independent of major shareholders.	Independent of the company and major shareholders.	—	—

Deputy employee representatives are Arif Mislimi (LO), Agneta Olsson (LO) and Tomas Sandblom (PTK).

<sup>1</sup> For further information about remuneration, see Note 27 on pages 98–99.

<sup>2</sup> Shareholding in Nolato at Dec. 31, 2022 (Dec. 31, 2021) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at [www.nolato.com/en/IR/The-Nolato-share](http://www.nolato.com/en/IR/The-Nolato-share).

# Nolato Group management



<b>Name</b>	Christer Wahlquist	Per-Ola Holmström	Johan Iveberg	Anders Björklund
<b>Employed</b>	1996	1995	2010	2023
<b>Position</b>	President and CEO since 2016.	Deputy CEO. CFO since 1995.	President of Medical Solutions since 2016.	President of Industrial Solutions and Head of Consumer Electronics within Integrated Solutions.
<b>Born</b>	1971	1964	1969	1970
<b>Education</b>	Master of Science (Engineering), MBA	Bachelor of Science (Economics)	Master of Science (Engineering)	Master of Science (Materials)
<b>Background</b>	Business Area President. MD in Group companies.	Authorized public accountant.	Senior positions with Trelleborg, Akzo Nobel and Perstorp. MD in Group companies.	MD of Kanthal, senior positions at the Sandvik Group, Gunnebo Industries, Volvo Construction Equipment and Ericsson.
<b>Shareholding<sup>1</sup></b>	262,120 B (237,120 B)	180,840 B (180,840 B)	100,000 B (125,000 B)	0
<b>Warrants</b>	40,000 (Series 2020/2023) 40,000 (Series 2021/2024) 280,000 (Series 2022/2026)	30,000 (Series 2020/2023) 20,000 (Series 2021/2024) 140,000 (Series 2022/2026)	140,000 (Series 2022/2026)	140,000 (Series 2022/2026)



<b>Name</b>	Anders Ericsson	Camilla Magnusson	Glenn Svedberg
<b>Employed</b>	1999	2013	2007
<b>Position</b>	Managing Director of Nolato Silikonteknik, Head of EMC within Integrated Solutions.	Group Procurement Director since 2016.	Group Sustainability Director since 2021.
<b>Born</b>	1964	1971	1965
<b>Education</b>	Master of Science (Mechanical Engineering), MBA	Master of Science (Mechanical Engineering)	Master of Science (Engineering)
<b>Background</b>	Senior positions at GA Lindberg and GE-Plastics.	Head of Purchasing at Siemens, Saab/GM.	Managing Director of Nolato Cerbo, Promens and Flextronics, senior positions at Ericsson and Volvo Equipment.
<b>Shareholding<sup>1</sup></b>	16,500 B	0 (2,520 B)	102,000 B (102,000 B)
<b>Warrants</b>	42,500 (Series 2020/2023) 42,500 (Series 2021/2024) 140,000 (Series 2022/2026)	7,000 (Series 2021/2024) 140,000 (Series 2022/2026)	15,000 (Series 2020/2023) 30,000 (Series 2021/2024) 120,000 (Series 2022/2026)

<sup>1</sup>Shareholding in Nolato at Dec. 31, 2022 (Dec. 31, 2021) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at [www.nolato.com/en/IR/The-Nolato-share](http://www.nolato.com/en/IR/The-Nolato-share).

# Directors' report and financial statements

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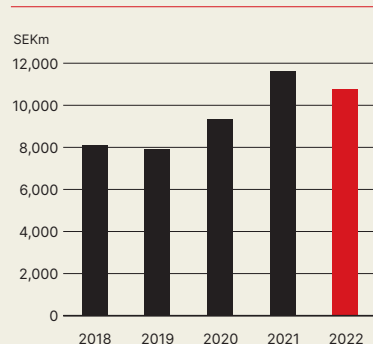
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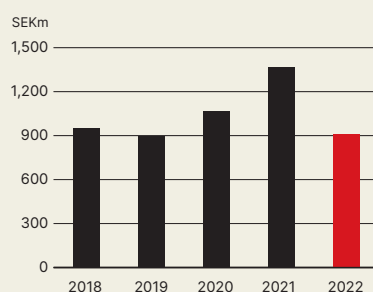
\* The content of pages 67–114 has been audited.

# Directors' report

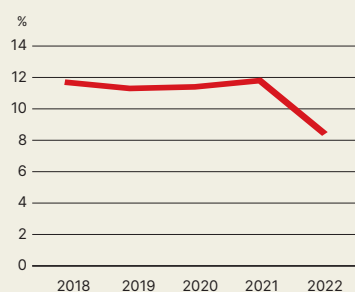
## Sales



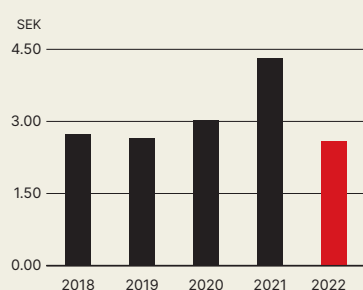
## Operating profit (EBITA)



## EBITA margin



## Diluted earnings per share



## Operations in 2022

The Board of Directors and President and CEO hereby publish the annual accounts and consolidated accounts for Nolato AB (publ), company registration number 556080-4592, for the 2022 financial year. Nolato is a Swedish publicly listed group with 6,627 employees in wholly owned subsidiaries in Europe, Asia and North America. The companies in the Group develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive and other selected industrial sectors. The business model is based on close, long-term and innovative collaboration with customers. Nolato endeavors to create added value for both customers and shareholders through leading technology, wide-ranging capabilities and highly efficient production.

Nolato's shares are listed on Nasdaq Stockholm Exchange in the Large Cap segment, where they are included in the Industrials sector.

### Three business areas

Nolato's operational activities are conducted in three customer-focused business areas:

**Medical Solutions:** Development and manufacture of complex product systems and components for medical devices, the pharmaceutical industry and diagnostics.

**Integrated Solutions:** Design, development and manufacture of advanced components, subsystems and ready-packaged products for consumer electronics. EMC & Thermal develops and manufactures shielding and heat dissipation products and systems for electronics.

**Industrial Solutions:** Development and manufacture of products and product systems for customers in the automotive, hygiene, packaging, gardening/forestry, domestic appliance and furniture sectors, and other selected industrial segments.

The activities of these three business areas are based on the same core elements of responsible business conduct, wide-ranging technical capabilities and advanced production technology. These business areas all enjoy good opportunities to create their own optimal conditions to succeed as a result of their specialization in and adaptation to their respective customer sectors.

As all three business areas are affected differently by business cycle fluctuations, events and market patterns, the Group benefits from a healthy balance in its operations. Medical Solutions operates on a market with long product life cycles and low business cycle dependency, while Integrated Solutions is the opposite, with short product lifespans and high project volatility. And between these two extremes is Industrial Solutions.

The operations of these business areas are presented in more detail on pages 18–33.

### Financial summary

Consolidated sales declined by 7.2% in 2022, amounting to SEK 10,774 million (11,610). Adjusted for currency, sales decreased by 17%. Operating profit (EBITA) amounted to SEK 908 million (1,319 excluding non-recurring items), giving an EBITA margin of 8.4% (11.4).

Operating profit (EBIT) declined to SEK 867 million (1,283 excluding non-recurring items). Including non-recurring items, profit amounted to SEK 867 million (1,333). The previous year included a positive non-recurring item of SEK 50 million, which related to a remitted loan. The EBIT margin was 8.0% (11.5).

For further financial information, see the five-year review on page 105.

Consolidated profit after tax amounted to SEK 656 million (995), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 697 million (1,160). Diluted

### Sales, operating profit and EBITA margin by business area, 2020–2022

SEKm	Sales			Operating profit			EBITA margin (%)		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Medical Solutions	4,859	4,067	3,089	457	457	402	9.4	11.2	13.0
Integrated Solutions	3,311	5,226	4,068	334	671	548	10.1	12.8	13.5
Industrial Solutions	2,618	2,324	2,205	128	208	168	4.9	9.0	7.6
Intra-Group adj., Parent Co.	-14	-7	-3	-11	33	-52	—	—	—
<b>Group total</b>	<b>10,774</b>	<b>11,610</b>	<b>9,359</b>	<b>908</b>	<b>1,369</b>	<b>1,066</b>	<b>8.4</b>	<b>11.8</b>	<b>11.4</b>

earnings per share were SEK 2.44 (3.70), excluding non-recurring items. Including non-recurring items, diluted earnings per share were SEK 2.59 (4.32). Adjusted earnings per share after dilution, excluding amortization of intangible assets arising from acquisitions, amounted to SEK 2.55 (3.81), excluding non-recurring items. The effective tax rate was 20.3% (17.2). Excluding non-recurring items, the tax rate was 21.3% (19.5).

**Medical Solutions**

Medical Solutions sales amounted to SEK 4,859 million (4,067); adjusted for currency, sales increased by 8%. The charging on of higher costs contributed to the increase in sales. The surgery area experienced good growth, while in vitro diagnostics (IVD) volumes were lower due to pandemic-related inventory adjustments, which have continued to have an impact.

Operating profit (EBITA) was unchanged at SEK 457 million (457). The EBITA margin decreased to 9.4% (11.2). The combination of a change in the sales mix, with a greater proportion from the surgery area and a lower proportion from IVD, had a negative impact on the margin. A time lag in the charging on of cost increases also had an effect. Previous investments in capacity are still not being fully used and are consequently having a negative impact on the margin.

**Integrated Solutions**

Integrated Solutions sales totaled SEK 3,311 million (5,226). Adjusted for currency, sales decreased by some 46%. Demand for Vaporiser Heating Products (VHP) in Eastern Europe has been adversely affected following Russia's invasion of Ukraine. In addition, from the beginning of the fourth quarter until December 5, Nolato did not manufacture any VHP products in China because of new regulatory requirements relating to VHP products established by Chinese authorities. Nolato believes that the VHP segment will continue to be impacted by the situation in Eastern Europe and the effects of dual sourcing. Volumes in the first quarter of 2023 are also consequently expected to remain at similar levels as in the fourth quarter. The EMC business is continuing to perform well.

Operating profit (EBITA) was SEK 334 million (671). The EBITA margin was 10.1% (12.8). Lower VHP volumes had an adverse effect.

**Industrial Solutions**

Industrial Solutions sales amounted to SEK 2,618 million (2,324); adjusted for currency, sales increased by 6%. Volumes decreased somewhat compared with the same quarter last year, while the charging on of cost increases contributed positively to sales. Demand was stable in most market areas, but for products supplied to areas

in the consumer discretionary sector it was slightly lower in the fourth quarter, and this is expected to continue in 2023, due to worse economic conditions and more restrained consumer spending.

Operating profit (EBITA) was SEK 128 million (208). The EBITA margin decreased to 4.9% (9.0). A component shortage, particularly in automotive but in other areas too, has impacted customer demand and led to fluctuating production planning for Nolato. This has resulted in lower production efficiency, which, together with a time lag in the charging on of cost increases, has adversely affected the margin.

**Sustainability reporting**

Nolato has prepared a statutory sustainability report in accordance with Chap. 6, Sect. 11 of the Swedish Annual Accounts Act; see pages 34–51 and 118–138. The reading guide is on page 131.

**Nolato shares**

Nolato was registered on the Stockholm Stock Exchange OTC list in 1984. The company's B shares are now listed on Nasdaq Stockholm in the Large Cap segment, where they are included in the Industrials sector. The company's A shares are not listed.

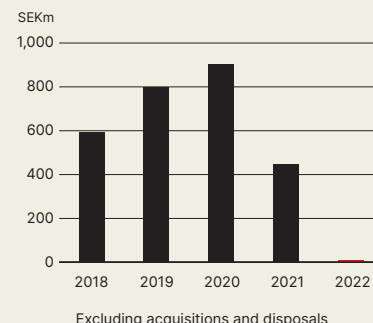
The share capital totals SEK 135 million, divided among 269,377,080 shares. Of these, 27,594,000 are A shares and 241,783,080 are B shares. Each A share entitles the holder to ten votes, while a B share entitles the holder to one vote. All shares have equal rights to the assets and earnings of the company.

At the end of 2022, Nolato had 17,142 (15,489) shareholders. The largest shareholders are the Jorlén family, the Boström family and the Hamrin family with 9% each, Första AP-fonden (AP1) and Lannebo Fonder with 7% each and Nordea Fonder and Andra AP-fonden (AP2) with 4% of capital each.

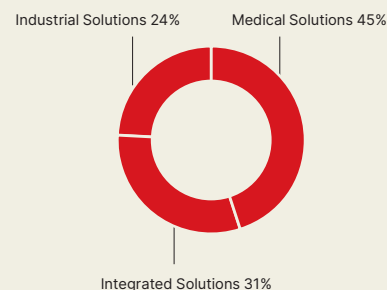
Nolato does not own any of its own shares. There are no restrictions as a result of legal provisions or the company's Articles of Association that affect the transferability of the shares.

Nolato's management have been offered the opportunity to acquire warrants for the purchase of shares at a predetermined price. At the end of the period, the Group had two incentive programs: Incentive Program 2019/2024 and Incentive Program 2022/2028. In Incentive Program 2019/2024, Series 2020/2023 has redemptions from May 1, 2023 to December 15, 2023 at a subscription price of SEK 92.88 each, and Series 2021/2024 has redemptions from May 1,

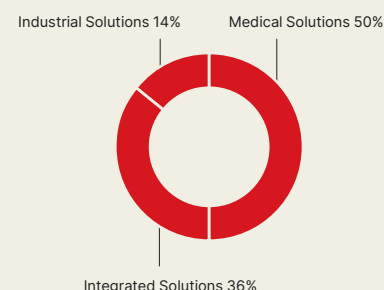
**Cash flow after investments**



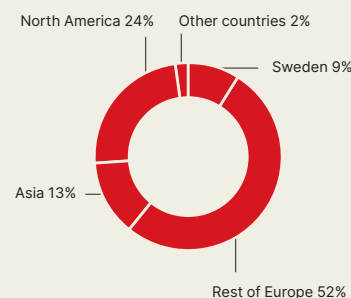
**Share of sales**



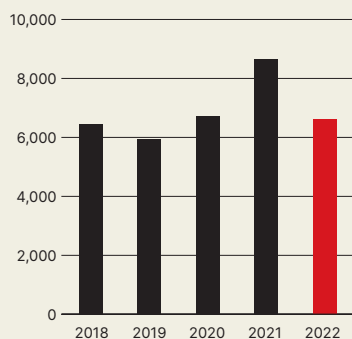
**Share of operating profit (EBITA)**



**Sales by geographic markets**



### Average no. of employees



### Employees by business area

Average

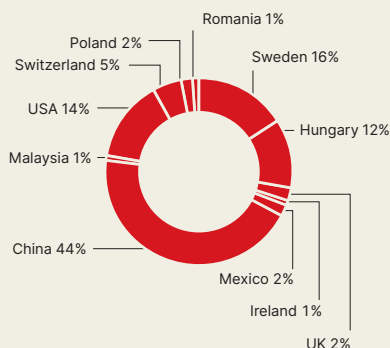
Industrial Solutions 19%      Medical Solutions 38%



Integrated Solutions 43%

### Employees by country

Average



2024 to December 15, 2024 at a subscription price of SEK 140.20 each. In Incentive Program 2022/2028, Series 2022/2026 has redemptions from December 15, 2025 to June 15, 2026 at a subscription price of SEK 57.80 each, and Series 2023/2027 has redemptions from December 15, 2026 to June 15, 2027, as well as Series 2024/2028 which has redemptions from December 15, 2027 to June 15, 2028. The programs have been taken into account in calculating the number of shares after dilution. Upon full subscription of remaining warrants, the programs provide a maximum of 7,549,500 new B shares.

Further information about Nolato's shares can be found on pages 52–53. Up-to-date information about the share price and shareholders is always available at [www.nolato.com](http://www.nolato.com).

### Corporate governance

Basic information about the company's governance, Board of Directors and management can be found on pages 54–60 and constitutes Nolato's Corporate Governance Report.

### Remuneration guidelines

The guidelines for the remuneration of senior executives agreed on at the latest annual general meeting are detailed in full on pages 61–62, and summarized in Note 27 on pages 98–99. This note also explains what happens if these executives resign or are dismissed by the company. The guidelines can also be found on Nolato's website, [www.nolato.com/en/corporate-governance](http://www.nolato.com/en/corporate-governance). A review of the guidelines for remuneration of senior executives has been conducted in preparation for the 2023 AGM, resulting in a proposal to the 2023 AGM to adopt an amendment compared with previous guidelines regarding an increase in the maximum ceiling for senior executives' opportunity to receive variable cash compensation from 40% to 50% of base salary.

### Parent Company

The Parent Company Nolato AB, which has no operating activities, is a holding company which carries out joint Group management functions and financial and accounting functions.

Sales totaled SEK 65 million (69). Profit after financial items amounted to SEK 184 million (687) and has primarily been affected by lower profit from investments in Group companies (dividends from subsidiaries) and higher financial expenses.

### Proposed appropriation of profits

The profit at the disposal of the annual general meeting is as follows (SEKm):

Retained earnings	1,973
Profit for the year	408
<b>Total</b>	<b>2,381</b>

The Board of Directors and the President and CEO propose that these earnings be appropriated as follows (SEKm):

Dividend to shareholders of SEK 1.90 per share	512
To be carried forward	1,869
<b>Total</b>	<b>2,381</b>

The proposed dividend is, in the view of the Board of Directors, justifiable with respect to the demands that the type and size of operations and the risks associated with them place on shareholders' equity and the company's capital requirements, liquidity and financial position.

### Future performance

Nolato's financial position remains very strong, providing flexibility and opportunities to act, while enabling our customers to feel secure in their choice of Nolato as supplier.

Nolato has an excellent platform for its future operations through a high level of technological expertise and professionalism, modern production units, a clear focus on sustainability and a customer-specific geographic presence in Europe, Asia and North America, as well as a strong financial position. For Medical Solutions, we see opportunities for sustained growth by investing in new projects and customer relationships. For Integrated Solutions, we will carry on extending our offering into related products with our integrated solutions. Industrial Solutions is able to continue expanding into new markets and growing through acquisitions.

We are continuing to explore acquisition opportunities, primarily within Medical Solutions, but also bolt-on acquisitions on the technology side to enable us to expand our customer offering.

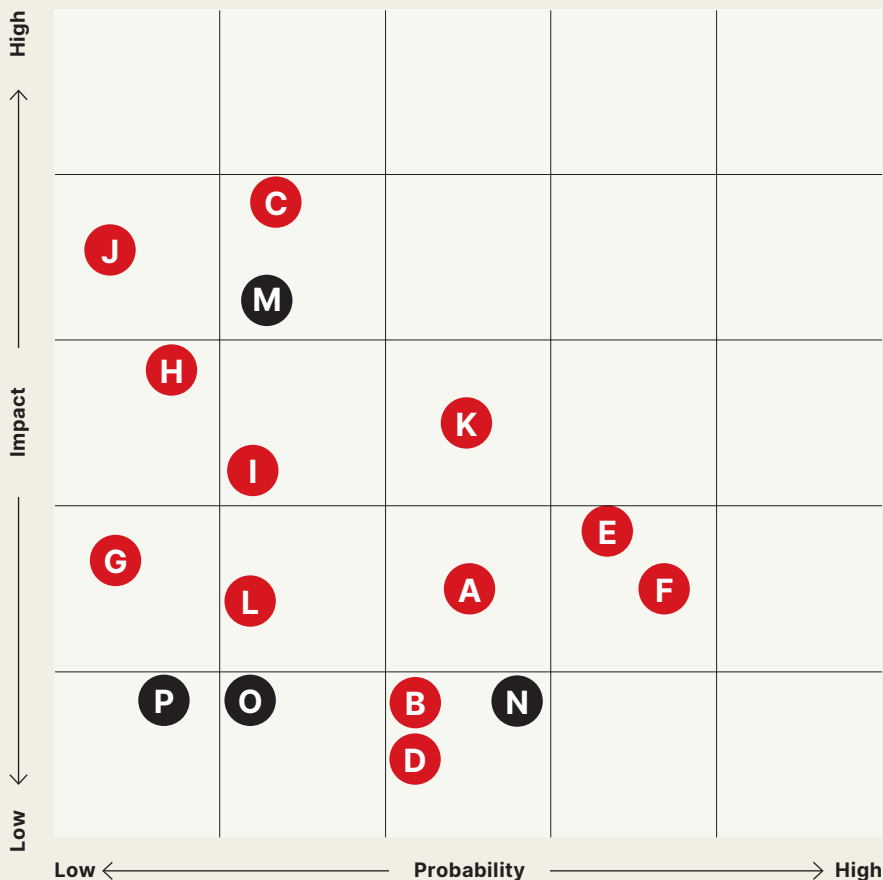
However, Nolato does not provide any earnings forecast because, as a supplier, the company conducts operations that are highly dependent on its customers' internal decisions and commercial performance. Factors among customers that we cannot influence in the short term, such as postponed or cancelled projects, higher or lower sales volumes and longer or shorter product lifespan, are thus of great significance to Nolato's sales and profit.

The positions we have on the market and the investments we have implemented within each business area should enable us to carry on developing Nolato. We will continue to grow in the long term by working increasingly closely with our customers to ensure we meet their needs. Building on current initiatives to strengthen our margins is a top priority.

# Potential risks in the organization

An important aspect of Nolato's strategic planning is identifying potential risks in the organization, assessing their likelihood and any consequences and minimizing the negative impact that such risks could have on the Group. Financial risks are managed in accordance with a financial policy established annually by the Board of Directors.

The chart below shows our assessment of the probability of a risk occurring and – if it did – the anticipated impact on Nolato's operations and earnings.



### The aim of Nolato's risk management

- > To manage the risks in the Group's operations while enabling good business opportunities to be strengthened.
- > To create a high level of risk awareness throughout the entire organization, from operational functions at company level to Group management and the Board.
- > To support Nolato's Board and Group management in risk assessments.
- > To create, by means of an open and reliable information flow, a basis for the constant evaluation of risks and opportunities.
- > To contribute to continuous improvement at all levels through regular evaluation and monitoring of risks.

#### Operational risks

- A** Business cycle risk
- B** Subcontractor risk
- C** Customer dependence
- D** Supplier dependence
- E** Raw material price risk
- F** Energy cost risk
- G** Production risks
- H** Property damage and disruptions
- I** Legal risks
- J** Product liability risk
- K** Sustainable development risks
- L** Pandemic

#### Financial risks

- M** Customer credit risk
- N** Foreign exchange risk
- O** Interest rate risk
- P** Financing and liquidity risk

Operational risks	Risk exposure	Risk management
<p><b>A Business cycle risk</b> The risk that an economic downturn could have a significant impact on Nolato's performance and earnings.</p>	Medical Solutions and Integrated Solutions' operations have a fairly low sensitivity to economic and business cycle fluctuations, while Industrial Solutions' business generally follows the Northern European industrial business cycle.	Active monitoring of markets and efficient decision-making hierarchy enable quick decisions to be taken to adapt resources at an early stage ahead of an anticipated economic downturn.
<p><b>B Subcontractor risk</b> The risk that changes at customers could have a significant negative impact on Nolato's performance and earnings.</p>	As a subcontractor, Nolato is highly dependent on customers' internal decisions and commercial performance. Factors among customers that we cannot influence include postponed or cancelled projects, higher or lower sales volumes and longer or shorter product lifespans.	By means of active and close contact with customers we endeavor to identify changes at an early stage and adapt our resources.
<p><b>C Customer dependence</b> The risk that changes at individual customers could have a significant negative impact on Nolato's performance and earnings.</p>	Dependency on individual customers is lowest in Industrial Solutions, whose market is made up of a large number of customers. Medical Solutions also has good risk diversification across a large number of customers, while Integrated Solutions has fewer customers.	We are focusing on broadening our customer base and offering within Integrated Solutions.
<p><b>D Supplier dependence</b> The risk of a supplier being unable to deliver to Nolato on time or at the right quality.</p>	If a significant, strategic supplier fails to fulfil its undertakings we could face problems supplying on time and at the right quality to our customers.	For input goods and machinery, this risk is limited by the fact that there are a number of alternative suppliers. In terms of components for system products, the choice of supplier is usually made in consultation with Nolato's customer.
<p><b>E Raw material price risk</b> The risk of an important raw material increasing in price and having a significant negative effect on various projects. In Nolato, this mainly applies to various plastic raw materials.</p>	Quantities of plastic raw material in our production vary from business area to business area. For Integrated Solutions, which also has other input materials, the plastic raw material only accounts for around 5–10% of the selling price, while the corresponding figure is around 20–25% for Medical Solutions and 25–30% for Industrial Solutions.	We endeavor to include price adjustment clauses in supply agreements that cover an extended period of time. Product lifespan within Integrated Solutions is short, which limits the risk in this business area.
<p><b>F Energy cost risk</b> The risk of the cost of energy rising and having a significant negative impact on profitability. Within Nolato this mainly applies to the purchase of electricity.</p>	Nolato primarily uses electrical energy in production. Energy costs in 2022 totaled SEK 309 million, of which 90% related to electricity.	The risk of negative effects from rising electricity prices is mitigated by the Group entering into fixed price agreements for 20–80% of electricity requirements for the next 4 to 12 quarters.
<p><b>G Production risks</b> The risk of significant supply delays and/or quality issues.</p>	As a subcontractor, the products and components that we manufacture are supplied in accordance with customer specifications and quality requirements. Disruptions can mainly occur during the start-up of a project, but also during ongoing production.	In order to counteract disruptions, the Group follows an advanced concept involving competent staff, quality assurance systems, vision monitoring systems and checklists. Over 97% of production units are certified in accordance with ISO 9001. Most are also certified in accordance with industry-specific standards such as ISO/TS 16949 (automotive) and ISO 13485 (medical technology).
<p><b>H Property damage and disruptions</b> The risk of a negative impact on earnings and customer confidence as a result of a fire, explosion, natural disaster, damage to machinery, etc.</p>	Major property damage to a building or production equipment can lead to production losses that could impact the Group's profit. Our base technologies are in place at most of the Group's production units, making it possible to relocate production from one affected unit to another unit in the event of disruptions and consequently mitigate the effects of the damage.	All units must follow Nolato's risk management manual to achieve the specified level of risk and thereby reduce the risk of significant damage and create strong security of supply. The risk manual also provides guidelines for the Group's property insurance. External risk engineers inspect the production units based on a rolling schedule to verify that risks are being managed in line with the manual.
<p><b>I Legal risks</b> The risk of significant disputes with different external stakeholders.</p>	Legal risks can primarily arise in connection with the supply of products. This may concern issues relating to quality or liability and intellectual property rights.	To prevent disputes Nolato works with external lawyers and consultants on legal issues, for example on agreements with customers and suppliers. The Group also has internal policies and regulations relating to which agreements senior executives are authorized to enter into.
<p><b>J Product liability risk</b> The risk of faults in a product manufactured by Nolato leading to significant financial claims on the Group.</p>	Design liability for products and components usually lies with customers. Nolato's risk is therefore limited solely to manufacturing faults.	The Group follows an advanced concept involving competent staff, quality assurance systems and checklists. In many cases, in-line monitoring takes place using automated vision systems. Over 97% of production units are certified in accordance with ISO 9001. Most sites are also certified in accordance with industry-specific standards such as ISO/TS 16949 (automotive) and ISO 13485 (medical technology).
<p><b>K Sustainable development risks</b> The risk of significant environmental damage, which could lead to costs or have a negative impact on Nolato's reputation.</p>	Nolato's operations do not involve any significant environmental impact through a risk of emissions to air, water and land. There are no known pollutants of land and groundwater at Nolato's plants. Hazardous substances (asbestos) are present in buildings and equipment to a very limited extent at a couple of plants. The risk to people and the environment is deemed to be very small.	The production units have the necessary environmental permits and fulfil the requirements of other relevant environmental legislation. Over 70% of production units are certified in accordance with ISO 14001. Regular risk assessments are carried out to identify new environment-related risks and/or costs. Regular assessments are carried out related to the risk of ground contamination and other environmental damage in connection with company acquisitions.
<p>The risk of climate change affecting the Group's operations.</p>	None of the Group's units are exposed to extreme weather conditions or flooding. The units in Beijing are located in an area with limited access to water.	The Group is proactive about cutting greenhouse gas emissions from production plants and products. Scenario analyses have been initiated into how Nolato is impacted by physical climate change, political decisions and legislation. Nolato applies TCFD guidelines in relation to these issues (page 134). Climate-related risks are taken into account when carrying out acquisitions and supplier assessments.



Operational risks	Risk exposure	Risk management
<p>The risk of lost business due to customers' interest in greater use of bio-based and recycled polymer raw materials not being satisfied. The risk of lost business through society being more cautious about plastic products.</p>	<p>Nolato makes polymer products that are primarily based on fossil raw materials. The use of fossil raw materials contributes to climate change. Our range includes products with both long and short lifespans. There is a risk of products with short lifespans ending up littering the environment.</p>	<p>Our range also includes a large number of products that have an environmental benefit, for example through reduced weight and lower content of fossil raw materials. In reality, for many applications plastic is a better alternative to metal and glass from a sustainability perspective, and helps reduce climate impact. The Group is stepping up its efforts within environmentally sustainable product development that includes alternative plastics made using renewable raw material, to reduce the risk of losing business and to contribute to sustainable development. In addition, new projects are being evaluated based on three factors: (i) application/period of use; (ii) circularity, i.e. what happens at the end of the product's life cycle, and (iii) what raw material is used and if there is a possibility of using recycled or bio-based plastics.</p>
<p>The risk of the Group's costs increasing significantly or of negative publicity owing to events relating to employees, respect for human rights, business ethics or other areas related to social responsibility.</p>	<p>Nolato has large units in Sweden, Hungary, the UK, Switzerland, the US and China. The majority of our employees operate outside Sweden. The concentration in Asia brings a heightened risk in areas such as working conditions and business ethics (corruption). There is always a risk of failure to apply sound business principles, irrespective of where operations are pursued. The materiality analysis therefore gives business ethics a very high priority.</p>	<p>All major units are wholly owned by Nolato, which facilitates the Group's management of sustainable development. Nolato has a significant focus on all units creating good working conditions for employees. Nolato has zero tolerance of bribery, corruption and cartel formation. Nolato's core values and Code of Conduct are continually communicated with our employees and at the beginning of 2023, a major review of the Code of Conduct will be carried out, which will be implemented via a training package throughout the Group's companies. The whistleblower system was updated in 2022 and is applied within the Group. Suppliers are regularly assessed via audits and questionnaires.</p>
<p><b>L Pandemic</b> The spread of Covid-19 or other global pandemics can have a negative impact on the development of the company's business, position and earnings.</p>	<p>Nolato has operations on three continents and a global pandemic can affect customer behavior and their ability to purchase the Group's products. Furthermore, national regulatory measures such as lockdowns can impact Nolato's production capacity. The same applies to suppliers of goods and services, and customers. However, a global pandemic can increase demand for certain products within Nolato Medical, such as medical diagnostics products.</p>	<p>Nolato's responsibility as an employer is to help reduce the spread of infection and quickly adjust operations to national recommendations and rules that are put in place. Our fundamental approach is to conduct operations in a safe way, primarily via precautionary measures and adapted working procedures. This approach has evolved based on our experiences, and has proved effective. In addition to internal work, Nolato can work with suppliers and customers to ensure we are prepared for a potential future global pandemic.</p>
Financial risks*	Risk exposure	Risk management
<p><b>M Customer credit risk</b> The risk of a major customer becoming insolvent and being unable to pay for orders made.</p>	<p>In terms of customers within Industrial Solutions and Medical Solutions, this risk is mitigated by sales taking place in a large number of countries to a large number of customers, which diversifies the risk. Integrated Solutions has fewer customers. If any of the Group's major customers were to suffer financial difficulties, the Group could sustain significant bad debt losses.</p> <p>The Group's maximum exposure of trade receivables amounted to SEK 1,522 million at year-end (all receivables from all customers).</p>	<p>The Group's revenues are mostly derived from medium-sized and large global customer groups, which reduces the risk of credit losses but does not eliminate them. Nolato continually monitors the development of overdue receivables and the financial position of large customers.</p>
<p><b>N Foreign exchange risk</b> The risk that fluctuations between different currencies will have a significant negative impact on Nolato's performance and earnings. This risk consists of transaction exposure, which derives from buying and selling in different currencies, and translation exposure, which derives from the translation of foreign subsidiaries' assets, liabilities and earnings to Swedish kronor.</p>	<p>Estimated net flows in foreign currency amounted to SEK 388 million at year-end, 46% of which was hedged. This means that SEK 184 million of estimated net flows were unhedged and a change in the value of the Swedish krona of +/-5% would have an impact of +/- SEK 9 million on Group profit.</p> <p>The Group has SEK 1,491 million in foreign net assets, mainly in China, Hungary and the UK. A +/-5% change in the value of the Swedish krona would have an impact of +/- SEK 75 million on the net assets in the Group.</p>	<p>Nolato carries out short-term currency hedging for part of the Group's estimated net exposure in foreign currencies in order to even out fluctuations in earnings. See tables in Note 30 on pages 101-104.</p>
<p><b>O Interest rate risk</b> The risk that the Group's net interest expense will significantly increase in the event of changes to market interest rates.</p>	<p>At year-end, interest-bearing liabilities amounted to SEK 2,206 million. An increase in the interest rate of one percentage point would result in an increase of SEK 22 million in annual interest expense.</p> <p>At year-end, the Group's financial net liabilities amounted to SEK 1,195 million, including pension and lease liabilities.</p>	<p>In order to limit interest rate risk, the portion of those interest-bearing liabilities exceeding SEK 400 million must have a fixed interest term maturity structure as follows: Loans with a maturity of up to one year should account for 35-65%. Loans with a maturity of over one year should account for 35-65%.</p>
<p><b>P Financing and liquidity risk</b> The risk of the Group having problems accessing capital.</p>	<p>Total credit lines granted in the Group amount to SEK 3,263 million (2,900). Of this amount, SEK 1,113 million matures on December 22, 2024; SEK 450 million on April 25, 2025, and SEK 1,683 million on August 6, 2025.</p> <p>Other credit commitments of SEK 17 million (211) mature at the end of 2023.</p>	<p>In order to maintain financial flexibility and meet the Group's capital requirements, loan facilities are continually agreed.</p>

\* Financial risk management is described in detail in Note 30 on pages 101-104.

## Consolidated income statement

SEKm	Note	2022	2021
Net sales	3, 4	10,774	11,610
Cost of goods sold	5, 6	- 9,346	- 9,793
<b>Gross profit</b>		<b>1,428</b>	<b>1,817</b>
Selling expenses	6	- 213	- 178
Administrative expenses	6	- 389	- 357
Other operating income and operating expenses, net	7	41	51
		<b>- 561</b>	<b>- 484</b>
<b>Operating profit</b>		<b>867</b>	<b>1,333</b>
Financial income	8	65	133
Financial expenses	8	- 57	- 65
		<b>8</b>	<b>68</b>
<b>Profit after financial income and expense</b>		<b>875</b>	<b>1,401</b>
Tax	9	- 178	- 241
<b>Profit for the year attributable to Parent Company shareholders</b>		<b>697</b>	<b>1,160</b>
Earnings per share, basic and diluted (SEK)	10	2.59	4.32

## Consolidated comprehensive income

SEKm	2022	2021
<b>Profit for the year attributable to Parent Company shareholders</b>	<b>697</b>	<b>1,160</b>
<b>Other comprehensive income</b>		
Items that cannot be transferred to profit for the period		
Revaluations of defined benefit pension schemes	102	41
Tax attributable to items that cannot be reversed to profit for the period	- 17	- 6
	<b>85</b>	<b>35</b>
Items transferred or that could be transferred to profit for the period		
Translation differences for the year on translation of foreign operations	344	195
Changes in the fair value of cash flow hedges for the year	3	9
Tax attributable to changes in the fair value of cash flow hedges	- 1	- 2
	<b>346</b>	<b>202</b>
<b>Total other comprehensive income, net</b>	<b>431</b>	<b>237</b>
<b>Comprehensive income for the year attributable to Parent Company shareholders</b>	<b>1,128</b>	<b>1,397</b>

**Comments on the consolidated income statement**

**Net sales**

Consolidated sales totaled SEK 10,774 million (11,610). Adjusted for currency, this was a decrease of 17%.

Medical Solutions sales amounted to SEK 4,859 million (4,067); adjusted for currency, sales increased by 8%. The charging on of higher costs contributed to the increase in sales. The surgery area experienced good growth, while in vitro diagnostics (IVD) volumes were lower due to pandemic-related inventory adjustments, which have continued to have an impact.

Integrated Solutions sales totaled SEK 3,311 million (5,226). Adjusted for currency, sales decreased by some 46%. Demand for Vaporiser Heating Products (VHPs) in Eastern Europe has been adversely affected following Russia's invasion of Ukraine. In addition, from the beginning of the fourth quarter until December 5 Nolato did not manufacture any VHP products in China because of new regulatory requirements relating to VHP products established by Chinese authorities.

Industrial Solutions sales amounted to SEK 2,618 million (2,324); adjusted for currency, sales increased by 6%. Volumes decreased somewhat compared with the same period last year, while the charging on of cost increases contributed positively to sales.

**Gross profit**

Gross profit totaled SEK 1,428 million (1,817). The cost of goods sold consists of production costs for materials and manufacturing salaries, as well as other production expenses. The gross margin was 13.3% (15.7). Total depreciation/amortization increased and amounted to SEK 544 million (472). This consisted mainly of depreciation of non-current assets in production, which is included in the cost of goods sold in the income statement at SEK 496 million (433). Other depreciation/amortization primarily relates to amortization of intangible assets arising in connection with acquisitions. The increase in depreciation is due to the investments made by the Group over the past few years to expand production capacity, with higher investments than depreciation.

**Other operating income and operating expenses, net**

There was a net decline to income of SEK 41 million (51), which is primarily due to a remitted loan of SEK 50 million in 2021. The remaining changes comprise net currency gains/losses, which improved in 2022.

**Operating profit**

Operating profit totaled SEK 867 million (1,333). The decline in profit is largely attributable to reduced activity in Vaporiser Heating Products in the Integrated Solutions business area, as well as a drop in margins in the Industrial Solutions business area, where component shortages, mainly in automotive but also in some other areas, have impacted customer demand and caused fluctuations in production planning for Nolato. This has resulted in lower production efficiency, which, together with a time lag in the charging on of cost increases, has adversely affected the margin. 2021 included a positive non-recurring item of SEK 50 million, which related to a remitted loan. Excluding non-recurring items, operating profit decreased to SEK 867 million (1,283). This non-recurring item was recognized at Group level and did not impact the business areas' profit.

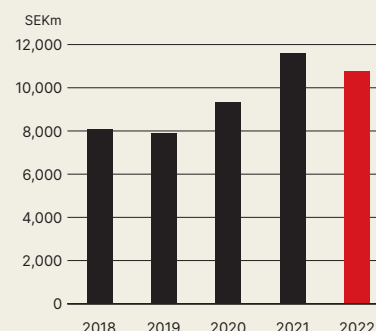
**Net financial income/expense**

Net financial income/expenses amounted to SEK 8 million in 2022 (68). Excluding a positive non-recurring item of SEK 41 million (115), which arose from the revaluation of a contingent consideration concerning the acquisition of GW Plastics, net financial items amounted to SEK -33 million (-47), an improvement of SEK 14 million mainly attributable to net currency effects of SEK 1 million (-23) and higher other financial expenses of SEK -21 million (-14).

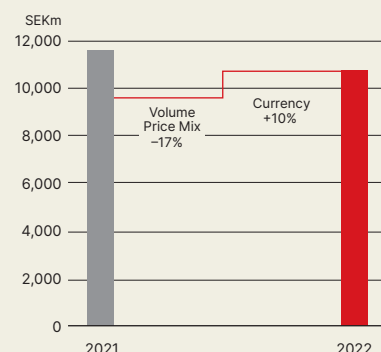
**Profit after tax**

Profit after tax totaled SEK 697 million (1,160), and diluted earnings per share fell to SEK 2.59 (4.32). Excluding non-recurring items, diluted earnings per share were SEK 2.44 (3.70). The effective tax rate was 20.3% (17.2). Excluding non-recurring items, the tax rate was 21.3% (19.5).

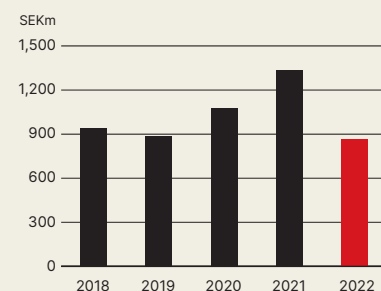
**Sales**



**Change in sales**



**Operating profit (EBIT)**



## Consolidated balance sheet

SEKm	Note	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Non-current intangible assets	11	2,472	2,234
Property, plant and equipment	12	2,869	2,581
Rights of use	13	305	287
Non-current financial assets	14	2	2
Other non-current receivables		1	2
Deferred tax assets	9	87	69
<b>Total non-current assets</b>		<b>5,736</b>	<b>5,175</b>
<b>Current assets</b>			
Inventories	15	1,283	1,340
Trade receivables	14	1,522	1,574
Current tax assets		68	49
Other current assets	16	383	468
Other current financial assets	14	4	1
Cash and cash equivalents	14	1,011	1,448
<b>Total current assets</b>		<b>4,271</b>	<b>4,880</b>
<b>Total assets</b>		<b>10,007</b>	<b>10,055</b>
<b>Shareholders' equity and liabilities</b>			
<b>Equity attributable to Parent Company shareholders</b>			
Share capital		135	135
Other capital contributed		488	488
Other reserves	18	559	213
Retained earnings, (incl. profit for the year)		4,210	3,932
<b>Total shareholders' equity</b>		<b>5,392</b>	<b>4,768</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	20	173	247
Non-current financial liabilities	13, 19	1,710	1,588
Deferred tax liabilities	9	294	254
Other provisions	21	62	86
<b>Total non-current liabilities</b>		<b>2,239</b>	<b>2,175</b>
<b>Current liabilities</b>			
Trade payables	19	779	1,463
Current tax liabilities		70	101
Other current financial liabilities	13, 19	334	211
Other current liabilities	22	1,193	1,337
<b>Total current liabilities</b>		<b>2,376</b>	<b>3,112</b>
<b>Total liabilities</b>		<b>4,615</b>	<b>5,287</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,007</b>	<b>10,055</b>

## Comments on the consolidated balance sheet

### Assets

Non-current assets grew to SEK 5,736 million (5,175) as a result of increased investment in expanding production capacity, but also because of a weakening in the Swedish krona. For intangible non-current assets and goodwill, the currency effect amounts to SEK 239 million (146), while for property, plant and equipment the currency effect is SEK 248 million (124).

Current assets declined by SEK 609 million. The balance sheet item 'Inventories' decreased by SEK 57 million and trade receivables declined by SEK 52 million. Cash and cash equivalents decreased by SEK 437 million to total SEK 1,011 million (1,448), which is mainly due to an increase in working capital requirements.

### Shareholders' equity

Shareholders' equity increased as a result of comprehensive income for the year of SEK 1,128 million, which consists of profit after tax and currency effects from translation differences and the revaluation of defined benefit pension schemes, as well as warrants paid for in the incentive program of SEK 8 million. Furthermore, dividends paid of SEK 512 million have reduced shareholders' equity. The return

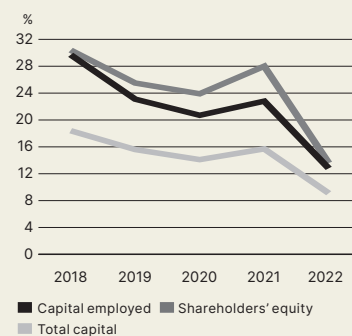
on shareholders' equity was 13.6% (28.0) and the decline was due to lower post-tax earnings and higher shareholders' equity.

### Liabilities

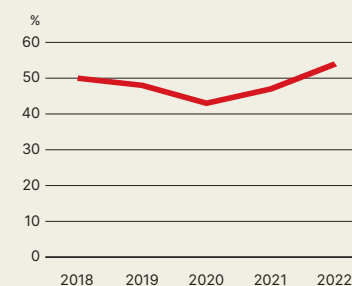
Non-interest-bearing liabilities and provisions decreased, amounting to SEK 2,409 million (3,246), largely due to trade payables and other current liabilities declining as a result of lower sales. The average total working capital requirement in relation to sales was 7.4% (3.7). The return on capital employed amounted to 12.8% (22.8) and the lower return is due to lower earnings and higher capital employed.

Interest-bearing liabilities and provisions increased and amounted to SEK 2,206 million (2,041), with a revaluation of the contingent consideration relating to the acquisition of GW Plastics reducing the amount by SEK 41 million, while the weaker Swedish krona in the revaluation of loans in USD and CHF increases the value of these liabilities and provisions. Interest-bearing assets amounted to SEK 1,011 million (1,448), which means that net financial debt totaled SEK 1,195 million (593), including pension and lease liabilities.

## Return



## Equity/assets ratio



## Changes in consolidated shareholders' equity

SEKm	Attributable to Parent Company shareholders					
	Share capital	Other capital contributed	Hedging reserves	Translation reserves	Retained earnings	Total shareholders' equity
<b>Opening balance, January 1, 2021</b>	<b>134</b>	<b>392</b>	<b>-8</b>	<b>19</b>	<b>3,162</b>	<b>3,699</b>
Profit for the year					1,160	1,160
Other comprehensive income for the year			7	195	35	237
<b>Comprehensive income for the year</b>			<b>7</b>	<b>195</b>	<b>1,195</b>	<b>1,397</b>
Warrants exercised in incentive program	1	96				97
Warrants included in incentive program					3	3
Dividend for 2020					-428	-428
<b>Closing balance, December 31, 2021</b>	<b>135</b>	<b>488</b>	<b>-1</b>	<b>214</b>	<b>3,932</b>	<b>4,768</b>
<b>Opening balance, January 1, 2022</b>	<b>135</b>	<b>488</b>	<b>-1</b>	<b>214</b>	<b>3,932</b>	<b>4,768</b>
Profit for the year					697	697
Other comprehensive income for the year			2	344	85	431
<b>Comprehensive income for the year</b>			<b>2</b>	<b>344</b>	<b>782</b>	<b>1,128</b>
Warrants included in incentive program					8	8
Dividend for 2021					-512	-512
<b>Closing balance, December 31, 2022</b>	<b>135</b>	<b>488</b>	<b>1</b>	<b>558</b>	<b>4,210</b>	<b>5,392</b>

## Consolidated cash flow statement

SEKm	Note	2022	2021
	25		
<b>Operating activities</b>			
Operating profit		867	1,333
<i>Adjustments for items not included in cash flow:</i>			
Depreciation/amortization and impairment		465	397
Amortization of right-of-use assets according to IFRS 16 Leases		79	75
Provisions		—	1
Capital gain from sale of property, plant and equipment		-2	-1
Unrealized exchange rate differences		-87	-101
Other items		-9	-46
Pension payments		-6	-6
Interest received		22	19
Interest paid		-56	-44
Realized exchange rate differences		-13	-22
Income tax paid		-239	-203
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,021</b>	<b>1,402</b>
<b>Cash flow from changes in working capital</b>			
Changes in inventories		176	-423
Changes in trade receivables		181	-218
Changes in trade payables		-788	441
Other changes in working capital		-184	26
		<b>-615</b>	<b>-174</b>
<b>Cash flow from operating activities</b>		<b>406</b>	<b>1,228</b>
<b>Investing activities</b>			
Acquisition of non-current intangible assets		-4	-6
Acquisition of property, plant and equipment		-451	-776
Sale of property, plant and equipment		4	—
<b>Cash flow from investing activities</b>		<b>-451</b>	<b>-782</b>
<b>Cash flow before financing activities</b>		<b>-45</b>	<b>446</b>
<b>Financing activities</b>			
Borrowings	25	121	60
Repayment of loans	25	-103	-366
Warrants paid for in incentive program		8	3
Warrants exercised in incentive program		—	97
Other		-1	—
Dividend paid		-512	-428
<b>Cash flow from financing activities</b>		<b>-487</b>	<b>-634</b>
<b>Cash flow for the year</b>		<b>-532</b>	<b>-188</b>
<b>Cash and cash equivalents, opening balance</b>		<b>1,448</b>	<b>1,487</b>
Exchange rate difference in cash and cash equivalents		95	149
<b>Cash and cash equivalents, closing balance</b>		<b>1,011</b>	<b>1,448</b>

**Comments on the consolidated cash flow statement**

**Cash flow from operating activities**

Cash flow before investments amounted to SEK 406 million (1,228). Changes in working capital had an impact of SEK -615 million (-174) on cash flow. The decline in earnings has had a negative impact and the working capital requirement increased, which affected cash flow. Working capital was adversely affected by the payment of a contingent consideration of SEK 53 million for the acquisition of GW Plastics, Inc. But primarily, the use of supplier finance for trade receivables has decreased. The low deliveries of VHP products towards the end of 2022, which was unplanned, has also increased capital requirements.

**Cash flow from investing activities**

Net investment affecting cash flow totaled SEK 451 million (782). Investments in property, plant and equipment largely comprised machinery and equipment as well as construction in progress, but also to a lesser extent investments in buildings and land. Net investments affecting cash flow excluding acquisitions and disposals are allocated between the Group's business areas as SEK 354 million (487) for Medical Solutions, SEK 39 million (36) for Integrated Solutions and SEK 58 million (259) for Industrial Solutions. For Medical Solutions and Industrial Solutions, investments have mainly consisted of expanded production capacity for new customer projects, primarily in machinery

and other technical installations, but also to a lesser extent in buildings. Integrated Solutions investments consisted mainly of technology initiatives, expansion of EMC production and investments in the replacement of machinery.

Investments (net)	2022	2021
Non-current intangible assets	3	6
Buildings and land	16	67
Machinery and equipment	130	227
Construction in progress	302	482
<b>Total investments</b>	<b>451</b>	<b>782</b>

Affecting cash flow, excluding acquisitions and disposals.

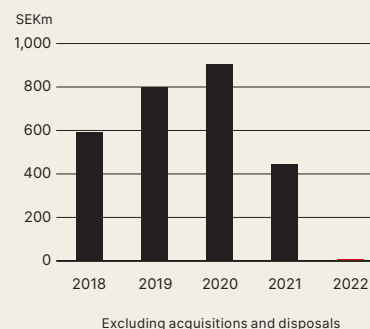
**Cash flow after investing activities**

Cash flow after investments was SEK 8 million excluding acquisitions of businesses (446). Including acquisitions of businesses, cash flow amounted to SEK -45 million (446).

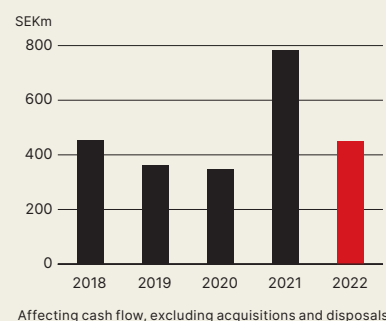
**Cash flow from financing activities**

Financing activities describe the Group's financing and dividends to shareholders, and totaled a net amount of SEK -487 million (-634). This consists of net raised borrowings of SEK 18 million (-306 million net amortized borrowings), dividends paid totaling SEK -512 million (-428) and warrants paid for/exercised under the incentive program of SEK 8 million (100).

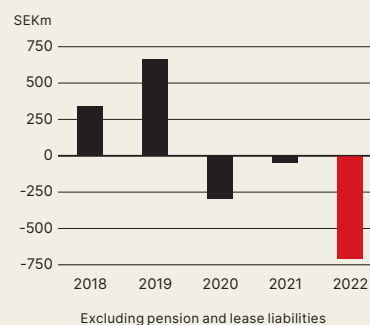
**Cash flow after investments**



**Investments**



**Net financial liabilities (-) /net financial assets (+)**



## Notes to the consolidated financial statements

### Note 1 General information

Nolato is a high-tech developer and manufacturer of polymer product systems for leading customers in medical technology, pharmaceuticals, consumer electronics, telecom, automotive products, hygiene and other selected industrial sectors.

The Parent Company Nolato AB, company registration number 556080-4592, is a limited company with its registered office in Båstad municipality, Sweden. The company's head office address is Nolato AB, Nolatovägen 32, 269 78 Torekov, Sweden.

Nolato's B shares are listed on Nasdaq Stockholm Exchange in the Large Cap segment, where they are included in the Industrials sector.

### Note 2 Accounting and valuation policies

#### Compliance with standards and laws

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU, and interpretations from the International Financial Reporting Interpretations Committee (IFRIC). The Swedish Financial Accounting Standards Council's recommendation RFR 1 Supplementary Rules for Consolidated Financial Statements has also been applied.

The Parent Company applies the same accounting policies as the Group, except in those cases specified in the section 'Parent Company's accounting policies'.

#### Significant accounting policies applied

Apart from those exceptions described in further detail, the following accounting policies have been applied consistently to all periods presented in the Group's financial statements. The accounting policies have been applied consistently by the Group's companies. In addition, comparison figures have been reclassified in those cases where the policies have been changed in order to correspond with the figures presented in this year's financial statements, as described below.

In order to make the text clearer and easier to read, accounting policies and estimates and judgments have been moved to the beginning of each note. Any accounting policies that do not relate to a specific note can be found in this note.

No new standards have entered into force that have affected the company's accounting for the 2022 financial year.

#### New IFRS standards and interpretations which have not yet been applied

IASB and the IFRS Interpretations Committee have issued new standards and statements that apply to financial years starting January 1, 2023, or later. There are no plans for the early application of new or amended standards for future application.

None of the standards or interpretations published by IASB are expected to have a material impact on the Group or Parent Company's financial statements.

#### Basis for preparing the financial statements

The functional currency of the Parent Company is the Swedish krona (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor. All amounts are presented in millions of kronor unless otherwise indicated.

Assets and liabilities are reported at their historical acquisition cost, except for certain financial assets and liabilities comprising currency derivatives and potential contingent considerations relating to acquisitions, which are measured at fair value. Non-current assets and non-current liabilities consist in all significant respects only of amounts which are expected to be recovered or paid after more than 12 months from the balance sheet date. Current assets and current liabilities consist in all significant respects only of amounts which are expected to be recovered or paid within 12 months of the balance sheet date. Offsetting of receivables and liabilities and of income and expenses is done only if this is required or expressly permitted.

Preparing the financial statements in accordance with IFRS requires Group management to make judgments, estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors which seem reasonable given current conditions. The actual outcome may deviate from these estimates and assumptions. The estimates and assumptions are reviewed regularly. Changes to estimates are

reported during the period when the change is made if the change only affects that period, or during the period when the change is made and future periods if the change affects both the current period and future periods.

#### Consolidation principles

Subsidiaries are companies in which Nolato AB has a controlling interest. A controlling interest exists if Nolato AB has influence over the investment object, is exposed or entitled to variable return from its exposure and can use its interest in the investment to influence the return. When determining whether a controlling interest exists, account is taken of potential voting shares and whether or not there is de facto control.

For all of the Group's subsidiaries, control exists via 100% ownership.

The consolidated financial statements have been prepared in accordance with IFRS 3 Business Combinations and by applying the acquisition method. This method means that shareholders' equity in the Group includes shareholders' equity in the Parent Company and the portion of shareholders' equity in subsidiaries that has accumulated since the acquisition. The difference between the acquisition cost of shares in a subsidiary and that company's shareholders' equity at the time of acquisition, adjusted in accordance with consolidated accounting policies, has been allocated among the assets and liabilities measured at fair value that were taken over on acquisition. Transaction costs on acquisitions are recognized under profit for the year in accordance with IFRS 3 for the Group. Amounts which cannot be allocated are reported as goodwill. Intra-group transactions and balance sheet items and unrealized gains/losses on transactions between Group companies are eliminated. The accounting policies for subsidiaries have been changed, where applicable, to ensure the consistent application of consolidated accounting policies.

#### Translation of foreign currencies

Items included in the financial statements for the various units in the Group are measured in the currency used in the economic environment in which each company primarily operates. The Swedish krona (SEK), which is the Parent Company's functional currency and reporting currency, is used in the consolidated accounts. For subsidiaries, the local currency of their respective countries is used as the reporting currency, and this is considered to constitute the functional currency.

Transactions in foreign currencies are translated into the functional currency at the rate in effect on the transaction date. Exchange rate gains and losses arising from the payment of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at the rate on the balance sheet date are recognized in profit for the year.

The earnings and financial position of all Group companies are translated into the Group's reporting currency as follows:

- assets and liabilities are translated at the rate on the balance sheet date;
- income and expenses are translated at the average rate of exchange for the financial year;
- exchange rate differences arising in the translation of foreign operations are recognized as translation differences for the year under 'Other comprehensive income'.

### Note 3 Operating segments

#### Accounting policies

Each operating segment is defined as business activities from which income can be generated or expenses incurred, whose operating earnings are regularly monitored by the Group's Chief Operating Decision Maker (CODM) and for which separate financial information is available. In Nolato's case, CODM is defined as Group management, which determines how resources are to be allocated between the different segments and that also makes regular assessments of earnings. The Group's internal reporting covers three segments: Medical Solutions, Integrated Solutions and Industrial Solutions.

Directly attributable items and items which could be distributed among the segments in a reasonable and reliable manner have been included in the segments' profit, assets and liabilities. The recognized items in the operating segments are measured in accordance with the earnings, assets and liabilities monitored by Group management.



Internal pricing between the Group's various segments is set according to the arm's length principle, i.e. between parties that are independent of each other, well-informed and have an interest in the transactions being carried out.

The assets in each business area consist of all operating assets used by the operating segment, primarily non-current intangible assets arising through business combinations, property, plant and equipment, inventories and trade receivables. Liabilities assigned to operating segments include all operating liabilities, mainly trade payables and accrued expenses.

Unallocated items in the balance sheet consist primarily of non-current financial assets, interest-bearing receivables and liabilities, provisions and deferred tax assets/liabilities.

Unallocated items in the income statement are attributable to Parent Company costs, financial income, financial expenses and tax expenses.

The segments' investments in non-current assets include all investments other than investments in expendable equipment and low-value equipment. All segments are established in accordance with Group accounting policies.

#### Information on operating segments

**Medical Solutions** develops and manufactures complex product systems and components for medical devices, the pharmaceutical industry and diagnostics. The market consists of large, global customers, featuring demanding development work, long product lifespans and stringent requirements in terms of quality, traceability and safety. Medical Solutions enjoys a solid global position on the three continents Europe, North America and Asia. Development and produc-

tion take place in Sweden, Hungary, the US, the UK, Switzerland, Poland, Ireland, Mexico and China. A more detailed presentation of the business area can be found on pages 22–25.

**Integrated Solutions** operations are divided into two business sectors: Consumer Electronics and EMC & Thermal. Consumer Electronics comprises selected electronics products, in which Nolato designs, develops and produces advanced components, subsystems and ready-packaged products. EMC & Thermal develops techniques and materials for shielding of electronics to achieve electro-magnetic compatibility and heat dissipation of electronics. The market consists of a few large, global companies with high technological demands, extremely short development times and quick production start-ups. Integrated Solutions enjoys a strong position with selected customers. Development and production are conducted in China, Malaysia, Hungary, the US and Sweden. A more detailed presentation of the business area can be found on pages 26–29.

**Industrial Solutions** develops and manufactures components and product systems for customers in the automotive industry, hygiene, packaging, gardening/forestry, domestic appliances, furniture and other selected industrial segments. The market is fragmented and diversified, with a large number of customers and a large number of suppliers. Industrial Solutions has a strong position in the Nordic region and parts of Central Europe. Development and production are carried out in Sweden, Hungary, Romania, Switzerland, Mexico, China and the US. A more detailed presentation of the business area can be found on pages 30–33.

	Medical Solutions		Integrated Solutions		Industrial Solutions		Group adjustment, Parent Company		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	4,855	4,067	3,301	5,219	2,618	2,324	—	—	10,774	11,610
Internal sales	4	—	10	7	—	—	-14	-7	—	—
<b>Net sales</b>	<b>4,859</b>	<b>4,067</b>	<b>3,311</b>	<b>5,226</b>	<b>2,618</b>	<b>2,324</b>	<b>-14</b>	<b>-7</b>	<b>10,774</b>	<b>11,610</b>
<b>Profit</b>										
Operating profit (EBITA)	457	457	334	671	128	208	-11	33	908	1,369
Amort. of intang. assets arising from acq.	-30	-27	-1	-1	-10	-8	—	—	-41	-36
<b>Operating profit</b>	<b>427</b>	<b>430</b>	<b>333</b>	<b>670</b>	<b>118</b>	<b>200</b>	<b>-11</b>	<b>33</b>	<b>867</b>	<b>1,333</b>
Financial income									65	133
Financial expenses									-57	-65
Tax expenses for the year									-178	-241
<b>Profit for the year</b>									<b>697</b>	<b>1,160</b>
<b>Receivables and liabilities</b>										
Segments' assets	6,015	5,185	1,163	1,823	2,420	2,179	-705	-669	8,893	8,518
Unallocated assets									1,114	1,537
<b>Total assets</b>	<b>6,015</b>	<b>5,185</b>	<b>1,163</b>	<b>1,823</b>	<b>2,420</b>	<b>2,179</b>	<b>-705</b>	<b>-669</b>	<b>10,007</b>	<b>10,055</b>
Segments' liabilities	1,029	948	1,111	2,022	472	446	-461	-464	2,151	2,952
Unallocated liabilities									2,464	2,335
<b>Total liabilities</b>	<b>1,029</b>	<b>948</b>	<b>1,111</b>	<b>2,022</b>	<b>472</b>	<b>446</b>	<b>-461</b>	<b>-464</b>	<b>4,615</b>	<b>5,287</b>
<b>Other information</b>										
Investments (capitalized)	411	484	80	42	64	252	—	—	555	778
Depreciation/amortization and impairment	309	249	54	73	178	160	1	1	542	483
Significant items, other than depr./amort./impairment with no offsetting payments, impairment and provisions	-3	3	-4	-1	-2	10	—	—	-9	12

## Cash flow from operations, allocated by segment

	2022				2021			
	Medical Solutions	Integrated Solutions	Industrial Solutions	Total	Medical Solutions	Integrated Solutions	Industrial Solutions	Total
Cash flow from operating activities before changes in working capital	736	394	292	1,422	680	733	361	1,774
Changes in working capital	- 183	- 210	- 138	- 531	- 228	143	- 96	- 181
<b>Cash flow from operating activities</b>	<b>553</b>	<b>184</b>	<b>154</b>	<b>891</b>	<b>452</b>	<b>876</b>	<b>265</b>	<b>1,593</b>
Unallocated items <sup>1)</sup>				- 485				- 365
<b>Total cash flow from operations</b>				<b>406</b>				<b>1,228</b>

## Cash flow from investing activities, allocated by segment

	2022				2021			
	Medical Solutions	Integrated Solutions	Industrial Solutions	Total	Medical Solutions	Integrated Solutions	Industrial Solutions	Total
Acquisition of non-current assets <sup>2)</sup>	- 357	- 40	- 58	- 455	- 487	- 36	- 260	- 783
Sale of non-current assets	3	1	—	4	—	—	1	1
<b>Cash flow from investing activities</b>	<b>- 354</b>	<b>- 39</b>	<b>- 58</b>	<b>- 451</b>	<b>- 487</b>	<b>- 36</b>	<b>- 259</b>	<b>- 782</b>

<sup>1)</sup> For 2022, the Group's change in working capital was SEK -615 million and, allocated by business area according to the above, it was SEK -531 million. The difference of SEK 84 million is included in the SEK -485 million. Other unallocated items consist chiefly of operating earnings of SEK -11 million (with the Parent Company accounting for the majority), unrealized exchange rate differences of SEK -87 million, income tax paid at SEK -239 million and other items such as pension payments, other provisions paid, interest received/paid, including certain parts of the items not affecting cash flow.

<sup>2)</sup> Paid investments for the year in non-current assets, i.e. after adjustment for outstanding supplier invoices on the balance sheet date of SEK 9 million (-12).

## Information about geographic markets

In the Nordic region, the rest of Europe, Asia and North America, the Group manufactures and sells products from all business areas.

	Sweden		Other Nordic countries		Rest of Europe		North America		Asia		Other countries		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External sales	957	909	265	206	5,392	5,632	2,622	2,083	1,365	2,587	173	193	10,774	11,610
Assets	1,837	1,903			2,719	2,309	3,850	3,204	1,601	2,639			10,007	10,055
Average no. of employees	1,074	1,130			1,522	1,518	1,059	1,102	2,972	4,919			6,627	8,669
Investments (capitalized)	128	137			195	397	171	211	61	33			555	778

## Note 4 Sales

## Accounting policies

The Nolato Group's revenue is essentially derived from the sale of serially manufactured products and product systems within polymers such as plastic, TPE and silicone, which have been produced through development work and the creation of production equipment in partnership with our customers. Our customers maintain control over the products following delivery, which is when invoicing occurs with appropriate payment terms, see Note 14, with the average period of credit being 52 days. Jointly developed production equipment, which largely consists of tooling, is essentially owned by customers and invoiced to the customer in advance or over a period of time based on expenses incurred.

Nolato's customer contracts normally have entirely separate performance commitments with regard to delivery of serially manufactured products, which accounted for 92% of net sales in 2022, and development work and the creation of production equipment, which is considered to be a smaller separate performance commitment and is invoiced to the customer prior to the possible start of serial production. The products are primarily entirely customized and the design and drawings are owned by the customer. Nolato normally assumes manufacturing responsibility, while the customer normally assumes design responsibility.

To give Nolato an idea of future production, customers often submit forecasts. These forecasts are often indicative and not binding for the customer. Nolato mainly uses the forecasts for planning with regard to input materials and machinery capacity, and begins production upon receipt of a purchase order from the customer. Nolato invoices at the agreed price (transaction price) after delivery and once control has been transferred to the customer. The inventory turnover rate for completed products is very high. Agreed prices are continually adjusted, partly because Nolato compensates for changes in the price of raw materials.

Nolato does not submit any information about outstanding performance commitments, as there are no unfulfilled performance commitments on completion of purchase orders received. Nolato has no significant contracts with an original anticipated term of more than one year, in which customers commit to buying more than continually placed purchase orders.

## Allocation of income

	2022				2021			
	Total	Medical Solutions	Integrated Solutions	Industrial Solutions	Total	Medical Solutions	Integrated Solutions	Industrial Solutions
Sweden	963	138	35	790	914	117	29	768
Rest of Europe	5,657	2,317	1,953	1,387	5,839	1,998	2,638	1,203
North America	2,622	2,085	178	359	2,083	1,668	154	261
Asia	1,371	166	1,137	68	2,588	153	2,352	83
Other countries	175	153	8	14	193	131	53	9
Elimination internal sale	- 14				- 7			
<b>Total revenue from contracts with customers</b>	<b>10,774</b>	<b>4,859</b>	<b>3,311</b>	<b>2,618</b>	<b>11,610</b>	<b>4,067</b>	<b>5,226</b>	<b>2,324</b>

The above table essentially covers products transferred following delivery.

For 2022, the Group has a reduced provision for anticipated credit losses on accounts receivable and contract assets, with SEK 2 million recognized in the cost of goods sold; see also Note 14.

## Contract balances

	2022	2021
Trade receivables	1,522	1,574
<b>Opening balance for contract assets relating to development work and development of production tooling</b>	<b>208</b>	<b>151</b>
Recognized in income during the year	- 194	- 165
Additional during the year	155	229
Reclassification to contract liabilities	- 16	- 17
Currency effects	10	10
<b>Closing balance for contract assets relating to development work and development of production tooling (see also Note 16)</b>	<b>163</b>	<b>208</b>
<b>Opening balance for contract liabilities relating to development work and development of production tooling</b>	<b>338</b>	<b>315</b>
Recognized in income during the year	- 316	- 250
Additional during the year	275	261
Reclassification to contract assets	- 19	- 17
Currency effects	33	29
<b>Closing balance for contract liabilities relating to development work and development of production tooling (see also Note 22)</b>	<b>311</b>	<b>338</b>

The Group recognizes development work and development of production tooling per main product and customer as a net amount, either as a contract asset or contract liability.

## Note 5 Research and development

	2022	2021
Development expenditure for customer-specific products	676	751

The Group's development expenditure relates to developing customer-specific products in close collaboration with the customer. Product development costs are charged to the income statement under cost of goods sold. Nolato normally invoices the customer for these costs prior to serial production of the product and it is regarded as a lesser separate undertaking.

## Note 6 Expenses allocated by type of cost

	2022	2021
Material costs	4,553	5,467
Employee benefits	1,887	1,865
Social security contributions	288	293
Employee pensions	154	144
Energy costs	309	212
Other costs	2,213	1,894
Depreciation/amortization and impairment	544	472
<b>Total</b>	<b>9,948</b>	<b>10,347</b>
Depreciation/amortization and impairment is included in operating expenses as follows:	2022	2021
Software	6	5
Customer relationships	41	36
Buildings and land improvements	133	116
Machinery and other technical facilities	334	286
Equipment, tools, fixtures and fittings	30	29
<b>Total non-current assets</b>	<b>544</b>	<b>472</b>
Trade receivables (- reduced provision/+ increased provision) for anticipated bad debt losses	- 2	11
<b>Total</b>	<b>542</b>	<b>483</b>
Depreciation/amortization and impairment has been allocated as follows:	2022	2021
Cost of goods sold	494	444
Selling expenses	42	36
Administrative expenses	6	3
<b>Total</b>	<b>542</b>	<b>483</b>

## Note 7 Other operating income and operating expenses

	2022	2021
<b>Other operating income</b>		
Effect of exchange rate on operating receivables/liabilities	27	—
Capital gain from sale of property, plant and equipment	2	1
State subsidy received in China	6	13
Other contributions	2	—
Remitted government loan in the US	—	50
Other	4	6
<b>Total</b>	<b>41</b>	<b>70</b>
<b>Other operating expenses</b>		
Effect of exchange rate on operating receivables/liabilities	—	- 19
<b>Other operating income and operating expenses, net</b>	<b>41</b>	<b>51</b>

## Note 8 Financial income and expenses

### Accounting policies

Financial income consists of interest income on invested funds measured at amortized cost. Profit from the disposal of a financial instrument is recognized once the risks and benefits associated with ownership of the instrument have been transferred to the buyer and the Group no longer has control of the instrument. In other respects, financial expenses primarily consist of interest expenses on loans measured at amortized cost and other borrowing costs such as commitment fees and credit charges relating to the Group's credit agreements.

	2022	2021
Interest income	22	19
Interest expenses	- 35	- 28
Foreign exchange gains and losses, net	1	- 23
Other financial income	41	114
Other financial expenses	- 21	- 14
<b>Net financial income/expense</b>	<b>8</b>	<b>68</b>
<i>Recognized as:</i>		
Financial income	65	133
Financial expenses	- 57	- 65
<b>Net financial income/expense</b>	<b>8</b>	<b>68</b>

### Total net financial income/expense per category of financial instrument

	2022				2021			
	Interest income	Interest expenses	Foreign exchange gains/ losses, net	Other	Interest income	Interest expenses	Foreign exchange gains/ losses, net	Other
Derivatives used to hedge intra-group loans			—				- 38	
Bank deposits	22				19			
PRI pension liability		- 3				- 2		
Borrowings and lease liabilities		- 32				- 26		
Liquidation of subsidiaries								- 1
Revaluation of previous provision for liability for contingent consideration on acquisition in the US				41				115
Supplier finance agreements		- 12				- 7		
Other financial assets/liabilities		- 9	1			- 7	15	
<b>Total</b>	<b>22</b>	<b>- 56</b>	<b>1</b>	<b>41</b>	<b>19</b>	<b>- 42</b>	<b>- 23</b>	<b>114</b>

## Note 9 Tax

### Accounting policies

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit for the year, except where the underlying transaction is recognized in other comprehensive income, in which case the related tax effect is recognized in other comprehensive income.

All companies in the Group calculate income taxes in accordance with the tax rules and regulations that apply in the countries in which the profit is taxed.

Current tax is tax that is payable or receivable in relation to the current year, with the application of the tax rates that have been decided, or decided in practice, at the balance sheet date. Current tax also includes adjustments for current tax attributable to previous periods.

Provision has been made in the Group for taxes on subsidiaries' taxable profits for the financial year, which may be allocated to the Parent Company next year. Provision for any coupon tax for anticipated dividends is made in the Parent Company once the dividend is recognized as a receivable from a Group company. However, no provisions have been made for tax that may arise on allocation of the remaining distributable profits in foreign subsidiaries as these may be distributed tax-free, or because the Group does not intend to allocate any internal dividends in the foreseeable future.

Deferred tax is calculated using the balance sheet method, taking temporary differences between recognized and tax-related values of assets and liabilities as the starting point. Temporary differences are not taken into account in consolidated goodwill, or for any difference arising on initial recognition of assets and liabilities that are not business combinations which, at the time of the transaction, affect neither recognized nor taxable earnings. Temporary differences attributable to investments in subsidiaries that are not expected to be reversed within the foreseeable future are not taken into account either. The measurement of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the application of the tax rates and tax rules that have been decided, or decided in practice, at the balance sheet date.

Deferred tax assets in relation to deductible temporary differences and loss carry-forwards are only recognized to the extent that it is likely that these will be utilized. The value of deferred tax assets is reduced once it is no longer deemed likely that they can be utilized.

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when taxes are charged by one and the same tax authority, and when the Group intends to pay the current tax assets and liabilities at a net amount.

### Estimates and judgments

Management is required to make significant judgments when calculating tax liabilities and tax assets and for deferred tax for provisions and receivables. This process involves an assessment of the Group's exposure to current tax and the establishment of temporary differences created by various tax and accounting rules.

Management looks in particular at the likelihood that deferred tax assets may be offset against any surplus in future taxation.

Deferred tax assets are recognized to the extent that management deems it likely that sufficient taxable surplus will be available to permit recognition of such assets.

### Recognized in the income statement

	2022	2021
<b>Current tax expenses</b>		
Tax expenses for the period	- 192	- 245
Adjustment for tax attributable to previous years	3	3
	<b>- 189</b>	<b>- 242</b>
<b>Deferred tax income</b>		
Deferred tax in relation to temporary differences	11	1
	<b>- 178</b>	<b>- 241</b>
<b>Reconciliation of effective tax</b>		
	2022	2021
<b>Profit before tax</b>	<b>875</b>	<b>1,401</b>
Tax according to applicable Parent Company tax rate	- 180	- 289
Effect of other tax rates for foreign Group companies	- 5	25
Non-deductible expenses	- 15	- 17
Non-taxable income	25	30
Tax attributable to previous years	—	3
Effect of change in tax rates	- 4	- 2
Effect of non-capitalized deficits arising during the year	2	6
Standard interest on tax allocation reserve	- 1	- 1
Tax reduction for investments in non-current assets in Sweden	—	4
	<b>- 178</b>	<b>- 241</b>

Swedish corporation tax amounted to 20.6% (20.6) and the effective tax rate was 20.3% (17.2). Excluding non-recurring items, the effective tax rate was 21.3% (19.5).

### Recognized in the balance sheet

	Deferred tax assets		Deferred tax liabilities		Net	
	2022	2021	2022	2021	2022	2021
Non-current intangible assets			88	82	- 88	- 82
Property, plant and equipment	39	47	203	150	- 164	- 103
Inventories	19	22	11	7	8	15
Trade receivables	2	3			2	3
Provisions for pensions	19	37	4	1	15	36
Tax allocation reserves			52	61	- 52	- 61
Other	101	50	32	46	69	4
Loss carry-forwards	3	3			3	3
<b>Tax assets/liabilities</b>	<b>183</b>	<b>162</b>	<b>390</b>	<b>347</b>	<b>- 207</b>	<b>- 185</b>
Offsetting	- 96	- 93	- 96	- 93	—	—
<b>Tax assets/liabilities, net</b>	<b>87</b>	<b>69</b>	<b>294</b>	<b>254</b>	<b>- 207</b>	<b>- 185</b>

**Unrecognized deferred tax assets**

Deferred tax assets concerning loss carry-forwards for operations in China amounting to SEK 17 million (20) have not been recognized in the Group, and it is unlikely that it will be possible to use them against future taxable gains.

**Change in deferred tax in temporary differences and loss carry-forwards**

	Balance at Jan. 1, 2021	Recognized in profit for the year	Recognized in other comprehensive income	Balance at Dec. 31, 2021
Non-current intangible assets	- 82			- 82
Property, plant and equipment	- 86	- 17		- 103
Inventories	15			15
Trade receivables	1	2		3
Provisions for pensions	41	1	- 6	36
Tax allocation reserves	- 59	- 2		- 61
Other	- 6	12	- 2	4
Loss carry-forwards	3			3
<b>Total</b>	<b>- 173</b>	<b>- 4</b>	<b>- 8</b>	<b>- 185</b>

	Balance at Jan. 1, 2022	Recognized in profit for the year	Recognized in other comprehensive income	Balance at Dec. 31, 2022
Non-current intangible assets	- 82	- 6		- 88
Property, plant and equipment	- 103	- 61		- 164
Inventories	15	- 7		8
Trade receivables	3	- 1		2
Provisions for pensions	36	- 4	- 17	15
Tax allocation reserves	- 61	9		- 52
Other	4	66	- 1	69
Loss carry-forwards	3			3
<b>Total</b>	<b>- 185</b>	<b>- 4</b>	<b>- 18</b>	<b>- 207</b>

**Tax attributable to other comprehensive income**

	2022	2021
Deferred tax attributable to provisions for pensions (PRI)	- 17	- 6
Deferred tax on currency forwards	- 1	- 2
<b>Total</b>	<b>- 18</b>	<b>- 8</b>

## Note 10 Earnings per share

	2022	2021
Profit for the year attributable to Parent Company shareholders	697	1,160
Average number of ordinary shares outstanding	269,377,080	268,491,580
<b>Basic earnings in kronor per share (SEK)</b>	<b>2.59</b>	<b>4.32</b>
Non-recurring items*	- 41	- 165
Profit for the year attributable to Parent Company shareholders after adjustment for non-recurring items	656	995
<b>Basic earnings in kronor per share excluding non-recurring items (SEK)</b>	<b>2.44</b>	<b>3.71</b>
	2022	2021
Dilutive shares from Series 2018/2021 Incentive Program (exercise price SEK 50.20 per share; total 1,935,000 warrants)		287,451
Dilutive shares from Series 2020/2023 Incentive Program (exercise price SEK 92.88 per share; total 287,500 warrants)	—	485
Average number of shares after dilution	269,377,080	268,779,516
<b>Diluted earnings in kronor per share (SEK)</b>	<b>2.59</b>	<b>4.32</b>
<b>Diluted earnings in kronor per share excluding non-recurring items (SEK)</b>	<b>2.44</b>	<b>3.70</b>

\* 2022: Non-recurring item for revaluation of provision for liability for contingent consideration on acquisition in the US, which affected profit after financial items and post-tax profit by SEK 41 million. This non-recurring item has been recognized at Group level and has consequently not affected the profit of the business areas.

\* 2021: Non-recurring items for a remitted loan that had a positive impact on operating profit of SEK 50 million, and the revaluation of a provision for the liability for the contingent consideration for an acquisition in the US that affected profit after financial items by SEK 115 million, which had a total impact of SEK 165 million on post-tax profit. These non-recurring items were recognized at Group level and have consequently not affected the profit of the business areas.

Basic earnings per share are calculated by dividing profit for the year attributable to Parent Company shareholders by the average number of ordinary shares outstanding during the period.

When calculating diluted earnings per share, the average number of shares outstanding during the period is adjusted for all potential dilutive ordinary shares. Shares from incentive programs are considered to be dilutive if the closing price was in the money at the end of the period, and the average closing price of Nolato's B share during the year has exceeded the exercise prices in the respective incentive program.

### Incentive Program 2016/2021

The Series 2018/2021 warrants (total 1,935,000) have been exercised to subscribe for shares in 2021.

### Incentive Program 2019/2024

The Series 2020/2023 warrants (total 287,500) can be exercised to subscribe for shares as of May 1, 2023, up to and including December 15, 2023.

The Series 2021/2024 warrants (total 257,000) can be exercised to subscribe for shares as of May 1, 2024, up to and including December 15, 2024.

### Incentive Program 2022/2028

The Series 2022/2026 warrants (total 1,685,000) can be exercised to subscribe for shares as of December 15, 2025, up to and including June 15, 2026.

The Series 2023/2027 warrants (total 2,660,000) can be exercised to subscribe for shares as of December 15, 2026, up to and including June 15, 2027.

The Series 2024/2028 warrants (total 2,660,000) can be exercised to subscribe for shares as of December 15, 2027, up to and including June 15, 2028.

## Note 11 Non-current intangible assets

### Accounting policies

Intangible assets are recognized at original cost less accumulated amortization and impairment. Amortization is applied on a straight-line basis over the useful lives of the assets and is initiated once the asset is put into use.

Useful life is based on historical experience of use of similar assets, area of use as well as other specific attributes of the asset.

Intangible assets acquired in a business acquisition that are recognized separately from goodwill consist of customer relationships.

### Goodwill

Goodwill consists of the amount by which the consideration transferred exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of the acquisition. Goodwill from the acquisition of subsidiaries is recognized as an intangible asset. Goodwill is not amortized but impairment-tested annually, and is recognized at acquisition cost less accumulated impairment losses. Any gain or loss from the disposal of a unit includes the remaining carrying amount of the goodwill associated with the unit disposed of. Goodwill is allocated to cash-generating units in impairment tests.

Acquired intangible assets are recognized separately from goodwill if they fit the definition of an asset, are separable or arise from contractual or other legal rights and their fair values can be reliably measured.

### Goodwill impairment testing

Goodwill is impairment-tested annually and when there is an indication of impairment. The test is performed at the lowest cash-generating unit level, or groups of cash-generating units on which these assets can be verified. For Medical Solutions and Industrial Solutions, impairment testing has been carried out at segment level (business area level). For Nolato Jabar LLC, impairment testing has been carried out within the EMC & Thermal business unit, which is part of Integrated Solutions.

### Customer relationships

The Group's capitalized customer relationships relate to assets acquired through the acquisition of the Cerbo Group, Medical Rubber AB, Nolato Contour Inc. in the US, Nolato Jaycare Ltd in the UK, Nolato Stargard Sp.oz.o in Poland, Nolato Treff AG in Switzerland, Nolato Jabar LLC in the US and Nolato GW Inc. in the US. Straight-line amortization is applied over the expected useful life, i.e. six to ten years.

### Estimates and judgments

An impairment is recognized if the carrying amount exceeds the recoverable amount. The recoverable amount is established based on calculations of useful life. A discounted cash flow model is used to estimate useful life. The estimate includes an important source of uncertainty because the estimates and assumptions used in the discounted cash flow model contain uncertainty about future events and market circumstances, so the actual outcome can differ significantly. The estimates and assumptions have, however, been reviewed by management and are consistent with internal forecasts and future outlook for the operations.

The discounted cash flow model includes forecasting future cash flow from operations including estimates regarding income volumes, production costs and requirements in terms of capital employed. Several assumptions are made, the most significant being the growth rate of income, the discount rate and operating margin.

Forecasts of future operating cash flows are based on the following:

- budgets and strategic plans for a three-year period corresponding to management's estimates, as adopted by the board of each legal company, of future revenues and operating expenses, with the help of the outcome of previous years, general market conditions, industry trends and forecasts and other available information;
- after this, a final value is calculated based on a growth factor that corresponds to expected inflation in the country where the asset is used.

Impairment-tested operations in the Group are mainly in Sweden, the UK, Switzerland and the US. These countries are deemed to have largely similar expected inflation, which is consistent with the goals of central banks and similar institutions. It is assumed that relevant markets will grow in line with general inflation.

Forecasts of future cash flow from operations are adjusted to present value with a suitable discount rate. As a starting point, the discount rate takes the Nolato Group's marginal borrowing rate adjusted for the risk premium in the country concerned, if applicable, and the systematic risk in the cash-generating unit at the time of measurement. Management bases the discount rate on the inherent risk in the business in question and in similar industries. The forecasts comply with historical experience and/or external sources of information. In the impairment test in each segment, the discount rate has essentially been

constructed segment by segment. The various legal companies in each segment are relatively similar in size, have the same type of customer segments with similar behavior, and similar types of products. Thus the risk level for the legal companies has been assumed to be roughly the same.

Using these assumptions, the recoverable amount exceeds the carrying amount of all cash-generating units, and there is no impairment. Sensitivity analyses have been performed to evaluate whether reasonable unfavorable changes for the most relevant parameters would lead to impairment. The analyses focused on a deterioration in the average growth rate from 2% to 1%, reduced profitability with a decline in EBIT of 10%, and a higher discount rate with the risk-free rate raised by 1 percentage point. These analyses did not give rise to any impairment indications.

	Software	Tenancy rights	Customer relationships <sup>1)</sup>	Goodwill	Total
<b>ACQUISITION COST</b>					
<b>At January 1, 2021</b>	<b>36</b>	<b>4</b>	<b>452</b>	<b>1,778</b>	<b>2,270</b>
Investments	6				6
Scrapping	-1				-1
Translation effects	1		39	146	186
<b>At January 1, 2022</b>	<b>42</b>	<b>4</b>	<b>491</b>	<b>1,924</b>	<b>2,461</b>
Investments	3				3
Scrapping	-2				-2
Translation effects	1		60	239	300
<b>At December 31, 2022</b>	<b>44</b>	<b>4</b>	<b>551</b>	<b>2,163</b>	<b>2,762</b>
<b>ACCUMULATED DEPRECIATION/AMORTIZATION</b>					
<b>At January 1, 2021</b>	<b>-23</b>	<b>-3</b>	<b>-151</b>		<b>-177</b>
Depreciation/amortization for the year	-5		-36		-41
Scrapping	1				1
Translation effects			-10		-10
<b>At January 1, 2022</b>	<b>-27</b>	<b>-3</b>	<b>-197</b>		<b>-227</b>
Depreciation/impairment for the year	-6		-41		-47
Scrapping	2				2
Translation effects	-1		-17		-18
<b>At December 31, 2022</b>	<b>-32</b>	<b>-3</b>	<b>-255</b>		<b>-290</b>
<b>Carrying amount at December 31, 2021</b>	<b>15</b>	<b>1</b>	<b>294</b>	<b>1,924</b>	<b>2,234</b>
<b>Carrying amount at December 31, 2022</b>	<b>12</b>	<b>1</b>	<b>296</b>	<b>2,163</b>	<b>2,472</b>

<sup>1)</sup> Consists of acquired surplus values. Amortization of customer relationships is included in Group selling expenses.

Goodwill is allocated to Group segments as follows:

	2022	2021
Medical Solutions	1,669	1,489
Industrial Solutions	454	400
Integrated Solutions		
EMC & Thermal	40	35
<b>Total</b>	<b>2,163</b>	<b>1,924</b>

Assumptions for establishing the discount rate

	Medical Solutions		Industrial Solutions		EMC & Thermal	
	2022	2021	2022	2021	2022	2021
Risk-free rate, %	3.49	1.28	2.77	1.08	2.29	0.89
Tax rate, %	18.2	19.5	16.1	16.4	20.6	21.7
Forecast period	3 years	3 years	3 years	3 years	3 years	3 years
Growth after forecast period, %	2.0	2.0	2.0	2.0	2.0	2.0
Applied discount rate before tax, %	12.1	9.6	12.1	10.2	12.1	10.5



## Note 12 Property, plant and equipment

### Accounting policies

Property, plant and equipment are recognized within the Group at acquisition cost after accumulated depreciation according to plan and any impairment.

The principle of componentization is applied for the depreciation of property, plant and equipment. This means that each component of an item of property, plant and equipment with a significant acquisition cost in relation to the asset's combined cost must be depreciated separately. Depreciation is applied on a straight-line basis and calculated based on the assets' original acquisition cost.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet on scrapping or disposal, or when no future economic benefits are expected from using the asset. Any gain or loss arising from scrapping or disposing of an asset consists of the difference between the selling price and the carrying amount of the asset, with direct selling expenses deducted. Gains and losses are reported as other operating income/expense.

There is no depreciation of land. Other assets are depreciated on a straight-line basis over their expected useful life, taking into account the estimated residual value, as follows:

Buildings	25 years
Land improvements	20–27 years
Injection molding machines	8–10 years
Automated assembly equipment	3–5 years
Other machinery	5–10 years
IT	3 years
Other equipment, tools, fixtures and fittings	5–10 years

### Estimates and judgments

Useful life is based on the estimated period of time for which the asset generates income and is largely based on historical experience of the use of similar assets and technological development.

Property, plant and equipment is tested for impairment if an event occurs or circumstances change that indicate that it will not be possible to recover the carrying amount.

	Buildings and land	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	Construction in progress and advance payments	Total
<b>ACQUISITION COST</b>					
<b>At January 1, 2021</b>	<b>1,036</b>	<b>3,372</b>	<b>356</b>	<b>205</b>	<b>4,969</b>
Investments	67	212	15	470	764
Sales/disposals		-90	-7		-97
Reclassifications	28	186	25	-239	-
Translation effects	46	171	11	18	246
<b>At January 1, 2022</b>	<b>1,177</b>	<b>3,851</b>	<b>400</b>	<b>454</b>	<b>5,882</b>
Investments	16	111	23	312	462
Sales/disposals		-29	-6		-35
Reclassifications	228	323	27	-578	0
Translation effects	112	237	20	38	407
<b>At December 31, 2022</b>	<b>1,533</b>	<b>4,493</b>	<b>464</b>	<b>226</b>	<b>6,716</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>					
<b>At January 1, 2021</b>	<b>-399</b>	<b>-2,258</b>	<b>-263</b>		<b>-2,920</b>
Depreciation/amortization for the year	-43	-286	-27		-356
Sales/disposals		90	7		97
Translation effects	-7	-109	-6		-122
<b>At January 1, 2022</b>	<b>-449</b>	<b>-2,563</b>	<b>-289</b>		<b>-3,301</b>
Depreciation/amortization for the year	-57	-333	-28		-418
Sales/disposals		28	5		33
Translation effects	-24	-124	-12	-1	-161
<b>At December 31, 2022</b>	<b>-530</b>	<b>-2,992</b>	<b>-324</b>	<b>-1</b>	<b>-3,847</b>
<b>Carrying amount at December 31, 2021</b>	<b>728</b>	<b>1,288</b>	<b>111</b>	<b>454</b>	<b>2,581</b>
<b>Carrying amount at December 31, 2022</b>	<b>1,003</b>	<b>1,501</b>	<b>140</b>	<b>225</b>	<b>2,869</b>

## Note 13 Leases

### Accounting policies

All components, with the exception of property tax in Sweden, have been deemed to be a lease component. Exemptions to not recognize short-term leases and low-value assets have also been applied.

The discount rate is based on high-quality mortgage bond yields in Sweden, with reference to the term of leases, which for foreign companies are then adjusted for differences between 10-year government bond yields of Sweden and foreign countries.

The largest asset class for leases is property, such as production plants and offices.

Leases consist mainly of rental contracts for production premises, primarily in China, the UK, Sweden and the US. They are in some cases restricted by index clauses and/or such terms that may provide entitlement to extend or acquire the leased items.

### Carrying amounts per asset class in rights of use

	Buildings	Leasehold	Other equipment	Total
<b>ACQUISITION COST</b>				
<b>At January 1, 2021</b>	<b>460</b>	<b>15</b>	<b>13</b>	<b>488</b>
Additional lease liabilities for the year	8			8
Other revaluations of IFRS 16 lease liabilities	-45		-2	-47
Translation effects	36			36
<b>At January 1, 2022</b>	<b>459</b>	<b>15</b>	<b>11</b>	<b>485</b>
Additional lease liabilities for the year	85		6	91
Other revaluations of IFRS 16 lease liabilities	-120			-120
Translation effects	22			22
<b>At December 31, 2022</b>	<b>446</b>	<b>15</b>	<b>17</b>	<b>478</b>
<b>ACCUMULATED DEPRECIATION/AMORTIZATION</b>				
<b>At January 1, 2021</b>	<b>-131</b>		<b>-4</b>	<b>-135</b>
Depreciation/amortization for the year	-73		-2	-75
Other revaluations of IFRS 16 lease liabilities	26		2	28
Translation effects	-16			-16
<b>At January 1, 2022</b>	<b>-194</b>		<b>-4</b>	<b>-198</b>
Depreciation/amortization for the year	-76		-2	-78
Other revaluations of IFRS 16 lease liabilities	101			101
Translation effects	2			2
<b>At December 31, 2022</b>	<b>-167</b>		<b>-6</b>	<b>-173</b>
<b>Carrying amount at December 31, 2021</b>	<b>265</b>	<b>15</b>	<b>7</b>	<b>287</b>
<b>Carrying amount at December 31, 2022</b>	<b>279</b>	<b>15</b>	<b>11</b>	<b>305</b>

### Carrying amounts in the consolidated balance sheet for lease liabilities and changes during the year

	2022	2021
<b>Opening balance</b>	295	358
Other revaluations of IFRS 16 lease liabilities	- 19	- 19
Additional IFRS 16 lease liabilities for the year	91	8
Repayments	- 65	- 77
Translation effects	12	25
<b>At December 31</b>	<b>314</b>	<b>295</b>
Long-term financial lease liability	253	238
Short-term financial lease liability	61	57
<b>Total financial lease liability</b>	<b>314</b>	<b>295</b>

### Maturity structure for lease liabilities

	2022	2021
Matures 2022		65
Matures 2023	61	44
Matures 2024	56	36
Matures 2025	31	25
Matures 2026	21	
Matures 2027 (2026) and after	145	125
<b>Total financial lease liability</b>	<b>314</b>	<b>295</b>

### Carrying amounts for leases in the consolidated income statement

	2022	2021
Depreciation of rights of use	- 78	- 75
Interest expenses on lease liabilities	- 9	- 9
Lease expenses for short-term leases	- 3	- 3
Lease expenses for low-value assets	- 1	- 1
<b>Total in consolidated income statement</b>	<b>- 91</b>	<b>- 88</b>

## Note 14 Financial assets

### Accounting policies

Financial assets are recognized in the balance sheet when the Group becomes a party to the commercial terms and conditions of the instrument. Financial instruments are initially recognized at fair value, which normally corresponds to the acquisition cost. Transaction costs are included in the initial valuation for financial assets not measured at fair value via profit or loss. Common purchases and sales of financial assets are recognized on the settlement date.

Trade receivables are recognized at the first reporting date at their transaction price (according to the definition in IFRS 15) and subsequently at amortized cost. Recognition of expected credit losses is carried out at an amount corresponding to the expected credit losses for the remaining term. Term refers to the maximum contract period during which the Group is exposed to credit risk. For cash and cash equivalents, the carrying amount is considered to correspond to fair value.

### Financial assets per category 2022

	Amortized cost	Fair value via other comprehensive income	Derivatives – identified for hedge accounting	Derivatives at fair value via profit or loss	2022 Total
Non-current financial assets <sup>1)</sup>		2			2
Trade receivables	1,522				1,522
Other current financial assets (see Note 30)			4	—	4
Cash and cash equivalents	1,011				1,011
<b>Carrying amount</b>	<b>2,533</b>	<b>2</b>	<b>4</b>	<b>—</b>	<b>2,539</b>
<b>Fair value</b>	<b>2,533</b>	<b>2</b>	<b>4</b>	<b>—</b>	<b>2,539</b>

<sup>1)</sup> The holding concerns 20,000 shares in Arenabolaget i Ängelholm AB (Catena Arena). The value relates to the original transaction price (new share issue).

### Effects of IFRS 16 on consolidated income statement

	2022	2021
Cost of goods sold	86	83
<b>EBITDA (increase in performance indicator)</b>	<b>86</b>	<b>83</b>
Depreciation in cost of goods sold	- 78	- 75
<b>EBITA/EBIT (increase in performance indicator)</b>	<b>8</b>	<b>8</b>
Interest expenses	- 9	- 9
<b>Profit after financial income and expenses (reduction in performance indicator)</b>	<b>- 1</b>	<b>- 1</b>
Tax	—	—
<b>Profit after tax (reduction in performance indicator)</b>	<b>- 1</b>	<b>- 1</b>
Effect on basic earnings per share (SEK)	—	—

### Effects of IFRS 16 on consolidated cash flow statement

	2022	2021
Operating profit	8	8
<i>Adjustments for items not included in cash flow:</i>		
Depreciation	78	75
Interest paid	- 9	- 9
<b>Cash flow from operating activities before changes in working capital</b>	<b>77</b>	<b>74</b>
Other changes in working capital	—	—
<b>Cash flow from operating activities</b>	<b>77</b>	<b>74</b>
Cash flow from financing activities	- 77	- 74
<b>Cash flow for the period</b>	<b>—</b>	<b>—</b>

## Cash and cash equivalents and credit rating

	Amortized cost
Moody's: A1	5
Moody's: A3	16
Standard & Poor's: AAA	71
Standard & Poor's: AA	2
Standard & Poor's: A-	770
Standard & Poor's: A	76
Standard & Poor's: BBB+	70
Other (credit rating not available)	1
	<b>1,011</b>

## Financial assets per category 2021

	Amortized cost	Fair value via other comprehensive income	Derivatives – identified for hedge accounting	Derivatives at fair value via profit or loss	2021 Total
Non-current financial assets <sup>1)</sup>		2			2
Trade receivables	1,574				1,574
Other current financial assets (see Note 30)			—	1	1
Cash and cash equivalents	1,448				1,448
<b>Carrying amount</b>	<b>3,022</b>	<b>2</b>	<b>—</b>	<b>1</b>	<b>3,025</b>
<b>Fair value</b>	<b>3,022</b>	<b>2</b>	<b>—</b>	<b>1</b>	<b>3,025</b>

<sup>1)</sup> The holding concerns 20,000 shares in Arenabolaget i Ängelholm AB (Catena Arena). The value relates to the original transaction price (new share issue).

Financial assets categorized at amortized cost have determinable payments and are not listed on any marketplace. The category includes investments for which the Group expects to regain principally the entire initial investment, such as trade receivables and bank deposits. The fair value of the currency forward contracts (derivatives) is set according to Level 2.

Level 1: In accordance with prices listed on an active market for the same instrument.

Level 2: Based on directly or indirectly observable market data that is not included in Level 1.

Level 3: Based on input data that is not observable in the market.

	2022	2021
Trade receivables	1,540	1,594
Deduction: Provision for expected credit losses	- 18	- 20
<b>Carrying amount</b>	<b>1,522</b>	<b>1,574</b>

The average period of credit in 2022 was 52 days (44). Trade receivables as a percentage of sales amounted to 14.1% (13.6%). During the year, the Group reversed SEK 8 million (0) of provisions for expected credit losses at the start of the year. Provisions for the year totaled SEK 6 million (11). The credit quality of trade receivables not due and not impaired, and of other financial receivables is deemed to be good.

## Trade receivables

	Total	Not due	Due ≤ 15 days	Due 16–30 days	Due 31–60 days	Due > 60 days
Expected gross amount	1,540	1,195	169	63	51	62
Expected credit losses	- 18	- 7	- 1	—	—	- 10
<b>December 31, 2022</b>	<b>1,522</b>	<b>1,188</b>	<b>168</b>	<b>63</b>	<b>51</b>	<b>52</b>
Expected gross amount	1,594	1,350	146	45	25	28
Expected credit losses	- 20	- 16	- 1	—	—	- 3
<b>December 31, 2021</b>	<b>1,574</b>	<b>1,334</b>	<b>145</b>	<b>45</b>	<b>25</b>	<b>25</b>

## Note 15 Inventories

### Accounting policies

Inventories are measured at the lower of the acquisition cost and the net market value. The acquisition cost of inventories is calculated by applying the first in, first out principle (FIFO), and includes expenditure arising on the acquisition of the inventory assets and on transporting them to their present location and condition. For finished goods and work in progress, the acquisition cost includes a reasonable proportion of indirect costs based on normal capacity.

### Estimates and judgments

The acquisition cost of inventories may need to be adjusted if the acquisition cost exceeds the net market value. The net market value is defined as the selling price after deductions for completion costs and selling expenses. The underlying assumptions used to establish the net market value of inventories can constitute an uncertainty factor. Since actual selling prices and selling expenses are not known at the time the assumption is made, management's assumption is based on current prices and cost levels. Adjustments to the net market value include assessments of technical and commercial obsolescence, which are conducted individually for each subsidiary. When assessing commercial obsolescence, risk factors include turnover rate and age.

	2022	2021
Raw materials and supplies	719	697
Products in manufacturing	82	165
Finished goods and goods for resale	482	478
<b>Total</b>	<b>1,283</b>	<b>1,340</b>

During the year, the Group impaired inventories by SEK 63 million (64). Impairment losses for the year are included in cost of goods sold in the income statement.

During the year, reversed impairment losses recognized in cost of goods sold totaled SEK 63 million (44). The reversal of previously impaired stocks is due to the fact that these items could be sold or were no longer deemed obsolete.

## Note 16 Other current assets

	2022	2021
Other receivables	138	206
Prepaid expenses	68	42
Accrued income	14	12
Contract assets relating to development work and development of production tools (see also Note 4)	163	208
<b>Closing balance</b>	<b>383</b>	<b>468</b>

## Note 17 Shareholders' equity

### Capital management

The Group aims to have a sound capital structure and financial stability. 'Capital' is defined as the Group's total reported shareholders' equity, i.e.:

	2022	2021
Share capital	135	135
Other capital contributed	488	488
Translation reserve	558	214
Hedging reserves	1	-1
Retained earnings, incl. profit for the year	4,210	3,932
<b>Total capital attributable to Parent Company shareholders</b>	<b>5,392</b>	<b>4,768</b>

The Group has two incentive programs: Incentive Program 2019/2024 and 2022/2028. Upon full subscription of remaining warrants, the programs provide a maximum of 7,549,500 new B shares. Further information can be found under Note 27.

The Board aims to maintain a good balance between a high return that can be achieved through higher borrowing and the advantages and security offered by a sound capital structure. The Board sets the Group's financial targets each year on the basis of this. These targets should be seen as average figures over the course of a business cycle. The extent to which these targets were achieved for 2022 is shown below.

	2022		2021	
	Financial targets	Outcome	Financial targets	Outcome
EBITA margin	>10%	8.4%	>10%	11.8%
Cash conversion	>75%	1.0%	>75%	35.0%
Equity/assets ratio	>35%	54.0%	>35%	47.0%

The Board's dividend proposal takes into consideration Nolato's long-term development potential, financial position and investment needs. The Board's dividend policy means that the Board intends to propose a dividend that corresponds on average to at least 50% of profit after tax. For 2022, the Board proposes an unchanged dividend of SEK 1.90 per share (1.90), corresponding to SEK 512 million (512). The pay-out ratio is 78% (51), excluding non-recurring items.

## Note 18 Other reserves

	Hedging reserves	Translation reserves	Total
<b>Opening balance, January 1, 2021</b>	<b>- 8</b>	<b>19</b>	<b>11</b>
<i>Cash flow hedges:</i>			
Gain from fair value measurement during the year	9		9
Tax from fair value measurement	- 2		- 2
Translation differences		195	195
<b>Closing balance, December 31, 2021</b>	<b>- 1</b>	<b>214</b>	<b>213</b>
<b>Opening balance, January 1, 2022</b>	<b>- 1</b>	<b>214</b>	<b>213</b>
<i>Cash flow hedges:</i>			
Gain from fair value measurement during the year	3		3
Tax from fair value measurement	- 1		- 1
Translation differences		344	344
<b>Closing balance, December 31, 2022</b>	<b>1</b>	<b>558</b>	<b>559</b>

### Hedging reserves

Hedging reserves include the effective portion of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedged transactions regarding sales and costs of goods that have not yet occurred. Transfers to the income statement of cash flow hedges are recognized as other operating income/expenses.

### Translation reserve

The translation reserve includes all exchange rate differences arising on converting financial statements from foreign operations that have produced their financial statements in a currency other than that in which the Group's financial statements are produced. The Parent Company and the Group present their financial statements in Swedish kronor.

## Note 19 Financial liabilities

### Accounting policies

Financial liabilities are recognized in the balance sheet when the Group becomes a party to the commercial terms and conditions of the financial instrument.

Financial liabilities are initially recognized at fair value, which normally corresponds to the acquisition cost. Contingent considerations relating to acquisitions are recognized at fair value through profit or loss. Transaction costs are included in the initial valuation for financial liabilities that are not measured at fair value through profit or loss. Derivatives are recognized at the trading date.

Loans and other financial liabilities, apart from derivatives, are measured at

amortized cost, which is calculated using the effective interest method. For financial liabilities that are hedging instruments used for hedge accounting, the carrying amount is adjusted for gains or losses attributable to the hedged risks.

Financial liabilities are removed from the balance sheet once they have been settled.

Fair value has been provided as a disclosure for financial liabilities and with regard to non-current liabilities has been calculated using valuation techniques, primarily via discounted cash flows based on observable market information (Level 2). For current liabilities, carrying amount is deemed to be a good approximation of fair value.

	Year of maturity	2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current financial liabilities</b>					
Bank loan in CHF (fixed rate)	2023			5	5
Bank loan in CHF (variable rate) <sup>1)</sup>	2024	226	<sup>3)</sup>		
Bank loan in CHF (variable rate) <sup>1)</sup>	2025	395	<sup>3)</sup>	543	521
Bank loan in USD (fixed rate) <sup>2)</sup>	2025	783	682	678	563
Bank loan in USD (variable rate)	2025	52	<sup>3)</sup>		
Contingent consideration GW Plastics Inc. (USD)	2023			124	124
Other (non-interest-bearing)	2025	1	1		
Lease liabilities (see Note 13)		253	253	238	238
<b>Subtotal of non-current financial liabilities</b>		<b>1,710</b>	<b>936</b>	<b>1,588</b>	<b>1,451</b>
<b>Current financial liabilities</b>					
Trade payables	2022–2023	779	779	1,463	1,463
Bank loan in CHF (fixed rate)	< 12 months	6	6	6	6
Bank loan in USD (variable rate)	< 12 months	105	105	36	36
Bank loan in SEK (variable rate)	< 3 months	52	52	60	60
Contingent consideration GW Plastics Inc. (USD)	< 12 months	100	100	47	47
Derivatives identified for hedge accounting, at fair value via other comprehensive income (see Note 30)		8	8	4	4
Derivatives at fair value via profit or loss		2	2	1	1
Lease liabilities (see Note 13)		61	61	57	57
<b>Subtotal of current financial liabilities</b>		<b>1,113</b>	<b>1,113</b>	<b>1,674</b>	<b>1,674</b>
<b>Total</b>		<b>2,823</b>	<b>2,049</b>	<b>3,262</b>	<b>3,125</b>

<sup>1)</sup> Comprises financing and also hedging instruments for hedging of net investment in foreign business, concerning Nolato Treff AG. This loan carries a variable rate of interest until August 6, 2025, and is not being amortized.

<sup>2)</sup> As of September 2021 comprises financing and also hedging instruments for hedging of net investment in foreign business, concerning the US. This loan carries a fixed rate of interest until August 6, 2025, and is not being amortized.

<sup>3)</sup> Not possible to calculate fair value as the rate can only be established retrospectively when charged by the bank.

### Interest-bearing liabilities

At year-end, the Group's interest-bearing liabilities excluding pension liability and lease liabilities amounted to SEK 1,719 million (1,499). The average interest rate was 1.54% (1.22).

### Terms and repayment periods

Total credit lines granted in the Group amount to SEK 3,263 million (2,900). Of this amount, SEK 1,113 million matures on December 22, 2024, SEK 450 million on April 25, 2025, and SEK 1,683 million on August 6, 2025. Credit facilities totaling SEK 3,246 million are conditional upon normal covenants. These include requirements in terms of financial KPIs for the Group, including net debt in relation to operating profit before depreciation/amortization (EBITDA). At December 31, all loan conditions were met.

Other credit commitments of SEK 17 million (211) mature at the end of 2023. Pledged assets for other credit facilities amount to SEK 62 million (80) and concern property mortgages in the Group's subsidiary in Switzerland, as well as a company mortgage of SEK 3 million in the Group's subsidiary in Ireland. All loan agreements can be terminated by the other party in the event of any significant change in ownership control of the company.

### Derivatives

The fair value of the currency forward contracts (derivatives) is set according to Level 2.

Additional disclosures regarding financial risk management and hedge accounting are provided in Note 30 Financial risk management.

Level 1: In accordance with prices listed on an active market for the same instrument.

Level 2: Based on directly or indirectly observable market data that is not included in Level 1.

Level 3: Based on input data that is not observable in the market.

## Note 20 Provisions for pensions and similar obligations

### Accounting policies

There are a number of both defined contribution and defined benefit pension schemes within the Group.

In defined contribution schemes, the company pays defined contributions to a separate legal entity and has no obligation to make further contributions. Expenses are charged to the consolidated profit as the benefits are earned.

In defined benefit schemes, remuneration of employees and former employees is payable based on their salary at the time they retired and the number of years earned. The Group bears the risk of ensuring that payments undertaken are made. Nolato's defined benefit schemes regarding PRI in Sweden are unfunded. These PRI obligations are recognized in the balance sheet as provisions.

For defined benefit schemes, the projected unit credit method is used to calculate the net present value of defined benefit obligations and costs regarding service during the financial year. Unless there have been significant changes to the most important assumptions in the calculation, such as discount rate and inflation, calculations are carried out on a quarterly basis. The schemes are always recalculated annually.

Independent actuaries are used for these calculations and the estimation of obligations and costs involving assumptions. The Group's undertakings are measured at the present value of expected future payments using a discount rate equal to the interest rate of top-rated housing bonds (Sweden) and corporate bonds (Switzerland) with a maturity equal to that of such undertakings.

Revaluations mainly arise in the event of changes to actuarial assumptions and experience-based adjustment, which is the difference between actuarial assumptions and actual outcome. They are recognized directly in other comprehensive income and never restated in profit or loss. For all defined benefit schemes, the actuarial cost, which is charged to earnings, comprises costs relating to service during the financial year, net interest expense and, where appropriate, the cost of service during previous periods, reductions and adjustments. Any cost relating to service during previous periods is recognized immediately. Net interest expenses are classified as financial expenses. Other costs are allocated to the businesses based on the employee's position in the organization, within manufacturing, sales or administration.

The above-mentioned accounting policies for defined benefit schemes are only applied in the consolidated statements. Subsidiaries continue to use a local calculation for pension provisions and pension costs in their respective local annual accounts.

Commitments regarding retirement pensions and family pensions for salaried employees in Sweden are secured through a policy with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, this is a multiple-employer defined benefit scheme. For the 2022 financial year, the company had no access to any information that would enable it to recognize this scheme as a defined benefit scheme. The ITP pension scheme (supplementary pensions for salaried employees), which is insured by Alecta, is thus recognized as a defined contribution scheme.

### Estimates and judgments

The significant assumptions used to calculate the obligations and costs vary according to the economic factors that reflect conditions in the countries where the defined benefit schemes are located and are adjusted to reflect market conditions on the calculation date. However, changes in market and economic conditions may mean that the actual costs and obligations generated by the scheme differ substantially from the estimations.

Assumptions are made when estimating obligations and costs, and the most sensitive assumptions may vary between the schemes but primarily concern discount rate, pension indexing, future salary increases and assumptions regarding lifespan. These assumptions are determined separately for each scheme. The discount rate for schemes in Sweden is based on the return on housing bonds, which have maturities that are consistent with the maturity of the obligation. Correspondingly in Switzerland, the return on high quality AA-classified corporate bonds is used. Pension indexing is mainly relevant for retired members of the scheme and is attributable to changes linked primarily to inflation. Assumptions regarding salary increases are relevant for active members of the scheme and reflect previous experience of long-term changes, forecasts for future changes to terms and conditions and anticipated inflation. Assumptions about lifespan reflect the anticipated lifespan of members of the scheme and are determined based on the mortality table applicable to each scheme.

	2022	2021
Net present value of defined benefit pension schemes in Sweden	121	158
Net present value of pension scheme in Switzerland	50	89
Other provisions for pensions	2	—
<b>Total</b>	<b>173</b>	<b>247</b>

### Defined benefit pension schemes

In Sweden there is a defined benefit pension scheme (PRI) in which employees are entitled to remuneration after leaving their position based on their final salary and vesting period.

In Switzerland, the Group has a defined benefit funded pension scheme in a Swiss pension fund. The fair value of the pension assets is established according to Level 1: according to prices listed on an active market for the same instrument.

### Fair value of the defined benefit pension schemes:

	2022	2021
Opening balance	247	273
Benefits vested during the period	7	10
Interest expenses	3	2
Benefits redeemed	—	—
Pension payments	-6	-6
Exchange rate effect	13	9
Actuarial gain (-)/loss (+)	-93	-41
<b>Total</b>	<b>171</b>	<b>247</b>

### Amounts recognized in the balance sheet for the pension scheme in Switzerland:

	2022	2021
Net present value of pension commitments, funded pension scheme	411	421
Fair value of pension assets	-361	-332
<b>Net debt, funded pension scheme*</b>	<b>50</b>	<b>89</b>

\* The net present value of expected net debt for 2023 is SEK 46 million (balance sheet date rate at Dec. 31, 2022).

### Categories of pension assets for pension scheme in Switzerland (Level 1):

	2022	2021
Cash and cash equivalents	1.1%	1.7%
Shares	27.4%	29.4%
Bonds	47.0%	45.3%
Property funds	21.8%	20.0%
Other investments	2.8%	3.6%

### The amounts recognized in the income statement during the year for pension schemes are as follows:

	2022	2021
Expenses related to service during the financial year	7	10
Interest expense	3	2
Expense for special employer's contribution	2	2
<b>Total expense for defined benefit pension schemes</b>	<b>12</b>	<b>14</b>
Expense for defined contribution schemes	131	117
Expense for special employer's contribution	11	13
<b>Total pension expense</b>	<b>154</b>	<b>144</b>

Costs relating to defined benefit pension schemes are recognized in the income statement as follows:

	2022	2021
<i>Amounts charged to operating profit:</i>		
Cost of goods sold	6	4
Administrative expenses	2	1
<i>Amounts charged to financial expenses:</i>		
Interest expenses	3	2
<b>Total</b>	<b>11</b>	<b>7</b>

Costs relating to defined benefit pension schemes are recognized in other comprehensive income as follows:

	2022	2021
Actuarial gains (+)/losses (-)	93	41
Special employer's contribution	9	—
Deferred income tax	- 17	- 6
<b>Total</b>	<b>85</b>	<b>35</b>

Key actuarial assumptions on the balance sheet date for defined benefit pension schemes in Sweden (weighted average):

	2022	2021
Discount rate	3.70%	1.80%
Inflation	2.00%	2.20%
Future annual salary increases	3.10%	3.10%
Employee turnover	5.00%	5.00%
Lifespan	DUS 21	DUS 14
Duration regarding pension commitments (years)	17.0	17.0

Key actuarial assumptions on the balance sheet date for pension scheme in Switzerland:

	2022	2021
Discount rate	2.20%	0.20%
Interest on pension credits	1.50%	1.00%
Inflation	1.50%	0.50%
Future annual salary increases	2.00%	1.00%
Future annual pension increases	0.00%	0.00%
Duration regarding pension commitments (years)	14.1	16.6

Sensitivity analysis (net present value of pension commitment in balance sheet):

	Sweden 2022	Switzerland 2022
Discount rate +0.5%	- 8	- 25
Discount rate -0.5%	9	29
Inflation +0.5%	8	4
Inflation -0.5%	- 6	- 3
Salary increase +0.5%	3	5
Salary increase -0.5%	- 2	- 4

#### Pension commitments within Alecta in Sweden

Charges for the year for pension insurance policies held with Alecta totaled SEK 7 million (8). Alecta's surplus can be allocated to policyholders and/or insured parties. At December 31, 2022, Alecta's surplus, in the form of the collective funding ratio, amounted to 172% (172). The collective funding ratio is determined by the fair value of Alecta's assets as a percentage of the pension commitments calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

## Note 21 Other provisions

### Accounting policies

In general, a provision is recognized when there is a commitment resulting from a past event, where it is likely that an outward flow of resources will be required to settle the commitment and a reliable estimation of the amount can be made. Provisions are made at an amount that is the best estimate of that required to settle the existing obligation at the balance sheet date, and the timing of the settlement is uncertain.

Provisions for product guarantees and customer claims represent management's best estimation of future cash flows required to settle the obligations.

### Estimates and judgments

Management is required to make significant judgments when establishing the need for, and amount of provisions. Since there is a degree of uncertainty in estimates regarding future events that are outside the Group's control, the actual outcome may differ significantly.

Provisions for product guarantees and customer claims are based on management's best estimation of the future cash flows required to settle obligations, even if the timing of the settlement is uncertain. Nolato does not normally take on full product responsibility, as we are largely a subcontractor of subcomponents for our customers. Nolato has manufacturing responsibility for subcomponents supplied and customer claims may arise over time.

Provisions for:

	2022	2021
Restoration of rental property		15
Special employer's contribution acc. to IAS 19 for PRI pension liability	7	16
Special employer's contribution regarding endowment insurance	4	6
Product guarantees and customer claims	50	48
Other	1	1
<b>Amount at year-end</b>	<b>62</b>	<b>86</b>

## Note 22 Other current liabilities

	2022	2021
Customer advances relating to products	38	1
Contract liabilities relating to development work and development of production tooling (see also Note 4)	311	338
Other current liabilities	125	137
<i>Accrued expenses and deferred income</i>		
Salary liabilities	181	181
Social security contributions	70	71
Deliveries of goods received, not invoiced	80	329
Energy costs	31	22
Claims	138	91
Maintenance	35	27
Tooling	1	4
Machinery and spare parts	37	34
Other items	146	102
<b>Subtotal of accrued expenses and deferred income</b>	<b>719</b>	<b>861</b>
<b>Total</b>	<b>1,193</b>	<b>1,337</b>



## Note 23 Pledged assets and contingent liabilities

### Accounting policies

If an obligation fails to meet the criteria for recognition in the balance sheet, it may be treated as a contingent liability to disclose. Such obligations derive from past events and such events will only be confirmed by one or more uncertain future events that are not entirely within the Group's control occurring or not occurring. Contingent liabilities also include existing obligations where an outward flow of resources is unlikely, or where it is not possible to produce a sufficiently reliable estimation of the amount.

### Pledged assets\*

	2022	2021
Property mortgages in Switzerland	62	80
Company mortgage	3	90

\*Pledged assets for liabilities to credit institutions.

### Contingent liabilities

	2022	2021
Guarantee commitments, FPG/PRI	2	2

## Note 24 Related parties

The Group's transactions with senior executives in the form of salaries and other remuneration, benefits, pensions and severance pay agreements with the Board and the President and CEO are detailed in Note 27.

There are no other significant known transactions with related parties.

## Note 25 Cash flow

The following subcomponents are included in cash and cash equivalents:

	2022	2021
Cash and bank balances	1,005	1,388
Credit balance on Group account in Parent Company	6	60
<b>Total cash and cash equivalents reported in the cash flow statement</b>	<b>1,011</b>	<b>1,448</b>

### Unutilized credit

At the balance sheet date, unutilized credit within the Group stood at SEK 1,644 million (1,572).

### Reconciliation of liabilities attributable to financing activities

	2022	2021
Opening balance for non-current and current financial liabilities	1,799	2,161
<i>Changes affecting cash flow</i>		
Borrowings	121	60
Repayment of loans	- 103	- 366
<i>Changes not affecting cash flow</i>		
Translation effects	189	83
Other revaluations and additional IFRS 16 lease liabilities for the year, see Note 13	72	- 11
Revaluation of contingent consideration GW Plastics Inc. acquisition	- 41	- 115
Change in derivatives	7	- 13
<b>Closing balance for non-current and current financial liabilities</b>	<b>2,044</b>	<b>1,799</b>

## Note 26 Events after the end of the financial year

No significant events have occurred since the end of the period, but high inflation, geopolitical impact from the invasion of Ukraine and the Covid-19 pandemic are, of course, also affecting Nolato's business and its customers. It is not currently possible to foresee the extent of this or how long it is likely to continue, nor is it possible to quantify its effects on the Group.

## Note 27 Remuneration of senior executives

### Salaries and other remuneration of Nolato's Board, CEO and Group management

#### Principles for remuneration and benefits

A director's fee is paid to the Chairman and members of the Board as decided by the Annual General Meeting. No directors' fee is paid to employees of the Group or to employee representatives. Remuneration for the President and CEO and other senior executives is made up of a base salary, variable remuneration, other benefits and a pension. Senior executives are individuals who, together with the President and CEO, constitute Group management. In 2022, Group management comprised six individuals, in addition to the President and CEO. These were CFO Per-Ola Holmström, President of Medical Solutions Johan Iveberg, President of Integrated Solutions Jörgen Karlsson, President of Industrial Solutions Johan Arvidsson (up until September 30, 2022), Group Procurement Director Camilla Magnusson and Group Sustainability Director Glenn Svedberg. For further information, see page 66.

Any assignment taken on by individual Board members on behalf of the company in addition to Board work is remunerated at market rates. Assignments should be documented in agreements specifying the type of assignment and agreed remuneration. Remuneration is paid in arrears on completion of the assignment.

#### Preparatory and decision-making procedure

The Board of Directors has appointed a Remuneration Committee, consisting of the Chairman of the Board and one other Board member. The committee has proposed, and the Board of Directors has approved, the current principles for variable remuneration. The committee has made decisions on all remuneration and benefits for the President and CEO, which have been presented to and approved by the Board. The committee has approved the remuneration of Group management.

#### Variable remuneration

Variable remuneration paid to the President and CEO and other senior executives is based on the outcome of profit and return on capital employed. The maximum outcome is 60% of base salary for the CEO and 30–40% for other senior executives. At the same time, the relevant profit center must report positive earnings. In 2022, the outcome for the President and CEO was 5% of base salary (50) and for senior executives it was 3–5% of base salary (12–40).

Participants in Nolato's incentive programs are offered the opportunity to receive remuneration corresponding to half of the participant's warrant premiums and the income tax charged on such remuneration, provided that the participant's employment at the Group does not cease before three years have elapsed.

#### Incentive Program 2016/2021

An extraordinary general meeting of December 5, 2016, approved the issue of up to 7,980,000 share warrants in three different series: Series 2016/2019, Series 2017/2020 and Series 2018/2021, with 2,660,000 warrants in each series, granting the right to subscribe for as many B shares. Each warrant consequently entitles the holder to subscribe for one (1) new B share. The warrants were transferred to some 20 individuals on Nolato's management team on market terms, at a price established based on estimated market value for the warrants, applying the Black & Scholes valuation model. A total of 6,303,000 warrants were subscribed for in this incentive program between 2019 and 2021.

#### Incentive Program 2019/2024

The ordinary general meeting of May 8, 2019, approved the issue of up to 7,980,000 share warrants in three different series: Series 2019/2022, Series 2020/2023 and Series 2021/2024, with 2,660,000 warrants in each series, granting the right to subscribe for as many B shares. Each warrant consequently entitles the holder to subscribe for one (1) new B share. The warrants were transferred to some 20 individuals on Nolato's management team on market terms, at a price established based on estimated market value for the warrants, applying the Black & Scholes valuation model. The maximum dilution effect of all of the incentive programs' three series was expected to amount to a total of approximately 3% of share capital and 1.6% of votes (calculated based on the number of existing shares), assuming full subscription and full exercise of all warrants.

#### Incentive Program 2019/2024 – Series 2019/2022

It was decided not to implement this part of the program.

#### Incentive Program 2019/2024 – Series 2020/2023

Total subscribed warrants amounted to 287,500 and the price per warrant was SEK 7.10. The subscription price for a B share is SEK 92.88. The warrants can be exercised to subscribe for shares as of May 1, 2023, up to and including December 15, 2023.

#### Incentive Program 2019/2024 – Series 2021/2024

Total subscribed warrants amounted to 257,000 and the price per warrant was SEK 9.93. The subscription price for a B share is SEK 140.20. The warrants can be exercised to subscribe for shares as of May 1, 2024, up to and including December 15, 2024.

#### Incentive Program 2022/2028

The ordinary general meeting of May 3, 2022, approved the issue of up to 7,980,000 share warrants in three different series: Series 2022/2026, Series 2023/2027 and Series 2024/2028, with 2,660,000 warrants in each series, granting the right to subscribe for as many B shares. Each warrant consequently entitles the holder to subscribe for one (1) new B share. The warrants are transferred to existing and future senior executives within Nolato at a price established based on estimated market value for the warrants, applying the Black & Scholes valuation model. The maximum dilution effect of all of the incentive program's three series is expected to amount to a total of approximately 3% of share capital and 1.5% of votes (calculated based on the number of existing shares), assuming full subscription and full exercise of all warrants.

#### Incentive Program 2022/2028 – Series 2022/2026

Total subscribed warrants amounted to 1,685,000 and the price per warrant was SEK 4.70. The subscription price for a B share is SEK 57.80. The warrants can be exercised to subscribe for shares as of December 15, 2025, up to and including June 15, 2026.

#### Pensions

The retirement age for the President and CEO and other senior executives is 65. The President and CEO's pension premium amounted to 35% (35) of pensionable salary, and follows a defined contribution pension scheme. Variable remuneration does not qualify as pensionable income.

Other senior executives have defined contribution pension schemes. For 2022, the average pension premium was 30% of base salary (24). Variable remuneration does not qualify as pensionable income.

#### Severance pay

The President and CEO and other senior executives shall provide a notice period of six months. In the event of termination by the company, a notice period of 12–24 months applies. Any other income that is received during the notice period shall be deducted from the salary and other remuneration payable during the notice period. Both the President and CEO and other senior executives collect base salary and other benefits during the notice period. There is no remuneration after the notice period.

## Gender distribution of Board members and Group management

	2022		2021	
	Men	Women	Men	Women
Parent Company Board including CEO	8	3	8	2
Group management including CEO	6	1	6	1

## Remuneration of the Board, President and CEO and other senior executives in Group management

SEK thousand	Base salary/ Director's fee <sup>1)</sup>	Variable remuneration <sup>2)</sup>	Other benefits <sup>3)</sup>	Pension premiums	Other remuneration <sup>4)</sup>	Total
<b>Remuneration and other benefits in 2022</b>						
Chairman of the Board, Fredrik Arp	1,055					1,055
Board member, Carina van den Berg	300					300
Board member, Tomas Blomquist	300					300
Board member, Sven Boström	300					300
Board member, Lovisa Hamrin	340					340
Board member, Åsa Hedin	365					365
Board member, Erik Lynge-Jorlén	300					300
Board member, Lars-Åke Rydh	400					400
President and CEO, Christer Wahlquist	5,676	649	104	2,033	297	8,759
Vice President, Per-Ola Holmström	3,240	344	86	1,090	104	4,864
Other senior executives in Group management (5 people) <sup>5)</sup>	9,085	554	228	2,571	788	13,226
<b>Total</b>	<b>21,361</b>	<b>1,547</b>	<b>418</b>	<b>5,694</b>	<b>1,189</b>	<b>30,209</b>

SEK thousand	Base salary/ Director's fee <sup>1)</sup>	Variable remuneration <sup>2)</sup>	Other benefits <sup>3)</sup>	Pension premiums	Other remuneration <sup>4) 5)</sup>	Total
<b>Remuneration and other benefits in 2021</b>						
Chairman of the Board, Fredrik Arp	825					825
Board member, Tomas Blomquist	250					250
Board member, Sven Boström	250					250
Board member, Lovisa Hamrin	285					285
Board member, Åsa Hedin	310					310
Board member, Erik Lynge-Jorlén	250					250
Board member, Lars-Åke Rydh	340					340
President and CEO, Christer Wahlquist	5,160	2,952	101	1,806	532	10,551
Vice President, Per-Ola Holmström	3,060	1,441	98	1,050	104	5,753
Other senior executives in Group management (5 people) <sup>6)</sup>	12,737	3,046	214	2,693	358	19,048
<b>Total</b>	<b>23,467</b>	<b>7,439</b>	<b>413</b>	<b>5,549</b>	<b>994</b>	<b>37,862</b>

<sup>1)</sup> Including remuneration for committee work. According to AGM decision regardless of payment period.

<sup>2)</sup> Variable remuneration' pertains to expensed remuneration for the financial year, payable in the following year.

<sup>3)</sup> Other benefits' primarily pertains to company cars.

<sup>4)</sup> Other remuneration' relates to the President and CEO and other senior executives regarding previous holiday entitlements paid, and other remuneration.

<sup>5)</sup> Johan Arvidsson, President of Industrial Solutions, left the Nolato Group on 30 September.

<sup>6)</sup> Expansion of Group management from June 1 with the addition of two individuals: Camilla Magnusson (Group Procurement Director), and Glenn Svedberg (Group Sustainability Director).

## Note 28 Information on remuneration of auditors

The company's auditing firm received remuneration as follows:

SEK thousand	2022	2021
<b>EY</b>		
Auditing	6,063	4,842
Taxation assignments	468	258
Other assignments	281	17
<b>Total</b>	<b>6,812</b>	<b>5,117</b>

Auditing relates to reviewing the annual accounts and financial statements, as well as the administration of the Board of Directors and the President and CEO, other duties required of the company's auditor and providing advice or other assistance resulting from observations in relation to such review or carrying out such other duties.

Remuneration of other auditing firms for auditing assignments has amounted to SEK 2,163 thousand (1,288).

## Note 29 Average no. of employees

	2022		2021	
	Number	Of which men	Number	Of which men
<b>Parent Company in Sweden</b>				
Nolato AB, Torekov	10	70%	10	70%
<b>Subsidiaries in Sweden</b>				
Nolato Cerbo AB, Trollhättan	159	69%	153	70%
Nolato Gota AB, Götene	213	75%	214	76%
Nolato Lövepac AB, Skånes Fagerhult	38	42%	54	61%
Nolato MediTech AB, Hörby	279	66%	313	60%
Nolato MediTor AB, Torekov	106	55%	100	52%
Nolato Plastteknik AB, Gothenburg	101	75%	99	76%
Nolato Polymer AB, Torekov	86	80%	106	81%
Nolato Silikonteknik AB, Hallsberg	82	65%	81	64%
	<b>1,064</b>	<b>68%</b>	<b>1,120</b>	<b>67%</b>
<b>Subsidiaries abroad</b>				
Avenue Mould Solutions Ltd, Ireland	83	81%	76	79%
Cerbo France Sarl, France	1	0%	1	0%
GW Plastics (Dongguan) Ltd, China	242	54%	233	52%
GW Plastics Hong Kong Ltd, China	3	100%	4	100%
GW Plastics Mexicana, S. de R.L de C.V., Mexico	109	65%	120	61%
GW Plastics San Antonio, Inc., United States	112	71%	101	68%
GW Plastics Tucson, Inc., United States	164	60%	142	61%
GW Silicones, Inc., United States	38	29%	41	27%
Lövepac Converting Ltd, China	49	55%	50	52%
Lövepac Technology (Shenzhen) Co., Ltd, China	148	39%	112	38%
Nolato Contour, Inc., United States	308	66%	297	64%
Nolato EMC Kft, Hungary	39	36%	36	36%
Nolato GW, Inc., United States	256	68%	335	66%
Nolato Hungary Kft, Hungary	736	46%	741	46%
Nolato Jabar LLC, United States	72	72%	66	67%
Nolato Jaycare Ltd, UK	160	76%	151	84%
Nolato (Malaysia) SDN BHD	90	46%	71	55%
Nolato Medical Device Co. Ltd, China	55	55%	60	57%
Nolato Mobile Comm. Polymers (Beijing) Ltd, China	1,865	49%	3,610	48%
Nolato Romania Srl, Romania	49	41%	55	40%
Nolato Silikonteknik (Beijing) Co., Ltd, China	206	56%	250	56%
Nolato Stargard Sp.zo.o., Poland	121	25%	125	22%
Nolato Technology (Dongguan) Co., Ltd, China	66	47%	4	100%
Nolato Technology (Suzhou) Co., Ltd, China	248	46%	525	46%
Nolato Treff AG, Switzerland	333	62%	333	60%
	<b>5,553</b>	<b>53%</b>	<b>7,539</b>	<b>51%</b>
	<b>6,627</b>	<b>56%</b>	<b>8,669</b>	<b>53%</b>

## Note 30 Financial risk management

Operations are conducted on the basis of a financial policy established by the Board, which specifies rules and guidelines for how the various financial risks should be dealt with. The following significant risks are identified in the financial policy: Foreign exchange risk, interest rate risk, financing risk, and credit and liquidity risk. Currency and fixed income derivatives are used as hedging instruments in accordance with the Board's guidelines.

As a borrower and through its extensive operations outside Sweden, the Nolato Group is exposed to various financial risks. Nolato's financial policy specifies guidelines for how these risks should be managed within the Group. This policy outlines the aim, organization and allocation of responsibilities of the Group's financial operations, and is designed to manage the described risks. The CFO initiates and, if necessary, proposes updates to the financial policy, and issues internal instructions in order to ensure compliance with the policy within operating activities. The Board then evaluates and adopts the proposed changes to the financial policy on an annual basis or as necessary.

The Group's financial management is centralized within the Group's financial department, and acts as a staff service body. The Group staff is responsible for the Group companies' external banking relationships, liquidity management, net financial income/expense and interest-bearing liabilities and assets, as well as for the group-wide payment system, in the form of the internal bank. This centralization involves significant economies of scale, a lower financing cost and better internal controls and management of the Group's financial risks. Within the framework of the financial policy, there is the opportunity to utilize foreign exchange and fixed income instruments. During the year, trading was only carried out in currency derivatives.

### Market risk – foreign exchange risk

The Group is exposed to exchange rate fluctuations in future payment flows attributable to both contracted and anticipated commercial undertakings, as well as loans and investments in foreign currency – transaction exposure. The Group's financial statements are also affected by translation effects when translating the earnings and net assets of foreign subsidiaries into Swedish kronor – translation exposure.

### Transaction exposure

Transaction exposure derives from the Group's sales and purchases in various currencies. This foreign exchange risk consists of both the risk of fluctuations in the value of financial instruments, i.e. trade receivables and trade payables, and the foreign exchange risk in anticipated and contracted payment flows.

In 2022, Nolato's sales to countries outside Sweden accounted for 91% (92) of total sales. The largest flow currencies for the Swedish units were EUR and USD. The China-based operations had a net exposure largely in CNY/USD.

Nolato carries out short-term currency hedging for part of the Group's net exposure in foreign currencies. The aim of hedging the currency exposure is to even out fluctuations in earnings. According to this policy, Nolato hedges the net flow of the forecast inward and outward flow of currencies over a rolling 12-month period. In the event that the net flow in an individual currency is less than SEK 50 million, there is no hedging requirement. The hedging levels for the flows in each currency should be within the following ranges:

Range	Hedged flow
1–3 months in the future	60–80%
4–6 months in the future	40–60%
7–9 months in the future	20–40%
10–12 months in the future	0–20%

Individual investments in machinery are hedged at 100% in the event that the currency flow has a countervalue exceeding SEK 3 million. The consolidated income statement includes exchange rate differences of a net amount of SEK 27 million (–19) in operating profit.

Foreign exchange risks in financial flows relating to loans and investments in foreign currencies can be avoided by the Group's companies borrowing in local currencies or hedging these flows. According to this policy, any such hedging or risk-taking is decided on a case-by-case basis. Any hedging costs and any differences in interest rate levels between countries are taken into consideration in decisions on any possible risk-taking in relation to financial flows. During the year, there were exchange rate differences of SEK 1 million (–23) in net financial income/expense.

At the end of 2022, the Group had the following currency hedges in relation to anticipated payment flows in CHF, EUR, GBP and USD for 2023. The derivatives used are forwards and currency swaps. The volume and scope of the contracts are stated below in nominal terms.

### Currency forward contracts

Currency forward contracts entered into but unutilized are detailed in the table below.

### Currency forward contracts

SEKm	2022					2021				
	Nominal value	Fair value	Average rate	Recognized in profit	Recognized in other comprehensive income	Nominal value	Fair value	Average rate	Recognized in profit	Recognized in other comprehensive income
<b>Hedging for intra-group loans</b>										
CHF sold for SEK (Q4)	183	188	11.2387		– 4	64	65	9.9095		
EUR sold for SEK (Q4)	50	51	10.9311	– 1		98	98	10.3026		
GBP sold for SEK (Q4)	73	73	12.4858	2		69	71	11.8794	– 2	
USD sold for SEK (Q4)	20	21	10.1107		– 1	1,049	1,050	9.0065	– 37	23
<b>Total</b>	<b>326</b>	<b>333</b>		<b>1</b>	<b>– 5</b>	<b>1,280</b>	<b>1,284</b>		<b>– 39</b>	<b>23</b>
<b>Hedging for anticipated dividends</b>										
CNY sold for USD (Q2)										18
<b>Total</b>										<b>18</b>
<b>Cash flow hedges EUR</b>										
EUR sold for SEK (Q1)	—	—				11	11	10.0808		
EUR sold for SEK (Q2)	17	18	10.8838			13	13	10.1857		
EUR sold for SEK (Q3)	10	10	10.9627			7	7	10.1862		
EUR sold for SEK (Q4)	6	6	10.9767			14	14	10.3026		
<b>Total</b>	<b>33</b>	<b>34</b>		<b>—</b>	<b>– 1</b>	<b>45</b>	<b>45</b>		<b>—</b>	<b>—</b>
<b>Cash flow hedges USD</b>										
USD sold for SEK (Q1)	46	47	10.2893			54	53	8.8156		
USD sold for SEK (Q2)	35	34	10.6472			39	39	8.8409		
USD sold for SEK (Q3)	27	26	10.7048			30	29	8.9345		
USD sold for SEK (Q4)	13	13	10.2952			15	15	9.0331		
<b>Total</b>	<b>121</b>	<b>120</b>		<b>1</b>	<b>4</b>	<b>138</b>	<b>136</b>		<b>– 5</b>	<b>– 9</b>

Gains and losses in other comprehensive income in relation to currency forward contracts at December 31, 2022, will be transferred to the income statement at various dates within one year of the balance sheet date.

### Net exposure of sales and purchasing in foreign currency (cash flow hedges)

SEKm	12-month estimated net flows	Total hedges	Percentage	Average rate
EUR	89	33	37%	10.9246
USD	249	121	49%	10.4862
<b>Total</b>	<b>338</b>	<b>154</b>	<b>46%</b>	

The contracts are included at fair value in the balance sheet, and the change in value is recognized in other comprehensive income. When the contracts are realized, the accumulated change in value is booked to the income statement. In 2022, the effect of the currency derivatives on operating profit was SEK 1 million (-5).

### Transaction exposure at year-end (cash flow hedges)

SEKm	12-month unhedged estimated net flows	Exchange rate change	Impact on earnings
EUR	56	+/- 5%	+/- 3
USD	128	+/- 5%	+/- 6
<b>Total</b>	<b>184</b>		<b>+/- 9</b>

At the end of the year, the Group had SEK 184 million in unhedged estimated currency flows, including effects from currency hedges. A change in the value of the Swedish krona of +/-5% would have an impact of +/- SEK 9 million on earnings.

### Translation exposure

Foreign exchange risks also exist in the translation of foreign subsidiaries' assets, liabilities and profit into the Parent Company's functional currency. This is known as translation exposure. Nolato's policy is that net investments in shareholders' equity in foreign currency are not normally currency-hedged, but may be in some cases following a separate decision. Translation differences reported in other comprehensive income are detailed in Note 18, 'Other reserves'.

### Translation exposure in foreign subsidiaries

SEKm	Net assets	5% increase in value of krona
Nolato Romania, RON	12	- 1
Nolato Holdings UK, GBP	231	- 11
Nolato Automotive Components (Beijing), CNY	—	—
Nolato Medical Device (Beijing), CNY	- 5	—
Nolato Mobile Comm. Polymers (Beijing), CNY	447	- 22
Nolato Technology (Dongguan), CNY	- 5	—
Nolato Technology (Suzhou), CNY	109	- 5
Nolato Silikonteknik (Beijing), CNY	30	- 2
Lövepac Converting, CNY	33	- 2
Lövepac Technology (Shenzhen), CNY	- 20	1
Nolato (Malaysia), SDN, BHD, USD	33	- 2
Nolato Hungary, EUR	606	- 30
Nolato EMC Hungary, EUR	- 3	—
Nolato Stargard, PLN	23	- 1
Cerbo France, EUR	—	—
<b>Total</b>	<b>1,491</b>	<b>- 75</b>

The Group has SEK 1,491 million in foreign net assets, mainly in China, Hungary and the UK. A five percentage point appreciation of the Swedish krona would have an impact of SEK -75 million on the net assets in the Group. The Group has no exposure in the net assets of Nolato Treff AG or the companies in the US, as any translation effects are evened out by loans in the Parent Company.

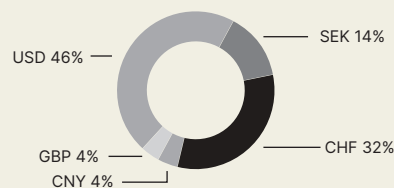
### Interest rate risk

Interest rate risk is the risk that the Group's net interest items will be weakened in the event of changes to market interest rates. At year-end, interest-bearing liabilities with credit institutions amounted to SEK 1,719 million (1,499). The fixed interest term on the Group's loans and investments determines how quickly interest rate changes affect earnings. In order to limit the Nolato Group's interest rate risk, the portion of those interest-bearing liabilities exceeding SEK 400 million must have a fixed interest maturity structure as follows:

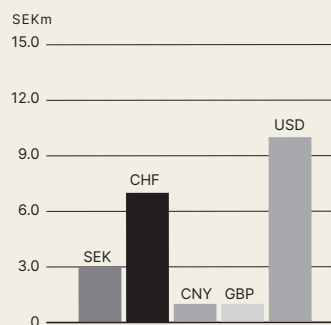
- Up to one year: 35-65%
- More than one year: 35-65%

The target for investing excess liquidity is to achieve the best possible return with regard to credit risk and the liquidity of the investments. The policy stipulates that investments may only be carried out in interest-bearing securities or bank deposits. The term of the investments may not exceed three months.

### Breakdown of interest-bearing liabilities by currency



### Interest rate effect on interest-bearing liabilities at year-end



An increase in the interest rate by one percentage point, based on the interest-bearing liabilities at the end of the year, would result in additional interest expenses within the Group of SEK 22 million.

### Liquidity risk

Liquidity risk, also known as financing risk, relates to the risk of the Group having problems accessing capital. In order to maintain financial flexibility and meet the Group's capital requirements, contractual credit facilities are in place with various contract lengths. This both enables the financing of fluctuations and organic growth, and provides the Group with capacity for significant investments and acquisitions.

Total credit lines granted in the Group amount to SEK 3,263 million (2,900). Of this amount, SEK 1,113 million matures on December 22, 2024, SEK 450 million on April 25, 2025, and SEK 1,683 million on August 6, 2025.

## Interest-bearing net liabilities at year-end

	Outstanding amount (SEKm)	Future interest during term outstanding	Term out-standing (mths)	Fixed interest period outst. (mths)	Average interest (%)
<b>Interest-bearing liabilities</b>					
Bank loans, USD (fixed rate)	- 783	36	32	32	1.7
Bank loans, USD	- 157				3.1
Bank loans, CHF	- 627				0.7
Bank loans, SEK	- 52		3	3	4.3
Contingent consid. GW Plastics Inc., USD	- 100				
Lease liability, CHF	- 1				0.6
Lease liability, CNY	- 72				5.1
Lease liability, EUR	- 1				1.2
Lease liability, GBP	- 89				1.8
Lease liability, SEK	- 126				2.3
Lease liability, USD	- 25				4.4
Pension liability, SEK	- 123				2.1
Pension liability, CHF	- 50				1.3
<b>Total</b>	<b>- 2,206</b>				<b>2.0</b>
<b>Interest-bearing assets</b>					
Cash and cash equivalents	1,011				1.8
<b>Net financial liabilities</b>	<b>- 1,195</b>				

As part of the financing of the Group's subsidiaries, the Parent Company has issued internal loans in EUR to Hungary and Ireland, and in GBP to the UK. The repayment of these loans has been hedged according to the table below. Hedge accounting is not applied for these currency hedge contracts.

Subsidiaries	Currency swaps	Selling price	Maturity date
Nolato Hungary Kft, Hungary	EUR 4.0 million	10.9212	Dec. 15, 2023
Avenue Mould Solutions Ltd, Ireland	EUR 0.6 million	10.9974	Dec. 15, 2023
Nolato Holdings UK Ltd, UK	GBP 5.8 million	12.4858	Dec. 15, 2023

At year-end the Group's financial liabilities stood at SEK 2,996 million (3,509). Non-interest-bearing liabilities are attributable primarily to accounts payable, with the term outstanding shown in the table below.

Maturity	< 1 month	1-3 months	4-12 months	> 1 year	Total
Trade payables	513	250	12	4	<b>779</b>

**Credit risk**

Credit risk refers to an exposure to loss in the event that a counterparty to a financial instrument is unable to fulfil its commitments. Nolato is exposed to credit risk through its operational activities and some of its financial activities.

The Group's maximum credit risk exposure is SEK 2,539 million (3,025) at the balance sheet date. The exposure comprises the carrying amount of all financial assets.

**Credit risk (SEKm)**

	2022	2021
Trade receivables	1,522	1,574
Other receivables	2	2
Derivatives	4	1
Cash and cash equivalents	1,011	1,448
<b>Total</b>	<b>2,539</b>	<b>3,025</b>

Trade receivables are continually analyzed at operating level within the Group. Trade receivables are subject to credit checks and approval procedures exist in all Group companies.

In accordance with the Group's financial policy on credit risk for financial activities, the Group only deals with well-established financial institutions. Transactions are undertaken within set limits and credit exposure per counterparty is continually analyzed.

The Nolato Group has entered into ISDA contracts (International Swaps and Derivatives Association, Inc.) with essentially all of these financial institutions. An ISDA contract is classified as an enforceable netting arrangement. One function of an ISDA contract is that it allows the Nolato Group to calculate credit exposure on a net basis, i.e. the difference between the Group's claims and liabilities per counterparty. The agreement between the Group and the counterparty enables net payment of derivatives when both parties choose this method. In the event of failure to pay by either party, the counterparty is able to choose to pay net. Transactions are undertaken within set limits and credit exposure per counterparty is continually analyzed. At the balance sheet date, the Group had derivative assets of SEK 4 million (1) and derivative liabilities of SEK 10 million (5) included in enforceable netting arrangements.

**Hedge accounting**

The Group applies hedging to reduce risks attributable to volatility in balance sheet items and future cash flows, which would otherwise affect profit or loss. A distinction is made between cash flow hedging, fair value hedging and hedging of net investments in foreign operations, based on the nature of the hedged item.

Derivatives that constitute effective financial hedges, but that either do not qualify for hedge accounting according to IFRS 9 or that the Group chooses not to apply hedge accounting for, are recognized in the same way as instruments held for trading. In such cases, changes to the fair value of financial hedges are recognized immediately in profit or loss as financial income or expense, or in operating profit depending on the nature of the hedged item.

**Cash flow hedging**

Hedge accounting has been applied to derivative instruments that effectively counteract variations in the cash flow from forecast sales. Changes in the fair value of such derivative instruments identified as hedging instruments and that satisfy the criteria for hedging of future cash flows are recognized in hedging reserves in shareholders' equity via other comprehensive income.

**Hedging of net investments**

Hedge accounting has been applied to financial instruments that effectively counteract the Group's exposure to effects arising on conversion of the net assets of Nolato Treff AG and operations in the US into the Parent Company's functional currency. Gains and losses in hedging instruments that satisfy the requirements for hedging of net investments are recognized in the translation reserve in shareholders' equity via other comprehensive income.

At the balance sheet date, the Group hedged a nominal amount of CHF 55 million (55) of net investment in foreign operations against changes to the CHF/SEK exchange rate. A CHF loan amounting to CHF 55 million (55) was used as a hedging instrument.

At the balance sheet date, the Group hedged a nominal amount of USD 2 million (117) of net investment in foreign operations against changes to the USD/SEK exchange rate. A USD loan amounting to USD 80 million (75) was used as a hedging instrument.

Gains/losses on hedges for 2022 amounted to SEK -76 million (-32) before tax and were recognized directly in the translation reserve via other comprehensive income, where there are corresponding positive currency effects from translation of the net assets in foreign operations. During the year, no gains/losses from hedging reserves were reclassified via other comprehensive income to profit or loss to match the reclassification of the accumulated currency translation difference in the hedged subsidiary's equity.



## Five-year review key performance indicators

	2022	2021	2020	2019	2018
<b>Performance indicators according to IFRS<sup>1)</sup></b>					
Operating profit (EBIT) (SEK million)	867	1,333	1,048	887	941
Diluted earnings per share after tax (SEK)*	2.59	4.32	3.02	2.66	2.74
<b>Performance indicators (alternative performance measures)<sup>1)</sup></b>					
Reversal of amortization of intangible assets arising in connection with acquisitions	41	36	18	8	8
Operating profit (EBITA) (SEK million)	908	1,369	1,066	895	949
<b>Performance indicators per share (alternative performance measures)<sup>1)</sup></b>					
Profit after tax for the year (SEKm)	697	1,160	806	703	722
Reversal of amortization of intangible assets arising in connection with acquisitions	41	36	18	8	8
Tax on reversal of amortization of intangible assets arising in connection with acquisitions	-9	-7	-4	-2	-2
Adjusted profit after tax (SEKm)	729	1,189	820	709	728
Average number of shares after dilution*	269,377,080	268,779,516	266,560,960	264,320,010	263,840,210
Adjusted diluted earnings per share after tax (SEK)*	2.70	4.42	3.08	2.68	2.76
<b>Sales and profit (alternative performance measures)<sup>1)</sup></b>					
Net sales (SEK million)	10,774	11,610	9,359	7,919	8,102
Sales growth (%)	-7	24	18	-2	21
Profit after financial income and expenses (SEK million)	875	1,401	1,014	857	921
Profit for the year (SEK million)	697	1,160	806	703	722
<b>Cash flow (alternative performance measures)<sup>1)</sup></b>					
Cash flow from operations (SEK million)	406	1,228	1,164	1,160	1,045
Investing activities (SEK million)	-451	-782	-1,695	-453	-398
Cash flow after investing activities (SEK million)	-45	446	-531	707	647
Cash flow from operating activities per share, before dilution (SEK)*	1.51	4.58	4.37	4.38	3.97
Cash flow after investing activities excluding acquisitions and disposals per share, before dilution, (SEK)*	-0.17	1.66	3.40	3.02	2.25
Cash conversion (%)	1	35	87	88	60
<b>Financial position (alternative performance measures)<sup>1)</sup></b>					
Total assets (SEK million)	10,007	10,055	8,684	6,134	5,156
Shareholders' equity (SEK million)	5,392	4,768	3,699	2,966	2,592
Interest-bearing liabilities and provisions (SEK million)	-2,206	-2,041	-2,417	-1,219	-794
Financial net debt (-)/net assets (+), excluding pension and lease liabilities (SEK million)	-708	-51	-298	666	341
<b>KPIs (alternative performance measures)<sup>1)</sup></b>					
Return on total capital before tax (%)	9.1	15.7	14.3	15.6	18.4
Return on capital employed before tax (%)	12.8	22.8	20.7	23.1	29.7
Return on operating capital before tax (%)	14.4	27.1	29.2	31.0	40.0
Return on net shareholders' equity (%)	13.6	28.0	23.9	25.5	30.4
EBITA margin (%)	8.4	11.8	11.4	11.3	11.7
Profit margin (%)	8.1	12.1	10.8	10.8	11.4
Equity/assets ratio (%)	54	47	43	48	50
Debt/equity ratio (times)	0.4	0.4	0.7	0.4	0.3
Interest coverage ratio (times)	17	34	28	25	40
Average number of employees	6,627	8,669	6,721	5,941	6,449

<sup>1)</sup> Nolato presents certain financial measures in this report that are not defined according to IFRS. Nolato considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS. For definitions of financial measures, see page 107.

\* At the end of the period, the Group had two incentive programs: Incentive Program 2019/2024 and Incentive Program 2022/2028. For further information, see Note 27.

## Alternative performance measures

SEKm unless otherwise specified	2022	2021
Operating profit (EBITDA)	1,411	1,805
Non-recurring items	—	– 50
<b>Adjusted operating profit (EBITDA)</b>	<b>1,411</b>	<b>1,755</b>
Operating profit (EBIT)	867	1,333
Reversal of amortization of intangible assets arising in connection with acquisitions	41	36
Operating profit (EBITA)	908	1,369
Non-recurring items	—	– 50
<b>Adjusted operating profit (EBITA)</b>	<b>908</b>	<b>1,319</b>
EBITA margin (%)	8.4	11.8
<b>Adjusted EBITA margin (%)</b>	<b>8.4</b>	<b>11.4</b>
Profit after financial income and expenses	875	1,401
Non-recurring items	– 41	– 165
<b>Adjusted profit after financial income and expenses</b>	<b>834</b>	<b>1,236</b>
Profit margin (%)	8.1	12.1
<b>Adjusted profit margin (%)</b>	<b>7.7</b>	<b>10.6</b>
Profit after tax	697	1,160
Non-recurring items	– 41	– 165
Tax on non-recurring items	—	—
<b>Adjusted profit after tax</b>	<b>656</b>	<b>995</b>
Cash flow after investments, excluding acquisitions and disposals	8	446
Non-recurring items (affecting cash flow)	—	—
Adjusted cash flow after investments, excluding acquisitions and disposals	8	446
Operating profit (EBIT)	867	1,333
Non-recurring items	—	– 50
Adjusted operating profit (EBIT)	867	1,283
<b>Cash conversion (%)</b>	<b>1</b>	<b>35</b>

Including a non-recurring item in profit after financial items and post-tax profit of SEK 41 million in Q4 2022 and the full year 2022. This non-recurring item has been recognized at Group level and has consequently not affected the profit of the business areas.

Including a non-recurring item in operating profit of SEK 50 million for the full year 2021 and SEK 115 million in profit after financial items in Q4 2021 and the full year 2021, which affected profit after tax by a total of SEK 165 million. These non-recurring items were recognized at Group level and have consequently not affected the profit of the business areas.

SEKm unless otherwise specified	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Profit after financial income and expenses, rolling 12 mths	875	1,122	1,247	1,367	1,401				
Financial expenses, rolling 12 mths	56	51	46	43	43				
Adjusted profit after financial exp., rolling 12 mths	931	1,173	1,293	1,410	1,444				
Total capital at end of period	10,007	10,635	10,220	9,984	10,056	9,542	8,784	9,191	8,482
Average total capital, past five quarters	10,180	10,087	9,717	9,511	9,211				
<b>Return on total capital (%)</b>	<b>9.1</b>	<b>11.6</b>	<b>13.3</b>	<b>14.8</b>	<b>15.7</b>				
Adjusted profit after financial exp., rolling 12 mths	931	1,173	1,293	1,410	1,444				
Capital employed at end of period	7,597	7,659	7,220	7,074	6,809	6,318	5,984	6,479	6,116
Average capital employed, past five quarters	7,272	7,016	6,681	6,533	6,341				
<b>Return on capital employed (%)</b>	<b>12.8</b>	<b>16.7</b>	<b>19.4</b>	<b>21.6</b>	<b>22.8</b>				
Operating profit (EBIT), rolling 12 mths	867	1,041	1,167	1,293	1,333				
Capital employed at end of period	7,597	7,659	7,220	7,074	6,809	6,318	5,984	6,479	6,116
Cash and bank balances at end of period	– 1,011	– 1,193	– 1,115	– 1,408	– 1,448	– 1,400	– 1,248	– 1,563	– 1,487
Operating capital at end of period	6,586	6,466	6,105	5,666	5,361	4,918	4,736	4,916	4,629
Average operating capital, past five quarters	6,037	5,703	5,357	5,119	4,912				
<b>Return on operating capital (%)</b>	<b>14.4</b>	<b>18.3</b>	<b>21.8</b>	<b>25.3</b>	<b>27.1</b>				
Profit after tax, rolling 12 mths	696	937	1,034	1,135	1,160				
Shareholders' equity at end of period	5,392	5,398	4,998	5,010	4,768	4,280	3,951	4,025	3,699
Average shareholders' equity, past five quarters	5,113	4,891	4,601	4,407	4,145				
<b>Return on shareholders' equity (%)</b>	<b>13.6</b>	<b>19.2</b>	<b>22.5</b>	<b>25.8</b>	<b>28.0</b>				

## Definitions – IFRS measures

### > Earnings per share

Earnings for the period that are attributable to the Parent Company's owners divided by the average number of shares outstanding.

### > Operating profit (EBIT)

Earnings before interest and taxes.

## Definitions – Alternative performance measures

Nolato presents certain financial measures in this report that are not defined according to IFRS. Nolato considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS.

### > Adjusted earnings per share

Profit after tax, excluding amortization of intangible assets arising from acquisitions, divided by the average number of shares.

### > Average number of shares

The average basic number of shares comprises the Parent Company's weighted average number of shares outstanding during the period. After dilution, a weighted average of the shares that may be issued under the ongoing share warrant program is added if they are in the money, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

### > Cash conversion

Cash flow after investments, excluding acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted to take account of any non-recurring items.

### > Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of shares.

### > Cash flow per share

Cash flow before financing activities in relation to the average number of shares.

### > Debt/equity ratio

Interest-bearing liabilities and provisions divided by shareholders' equity.

### > EBITA margin

Operating profit (EBITA) as a percentage of net sales.

### > Equity/assets ratio

Shareholders' equity as a percentage of total capital as per the balance sheet.

### > Interest coverage ratio

Profit after financial income and expenses, plus financial expenses, divided by financial expenses.

### > Net financial liabilities/net financial assets

Interest-bearing assets less interest-bearing liabilities and provisions.

### > Operating profit (EBITDA)

Earnings before interest, taxes, depreciation and amortization.

### > Operating profit (EBITA)

Earnings before interest, taxes and amortization of intangible assets arising from acquisitions.

### > Profit margin

Profit after financial income and expenses as a percentage of net sales.

### > Return on capital employed

Profit after financial income and expenses, plus financial expenses, as a percentage of average capital employed. Capital employed consists of total capital less non-interest-bearing liabilities and provisions.

### > Return on operating capital

Operating profit as a percentage of average operating capital. Operating capital consists of total capital less non-interest-bearing liabilities and provisions, less interest-bearing assets.

### > Return on shareholders' equity

Profit after tax divided by average shareholders' equity.

### > Return on total capital

Profit after financial income and expenses, plus financial expenses, as a percentage of average total capital as per the balance sheet.

Some of the items reported relate to future events and actual outcomes may differ materially. In addition to those factors explicitly commented on, other factors may also materially affect the actual outcome, such as economic conditions, exchange rates and interest rate levels, political risks, competition and pricing, product development, commercialization and technical difficulties, supply problems and customer credit losses.

## A few specialist terms used within the Nolato Group

### > Cleanroom

A room with extremely strict requirements in terms of the absence of dust particles, in some cases even minimization of bacteria, etc. Used by Nolato when producing medical technology components and mobile phone components.

### > Dip molding

Method used to manufacture breathing bags, ventilator bellows and catheter balloons from synthetic or natural latex rubber. Pre-heated formers are dipped into liquid latex and the products are shaped by the geometry of the formers.

### > Extrusion

This is a method for continuously manufacturing products in strands, such as medical tubing.

### > Haptic technology/haptics

Designing a surface so that a function or cosmetic effect can be felt.

### > Injection blow molding

Production technique whereby a container is first injection-molded and then inflated so that a receptacle is formed. Injection blow molding is used by Nolato in the production of pharmaceutical packaging.

### > Injection molding

A method for the production of polymer components. The material is injected under high pressure into a mold in which the component is made.

### > Polymer materials

Materials such as plastic, silicone, rubber and thermoplastic elastomers (TPEs).

### > Shielding (EMC)

Technology for shielding electronics from electromagnetic interference, both internally between different electronic components and from external interference. This is achieved using silicone gaskets containing silver or nickel particles. EMC stands for electromagnetic compatibility, which is the purpose of the shielding.

## Parent Company income statement

SEKm	Note	2022	2021
Net sales	2	65	69
Selling expenses	6, 12	- 7	- 8
Administrative expenses	3, 6, 12	- 57	- 57
Other operating income	4	5	10
Other operating expenses	5	- 61	- 38
	12	<b>- 120</b>	<b>- 93</b>
<b>Operating loss</b>		<b>- 55</b>	<b>- 24</b>
Revenue from investments in Group companies	7	282	690
Financial income	8	60	74
Financial expenses	9	- 103	- 53
		<b>239</b>	<b>711</b>
<b>Profit after financial income and expenses</b>		<b>184</b>	<b>687</b>
Appropriations	10	266	256
Tax	11	- 42	- 80
<b>Profit for the year</b>		<b>408</b>	<b>863</b>

## Parent Company comprehensive income

SEKm	2022	2021
<b>Profit for the year</b>	<b>408</b>	<b>863</b>
<i>Items transferred or that could be transferred to profit for the period</i>		
Exchange rate difference on monetary item regarding overseas net investment	—	4
<b>Comprehensive income for the year</b>	<b>408</b>	<b>867</b>

## Parent Company balance sheet

SEKm	Note	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1	1
<b>Non-current financial assets</b>			
Investments in Group companies	13	3,104	1,994
Receivables from Group companies	16	955	1,825
Other non-current receivables		2	2
<b>Total non-current financial assets</b>		<b>4,061</b>	<b>3,821</b>
<b>Total non-current assets</b>		<b>4,062</b>	<b>3,822</b>
<b>Current assets</b>			
Receivables from Group companies		869	1,096
Other receivables		6	1
Prepaid expenses and accrued income		15	7
<b>Total current assets</b>		<b>890</b>	<b>1,104</b>
Cash and bank balances		6	60
<b>Total assets</b>		<b>4,958</b>	<b>4,986</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
<i>Restricted equity</i>			
Share capital (269,377,080 shares)	14	135	135
Statutory reserve		488	488
<b>Total restricted equity</b>		<b>623</b>	<b>623</b>
<i>Unrestricted equity</i>			
Retained earnings		1,973	1,622
Profit for the year		408	863
<b>Total unrestricted equity</b>		<b>2,381</b>	<b>2,485</b>
<b>Total shareholders' equity</b>		<b>3,004</b>	<b>3,108</b>
<b>Untaxed reserves</b>	<b>19</b>	<b>247</b>	<b>283</b>
<b>Provisions</b>			
Deferred tax liabilities	11	1	17
Other provisions	17	4	6
<b>Total provisions</b>		<b>5</b>	<b>23</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	15	1,456	1,220
Liabilities to Group companies	16	55	55
<b>Total non-current liabilities</b>		<b>1,511</b>	<b>1,275</b>
<b>Current liabilities</b>			
Trade payables		2	2
Liabilities to credit institutions	15	30	50
Liabilities to Group companies		126	183
Other liabilities		19	42
Accrued expenses and deferred income	18	14	20
<b>Total current liabilities</b>		<b>191</b>	<b>297</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,958</b>	<b>4,986</b>

## Parent Company changes in shareholders' equity

SEKm	Restricted equity		Unrestricted equity		Total shareholders' equity
	Share capital	Statutory reserve	Translation reserve	Retained earnings	
<b>Opening balance, Jan. 1, 2021</b>	<b>134</b>	<b>392</b>	<b>- 4</b>	<b>2,050</b>	<b>2,572</b>
Profit for the year				863	863
Other comprehensive income for the year			4		4
<b>Comprehensive income for the year</b>			<b>4</b>	<b>863</b>	<b>867</b>
Warrants exercised in incentive program	1	96			97
Dividend for 2020				- 428	- 428
<b>Closing balance, Dec. 31, 2021</b>	<b>135</b>	<b>488</b>	<b>—</b>	<b>2,485</b>	<b>3,108</b>
<b>Opening balance, Jan. 1, 2022</b>	<b>135</b>	<b>488</b>	<b>—</b>	<b>2,485</b>	<b>3,108</b>
Profit for the year				408	408
Other comprehensive income for the year			—		—
<b>Comprehensive income for the year</b>			<b>—</b>	<b>408</b>	<b>408</b>
Dividend for 2021				- 512	- 512
<b>Closing balance, Dec. 31, 2022</b>	<b>135</b>	<b>488</b>	<b>—</b>	<b>2,381</b>	<b>3,004</b>

## Parent Company cash flow statement

SEKm	Note	2022	2021
<b>Operating activities</b>			
Operating loss		- 55	- 24
Adjustments for items not included in cash flow		14	4
Dividends from subsidiaries		166	233
Interest received		60	74
Interest paid		- 28	- 23
Realized exchange rate differences		- 30	- 104
Income tax paid		- 86	- 51
<b>Cash flow from operating activities before changes in working capital</b>		<b>41</b>	<b>109</b>
<b>Changes in working capital</b>			
Changes in operating receivables and operating liabilities		226	- 21
<b>Cash flow from operating activities</b>		<b>267</b>	<b>88</b>
<b>Investing activities</b>			
Acquisition of non-current intangible assets		—	- 1
Shareholders' contribution		- 1,110	- 12
<b>Cash flow from investing activities</b>		<b>- 1,110</b>	<b>- 13</b>
<b>Cash flow before financing activities</b>		<b>- 843</b>	<b>75</b>
<b>Financing activities</b>			
Borrowings	15	48	50
Repayment of loans	15	- 20	- 323
Change in long-term intra-Group transactions		1,002	- 108
Dividend paid		- 512	- 428
Group contribution received		271	220
Warrants exercised in incentive program		—	97
<b>Cash flow from financing activities</b>		<b>789</b>	<b>- 492</b>
<b>Cash flow for the year</b>		<b>- 54</b>	<b>- 417</b>
<b>Cash and cash equivalents, opening balance</b>		<b>60</b>	<b>477</b>
<b>Cash and cash equivalents, closing balance*</b>		<b>6</b>	<b>60</b>

\* Credit balance on Group account in Parent Company.

## Notes to the Parent Company financial statements

### Note 1 Accounting and valuation policies

The Parent Company's annual accounts have been drawn up in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Swedish Financial Reporting Board's statements relating to listed companies have also been applied. RFR 2 involves the Parent Company, in the annual accounts for the legal entity, applying all IFRS standards and statements adopted by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Swedish Law on Safeguarding Pension Obligations, and in view of the relationship between accounting and taxation. The recommendation details which exceptions from and additions to IFRS shall apply.

The accounting policies of the Parent Company otherwise comply with the accounting policies of the Group, with the following exceptions:

#### Investments in Group companies

Investments in subsidiaries are recognized in the Parent Company in accordance with the cost method. Transaction charges attributable to the acquisition of shares in subsidiaries are included in the acquisition cost of investments in Group companies in the balance sheet. Impairment testing occurs annually by comparing the Parent Company's recorded acquisition costs with the subsidiaries' net worth, including their long-term earning capacity.

#### Classification and presentation formats

The income statement and balance sheet have been produced for the Parent Company in accordance with the Swedish Annual Accounts Act's format, while the comprehensive income statement, the statement of changes in shareholders' equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Cash Flow Statements. The differences compared with the consolidated reports that are in the Parent Company's income statements and balance sheets consist primarily of reporting financial income and expenses and the classification of shareholders' equity.

#### IFRS 16 Leases

IFRS 16 rules are not applied for legal entities, which are instead subject to the rules in RFR 2 p. 2–5. The Parent Company recognizes lease payments as costs on a straight-line basis over the term of the lease. Expensed lease payments during the year amounted to SEK 697 thousand (773). Over the next three years, lease payments will amount to a total of approx. SEK 816 thousand.

#### Sales

##### Assigning joint Group expenses

The Parent Company has the character of a holding company, in which expenses consist solely of invoicing for joint Group expenses, particularly personnel costs for Group staff and other joint Group overheads, such as insurance, licensing fees, etc. Invoicing is carried out when services are rendered or when other resources have been received by the counterparty.

#### Dividend income

Dividend income is recognized when the right to receive the dividend is established. Any anticipated dividend is recognized as receivables from Group companies and as revenue from investments in Group companies (see Note 7).

#### Financial instruments

The Parent Company applies the section on IFRS 9 Financial Instruments in RFR 2 according to point 2. Outstanding derivative instruments at December 31, 2022, are described in Note 30 of the consolidated statements.

#### Employee benefits

##### Defined benefit schemes

Defined benefit pension schemes are insured through a policy held with Alecta. According to RFR 2, the defined benefit pension schemes are classified and recognized as defined contribution schemes, which means that premiums paid are charged to the income statement. Charges for the year to Alecta totaled SEK 688 thousand (450). Within the Parent Company, a different basis than that set out in IAS 19 is applied when calculating and valuing the defined benefit schemes. The Parent Company follows the provisions of the Swedish Law on Safeguarding Pension Obligations and the regulations of the Swedish Financial Supervisory Authority, since this is a requirement for tax deduction rights. The main differences compared with the rules of IAS 19 are the manner in which the discount rate is established, the fact that the defined benefit obligations are calculated based on current salary levels without taking assumptions regarding future salary increases into consideration, and the fact that all actuarial gains and losses are recognized in the income statement when they arise.

#### Recognition of income taxes

In the Parent Company, untaxed reserves are recognized gross as untaxed reserves in the balance sheet. Appropriations are recognized as gross amounts in the income statement.

#### Group contributions for legal entities

Group contributions paid and received in the Parent Company are recognized as appropriations according to the alternative rule.

### Note 2 Purchasing and sales between Parent Company and subsidiaries

	2022	2021
Sales of services to subsidiaries	65	69
Purchase of services from subsidiaries	22	23

### Note 3 Information on remuneration of auditors

The company's auditing firm received remuneration as follows:

SEK thousand	2022	2021
<b>EY</b>		
Auditing	806	652
Taxation assignments	37	46
Other assignments	278	—
<b>Total</b>	<b>1,121</b>	<b>698</b>

Auditing relates to reviewing the annual report and accounts, as well as the administration of the Board of Directors and the President and CEO, other duties required of the company's auditor and providing advice or other assistance resulting from observations in relation to such review or carrying out such other duties.

### Note 4 Other operating income

	2022	2021
Effect of exchange rate on operating receivables/liabilities	5	10

### Note 5 Other operating expenses

	2022	2021
Effect of exchange rate on operating receivables/liabilities	27	3
Costs for personnel who are not employed by the Parent Company and their overheads	34	35
<b>Total</b>	<b>61</b>	<b>38</b>

### Note 6 Personnel

#### Average no. of employees

	2022		2021	
	Number	Of which men	Number	Of which men
Nolato AB, Torekov	10	70%	10	70%

## Employee benefits expense

	2022	2021
Salaries and remuneration	26	28
Pension expenses, defined contribution schemes	6	5
Social security contributions	9	11
<b>Total</b>	<b>41</b>	<b>44</b>

There are 7 (7) senior executives at the Parent Company. Expensed remuneration and benefits for senior executives at the Parent Company during the year totaled SEK 27 million (35), of which SEK 2 million (7) relates to bonuses. Of the Parent Company's pension expenses, SEK 2 million (2) relates to the Board and the President and CEO. The company's outstanding pension liabilities and obligations in relation to the Board and the President and CEO stood at SEK 0 million (0).

## Gender distribution of senior executives

	2022		2021	
	Men	Women	Men	Women
Board members	7	3	7	2
President and CEO	1		1	
Other senior executives	5	1	5	1

## Note 7 Revenue from investments in Group companies

	2022	2021
Dividend received from Group companies	166	233
Anticipated dividend from Group companies	116	461
Liquidation earnings from Group companies	—	-4
<b>Total</b>	<b>282</b>	<b>690</b>

## Note 8 Financial income

	2022	2021
Interest income, Group companies	60	74

All interest income is attributable to financial assets, which are measured at amortized cost.

## Note 9 Financial expenses

	2022	2021
Interest expenses, credit institutions	21	16
Other financial expenses	7	6
Exchange rate differences	75	31
<b>Total</b>	<b>103</b>	<b>53</b>

All interest expenses are attributable to financial liabilities, which are measured at accumulated acquisition value.

## Note 10 Appropriations

	2022	2021
Group contributions received	230	271
Reversal of tax allocation reserve	84	69
Provision for tax allocation reserve	-48	-84
<b>Total</b>	<b>266</b>	<b>256</b>

## Note 11 Tax

### Recognized in the income statement

	2022	2021
<b>Current tax expense (-)/income (+)</b>		
Tax expenses for the period	-58	-71
	<b>-58</b>	<b>-71</b>
<b>Deferred tax expense (-)/income (+)</b>		
Deferred tax in relation to temporary differences	16	-9
<b>Total recognized tax expense</b>	<b>-42</b>	<b>-80</b>

### Reconciliation of effective tax

The tax rate applicable for income tax is 20.6% (20.6%).

	2022	2021
<b>Profit before tax</b>	<b>450</b>	<b>943</b>
Tax according to applicable Parent Company tax rate	-93	-194
Coupon tax on anticipated dividends	-6	-23
Non-deductible expenses	-1	-4
Non-taxable income	58	141
<b>Recognized effective tax</b>	<b>-42</b>	<b>-80</b>
<b>Deferred tax recognized in the balance sheet</b>		
Other provisions	1	1
Other	-2	-18
<b>Total</b>	<b>-1</b>	<b>-17</b>

### Change in deferred tax in temporary differences and loss carry-forwards

	Balance at Jan. 1, 2021	Recognized in profit for the year	Balance at Dec. 31, 2021
Other provisions	1	—	1
Other	-10	-8	-18
<b>Total</b>	<b>-9</b>	<b>-8</b>	<b>-17</b>

	Balance at Jan. 1, 2022	Recognized in profit for the year	Balance at Dec. 31, 2022
Other provisions	1	—	1
Other	-18	16	-2
<b>Total</b>	<b>-17</b>	<b>16</b>	<b>-1</b>

## Note 12 Expenses allocated by type of cost

	2022	2021
Employee benefits expense	-41	-44
Consulting expenses	-7	-7
Travel expenses	-3	-1
Advertising and PR	-5	-5
Effect of exchange rate on operating receivables/liabilities, net	-22	7
Costs for personnel who are not employed by the Parent Company and their overheads (charged on)	-34	-35
Other costs	-8	-8
<b>Total</b>	<b>-120</b>	<b>-93</b>

**Note 13 Investments in Group companies**

	2022	2021
Opening acquisition cost	2,361	2,349
Newly formed subsidiary	—	—
Shareholders' contribution	1,110	12
<b>Closing accumulated acquisition cost</b>	<b>3,471</b>	<b>2,361</b>
<b>Closing accumulated impairment losses</b>	<b>- 367</b>	<b>- 367</b>
<b>Carrying amount</b>	<b>3,104</b>	<b>1,994</b>

	Participating interest		Carrying amount	
	2022	2021	2022	2021
AB Cerbo Group, Trollhättan, Sweden	100%	100%	268	268
Nolato Cerbo AB, Trollhättan, Sweden*	100%	100%		
Cerbo France Sarl, France	100%	100%		
Injection Moulding Solutions Europe AB, Götene, Sweden	100%		—	
Lövepac Converting Ltd, China*	100%	100%	9	9
Lövepac Technology (Shenzhen) Co., Ltd, China*	100%	100%	—	—
Nolato Alpha AB, Kristianstad, Sweden	100%	100%	12	12
Nolato Automotive Components (Beijing) Co. Ltd, China	100%	100%	1	1
Nolato EMC Kft, Hungary*	100%	100%	9	9
Nolato Holding USA Inc., United States	100%	100%	1,675	571
Nolato Contour Inc., United States*	100%	100%		
Nolato Jabar LLC, United States*	100%	100%		
Nolato GW Inc., United States*	100%	100%		
GW Plastics Mexicana, S. de R.L. de C.V., Mexico*	100%	100%		
GW Plastics Services, S. de R.L. de C.V., Mexico	100%	100%		
GW Silicones Inc., United States*	100%	100%		
GW Plastics San Antonio Inc., United States*	100%	100%		
GW Plastics Tucson Inc., United States*	100%	100%		
GW Plastics HoldCo Ltd, Ireland	100%	100%		
Avenue Mould Solutions Ltd, Ireland*	100%	100%		
GW Plastics Hong Kong Ltd, China	100%	100%		
GW Plastics (Dongguan) Ltd, China*	100%	100%		
Nolato Gota AB, Götene, Sweden*	100%	100%	129	129
Nolato Holdings UK Ltd, UK	100%	100%	70	70
C A Portsmouth Ltd, UK	100%	100%		
Nolato Jaycare Ltd, UK*	100%	100%		
Nolato Hungary Kft, Hungary*	100%	100%	46	46
Nolato Incentive AB, Torekov, Sweden	100%	100%	—	—
Nolato Lövepac AB, Skånes Fagerhult, Sweden*	100%	100%	10	10
Nolato (Malaysia) SDN BHD*	100%	100%	1	1
Nolato Medical Device (Beijing) Co. Ltd, China*	100%	100%	—	—
Nolato MediTech AB, Hörby, Sweden*	100%	100%	116	116
Nolato MediTor AB, Torekov, Sweden*	100%	100%	9	9
Nolato Mobile Comm. Polymers (Beijing) Ltd, China*	100%	100%	91	91
Nolato Technology (Dongguan) Co., Ltd, China*				
Nolato Plastteknik AB, Gothenburg, Sweden*	100%	100%	42	42
Nolato Polymer AB, Torekov, Sweden*	100%	100%	5	5
Nolato Produktions AB, Götene, Sweden*	100%	100%	—	—
Nolato Romania S.R.L.*	100%	100%	—	—
Nolato Silikonteknik AB, Hallsberg, Sweden*	100%	100%	18	18
Nolato Silikonteknik (Beijing) Co. Ltd, China*	100%	100%	20	20
Nolato Stargard Sp.zo.o., Poland*	100%	100%	27	21
Nolato Technology (Suzhou) Co. Ltd, China*	100%	100%	46	46
Nolato Torekov AB, Torekov, Sweden	100%	100%	12	12
Nolato Treff AG, Switzerland*	100%	100%	488	488
<b>Carrying amount</b>			<b>3,104</b>	<b>1,994</b>

\* All operating units are included in the sustainability report, which has been reported as 29 units in total.



## Note 14 Share capital

The share capital of Nolato AB totals SEK 135 million, divided among 269,377,080 shares. Of these, 27,594,000 are A shares and 241,783,080 are B shares. Each A share entitles the holder to ten votes, while a B share entitles the holder to one vote. All shares have equal rights to the assets and earnings of the company.

	Number of shares	Quotient value	Share capital
Share capital, Dec. 31, 2021	269,377,080	SEK 0.50	SEK 134,689 thousand
Share capital, Dec. 31, 2022	269,377,080	SEK 0.50	SEK 134,689 thousand

## Note 15 Borrowings

	Maturity date	2022	2021
Short-term bank loan in SEK (variable rate)	< 3 months	30	50
Long-term bank loan in CHF (variable rate)	2024	226	
Long-term bank loan in CHF (variable rate)	2025	395	542
Long-term bank loan in USD (fixed rate)	2025	783	678
Long-term bank loan in USD (variable rate)	2025	52	
<b>Total</b>		<b>1,486</b>	<b>1,270</b>

## Reconciliation of liabilities attributable to financing activities

	2022	2021
Opening balance for non-current and current financial liabilities	1,270	1,446
<i>Changes affecting cash flow</i>		
Borrowings	48	50
Repayment of loans	-20	-323
<i>Changes not affecting cash flow</i>		
Translation effects	188	97
<b>Closing balance for non-current and current financial liabilities</b>	<b>1,486</b>	<b>1,270</b>

## Note 16 Receivables and liabilities, Group companies

### Receivables from Group companies

At January 1, 2021	1,549
Change	276
At January 1, 2022	1,825
Change	-870
<b>At December 31, 2022</b>	<b>955</b>

### Liabilities to Group companies

At January 1, 2021	55
At January 1, 2022	55
<b>At December 31, 2022</b>	<b>55</b>

All items relate to internal loans, for which interest is calculated on an ongoing basis in line with the market. There are no contractually regulated durations.

## Note 17 Other provisions

	2022	2021
Amount at start of year	6	7
Amounts claimed	-2	-1
<b>Amount at year-end</b>	<b>4</b>	<b>6</b>

Relates to future salary tax for endowment insurance.

## Note 18 Accrued expenses and deferred income

	2022	2021
Salary liabilities	6	10
Social security contributions	6	7
Other items	2	3
<b>Total</b>	<b>14</b>	<b>20</b>

## Note 19 Untaxed reserves

	2022	2021
Provision for tax allocation reserve (taxation year 2017)		84
Provision for tax allocation reserve (taxation year 2018)	46	46
Provision for tax allocation reserve (taxation year 2019)	30	30
Provision for tax allocation reserve (taxation year 2020)	40	40
Provision for tax allocation reserve (taxation year 2021)	83	83
Provision for tax allocation reserve (taxation year 2022)	48	
<b>Total</b>	<b>247</b>	<b>283</b>

## Note 20 Contingent liabilities

	2022	2021
Guarantees on behalf of subsidiaries	315	293

## Note 21 Related parties

The Parent Company has controlling influence over the subsidiaries, in accordance with the structure described in Note 13.

When delivering goods and services between Group companies, business terms and conditions and market pricing are applied. The scope of internal invoicing for joint Group services amounts to SEK 65 million (69), as detailed in Note 2, and relates primarily to assigning costs for joint Group services and overheads. The Parent Company is an internal bank for the Group companies, whereby intra-group interest income of SEK 60 million (74) and interest expenses of SEK 0 million (0) have arisen in the Parent Company to the extent reported in Notes 8 and 9. Interest on loans receivable and liabilities is calculated on an ongoing basis in line with the market rate. There are no contractually regulated durations. Intra-group receivables at the Parent Company amount to SEK 955 million (1,825) and liabilities to Group companies amount to SEK 55 million (55).

During the year, the Parent Company received dividends from subsidiaries totaling SEK 282 million (694), of which SEK 116 million (461) refers to anticipated dividend.

## Note 22 Appropriation of profit

### Proposed allocation of earnings

	2022	2021
The Board proposes that unappropriated funds:		
Retained earnings	1,973	1,622
Profit for the year	408	863
	<b>2,381</b>	<b>2,485</b>
be allocated as follows:		
Dividend to the shareholders	512	512
To be carried forward	1,869	1,973
	<b>2,381</b>	<b>2,485</b>

## Attestation and signatures of the Board

These annual accounts have been prepared in accordance with IFRS international accounting standards as adopted by the EU and provide a true and fair presentation of the operations, financial position and earnings of the Group and the Parent Company, and describe the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

As indicated below, the annual accounts were approved for issue by the Board on March 16, 2023. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be proposed for adoption at the annual general meeting on May 3, 2023.

Torekov March 16, 2023



Fredrik Arp  
Chairman of the Board



Carina van den Berg  
Board member



Tomas Blomquist  
Board member



Sven Boström  
Board member



Lovisa Hamrin  
Board member



Åsa Hedin  
Board member



Erik Lyngé-Jorlén  
Board member



Lars-Åke Rydh  
Board member



Steven Gorial  
Employee representative




Björn Jacobsson  
Employee representative



Christer Wahlquist  
President and CEO

Our auditor's report was submitted on March 23, 2023.  
Ernst & Young AB



Joakim Falck  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of Nolato AB (publ), corporate identity number 556080-4592

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Nolato AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 67–114 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 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Valuation of goodwill and investments in group companies

#### Description

Goodwill is recognised at SEK 2,163 million and investments in Group companies are recognised at SEK 3,104 million at 31 December 2022. Nolato conducts an annual review and in the event of an indication of impairment, to assure that the carrying amounts do not exceed the estimated recoverable amounts for these assets. Recoverable amounts are determined via a present value computation of future cash flows for each cash generating unit and are based on the anticipated outcome of several factors based on management's business plans and forecasts.

The impairment test for 2022 did not result in any impairment adjustments. As a result of the assessments and key assumptions required when calculating value in use, we have treated valuation of goodwill and investments in Group companies as an area of key audit matters in the audit. A description of the impairment test is detailed under Note 11.

#### How our audit addressed this key audit matter

In our audit, we have evaluated and audited management's process to establish the impairment test, including by evaluating past accuracy of forecasts and assumptions. With the support of our valuation specialists we have audited the company's model and method for preparing the impairment test. We have evaluated the company's sensitivity analysis and also carried out our own sensitivity analysis of key assumptions and possible influencing factors. With the support of our valuation specialists we have also audited the reasonableness of assumptions regarding discount rates and long-term growth. We have also assessed whether the information disclosed in the financial statements is appropriate.

### 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 67–114. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts, or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nolato AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

[A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.]

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Nolato AB for the financial year 2022.

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 Nolato AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of Nolato AB by the general meeting of the shareholders on May 3, 2022 and has been the company's auditor since April 29, 2015.

Torekov March 23, 2023  
Ernst & Young AB



Joakim Falck  
Authorized Public Accountant

# Sustainability-related information

KPIs within the area of sustainability (ESG) are presented alongside a materiality analysis, details of stakeholder engagement and sustainability governance, together with a review of Nolato's contribution to the UN Sustainable Development Goals, a summary of the statutory sustainability report, the GRI Index, Carbon Disclosure Project (CDP) and the UN Global Compact (Communication on Progress, COP), EU taxonomy and information related to TCFD.

## GOVERNANCE AND MONITORING

### Code of Conduct, guidelines and standards

The Nolato Spirit booklet, including our Code of Conduct, summarizes the Group's core values and policies and explains how they relate to the business model. Since 2010 Nolato has been a signatory to the UN Global Compact, a framework document that comprises 10 principles on the environment, human rights, labor conditions and the combatting of corruption. These ten principles are incorporated into The Nolato Spirit and Code of Conduct. Nolato's long-term targets are linked to the UN Sustainable Development Goals introduced by the UN in 2015. In this way, the Group is contributing to the 2030 Agenda for Sustainable Development.

Nolato's units are certified to the international standards ISO 14001 (environment), ISO 9001 (quality management) and, where applicable, to industry-specific ISO standards. The Group also works with standards relating to health and safety (ISO 45001) and energy management (ISO 50001). The ISO 26000 social responsibility standard provides guidance for our overarching sustainable development efforts.

### Zero tolerance on ethical issues

Nolato has zero tolerance of bribery, corruption and cartel formation. The Group works continuously on managing and monitoring the methods used by the units to conduct business, based on the guidelines in Nolato Spirit and our Code of Conduct. Managers and employees in marketing, sales and purchasing receive training on matters relating to corruption, cartel formation and sound business ethics.

These matters are complex for a global company, and the perception of normal business principles varies between countries and cultures. The Group uses the following methods for governance and monitoring of business ethics:

- The Code of Conduct applies to all employees and Group company management teams are responsible for conveying the values in their organization and for checking compliance.

- The Group continually monitors costs, expenditure and income.
- Nolato pays particular attention to ethical issues in relationships with business partners. Standard business practice must be observed in each individual country, but if business principles do not comply with Nolato's Code of Conduct, we must refrain from doing business or take alternative relevant actions.
- A Trade Sanctions Policy that applies to all the companies in the Group provides guidelines on how to screen business partners in countries regarded as risk zones.
- Using the Global Compact checklists, annual evaluations are carried out to examine what action is taken by Group companies to prevent corruption, and how they are working to improve such preventive measures over time.

No incidents relating to corruption or inadequate business ethics were recorded in 2022. The guidelines in Nolato's Code of Conduct also apply to suppliers and other business partners. Completed assessments revealed that our suppliers satisfied Nolato's requirements. In 2022, both the Nolato Spirit booklet and the Code of Conduct were updated; these will be disseminated to all Group employees in 2023.

### Whistleblowing

Compliance with our Code of Conduct is followed up via internal control. Employees are encouraged to report suspected breaches to their managers or other management representatives. If reporting to a manager is not possible, or if the matter is not taken seriously, there are opportunities to use the company's whistleblower function anonymously to highlight suspected breaches, for external assessment. Nolato does not tolerate reprisals against individuals who have in good faith forwarded complaints or suspicions of breaches of the Code of Conduct.

Nolato's whistleblower management system was updated in 2022, and no reports were received by Nolato's whistleblower system that satisfy the definition of whistleblowing as set out in the Swedish Whistleblowing Act (2021:890) or the EU's directive on the protection of persons who report breaches of Union law (2019/1937).

### Organization, responsibility and follow-up

Sustainability issues are managed in a methodical way and they are integrated into both strategic planning and our day-to-day operations. We have established long-term Group targets and follow-up indicators in key areas. These activities are followed up via dialogue with the companies' management and through internal and external audits.

A representative on Nolato's Board of Directors has overall responsibility for aspects pertaining to sustainability, including climate impact. Matters relating to strategy, risks, monitoring, sustainability reporting, sustainability risks associated with acquisitions and dialogues with investors are managed at Group level. Operational responsibility for sustainable development is delegated to the CEOs of the Group companies, and each production facility has a coordinator for environmental and health and safety work.

All units that have been part of the Group for the majority of the period in question are obliged to collect sustainability data internally via a cloud-based database. The data is consolidated and an in-depth analysis is conducted of compliance with legislation, target outcomes and performance and KPI development during the year.

### Material topics

The materiality analysis aims to provide a systematic analysis of the key sustainability issues, so we can direct resources to areas where they will bring about the greatest benefit and improvement.

Materiality can be described as a criterion for when an issue is deemed to be of such importance that the company should prioritize it in its sustainability work. The materiality analysis focuses on two perspectives (double materiality), which means that we look at:

- How the Group's operations, products and value chain impact issues relating to sustainable development (ESG). This includes negative and positive impacts on the environment, climate, work environment and social factors.
- How stakeholders' views and requirements regarding sustainable development affect the Group's operations, competitiveness and financial earnings. In this context, we regard the environment as a stakeholder and consider, for example, how climate change may affect the business and earning capacity. The same applies to access to natural resources and other external factors.

An issue is significant for Nolato if it satisfies these two materiality criteria.

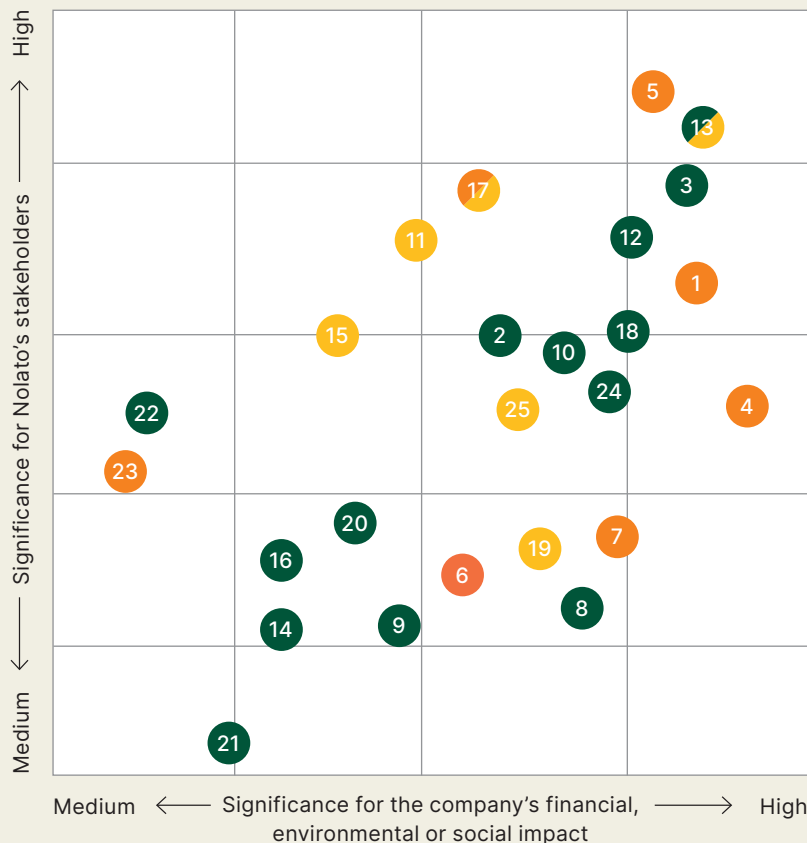
The analysis forms the basis of our priorities, targets and action plans, and sustainable development reporting.

The materiality analysis has been updated compared with the previous year's analysis, and now includes significantly more areas. Furthermore, the model has been adjusted by swapping the axes compared with the previous year, because most similar charts follow this format and Nolato has opted for an approach that is consistent with the majority. Climate-related issues (energy usage, cutting carbon dioxide emissions, climate adaptations) and plastics now have a higher priority. Energy consumption has very quickly become one of the most important issues due to volatile energy prices, mainly in Europe. War zones have also become a key issue in a short space of time via direct and indirect impacts caused by Russia's invasion of Ukraine.

The heading 'Plastics in a life cycle perspective' hides the bigger question of the use of plastics in society, particularly plastics made from fossil-based raw materials (crude oil) and that have

a short lifespan. It is an issue that is of major concern for the Group's customers, and Nolato is devoting an increasing amount of resources to developing products that contain bio-based or recycled raw materials, and that can contribute to a circular economy. Furthermore, it has become increasingly important to communicate products' sustainability performance to our customers, for example via carbon footprint or life cycle assessments (LCA). Risks and proximity, as well as transparency in the supply chain have also become increasingly significant issues in an uncertain operating environment.

The materiality analysis was updated by quality and environmental managers for all Nolato's units in Europe. The work was based on pre-defined aspects, which were analyzed, categorized and then prioritized. Group management and the Board of Directors then examined the work and certain adjustments were made to the final results, which are detailed in the image below.



- 1 Sound business ethics
- 2 Climate impact
- 3 Customer requirements in relation to sustainable development
- 4 Health and safety for employees
- 5 Product safety and product responsibility
- 6 Human rights, equality
- 7 Attractive employer
- 8 Use of chemical products
- 9 Land and/or groundwater pollution
- 10 Production waste and scrap/spills in production
- 11 Proximity in the supply chain
- 12 Choice of raw materials
- 13 Energy consumption
- 14 Water consumption
- 15 Pandemics
- 16 Wastewater emissions
- 17 Sustainability risks in the supply chain
- 18 Society's views on plastics
- 19 Digitalization
- 20 Transportation of raw materials and products
- 21 Business travels and company vehicles
- 22 Products' life cycle
- 23 Active corporate citizen
- 24 Legal requirements in relation to the environment and health and safety
- 25 War zones

● Social impact ● Environmental impact ● Financial impact

### Value for stakeholders

Nolato interacts with stakeholders, who bring requirements and expectations in relation to sustainable development. Our understanding of which stakeholders are significant – and what they consider to be important – is based on experience and long-standing commercial relationships, as well as events over the past financial year.

The analysis is also built on knowledge of the company's and industry's current impact on the environment and climate through use of resources, emissions and waste. Similarly, the impact on people's health, working conditions and social situation is evaluated. The evaluation also covers issues concerning business ethics and corruption.

Stakeholders' perspectives on sustainable development is assessed via requirements and expectations expressed by customers, consumers, employees, investors, owners, suppliers and other interested parties. In addition, we look at the results of ESG evaluations, as well as trends in the corporate sector, politics and society as a whole.

### Overview of stakeholder issues in 2022

Stakeholder	Key issues, requirements and expectations	Value created
<b>Customers</b>	Many customers impose requirements for a code of conduct and certified environmental management systems. Other requirements concern the use of conflict minerals and phasing out of hazardous chemical substances, and for sustainability issues to be implemented into the supply chain. There was an increased interest in products containing bio-based and/or recycled raw materials during the year. The Group's sustainability work is regularly evaluated by our customers, and Nolato notes that it has gained increasing importance in their evaluation.	With expertise in polymer materials, technical support and continual development, we boost our customers' competitiveness on their markets. Nolato believes that an ambitious approach to sustainable development strengthens relationships with our customers. In 2022, customer surveys and audits were carried out at 24 plants (23). Group companies received positive feedback about their efforts. Operations in Malaysia are certified as a Sony Green Partner and ISCC+ certification was completed at two units in 2022, and a simple carbon dioxide calculator tool is in the process of being developed to provide support in early 2023 in our dialogue with customers regarding simulation of the climate impact of various alternative materials.
<b>Employees</b>	It is important for Nolato to retain and develop its employees and to attract new talent. Key areas for employees include work environment, health, safety, financial remuneration, personal development, social conditions and sound business ethics.	The accident rate dropped to 4.5 (5.2) lost work cases (LWC)/million hours worked, which was persistently low from an industrial perspective. The number of training hours totaled 198,500 (262,600). 3,654 (3,163) employees participated in performance reviews. Surveys relating to wellbeing in our workplaces comprised an important aspect of our improvement efforts. The Employee Care Program was further developed in China. During the year, Nolato paid SEK 2,329 million (2,301) in wages to employees.
<b>Suppliers</b>	Nolato endeavors to maintain long-term, transparent relationships with its suppliers. The aim is to ensure the right quality, financial stability and an assurance that our suppliers include sustainability as an integral part of their work. Suppliers expect consistent and clear requirements.	Suppliers have been informed of Nolato's Code of Conduct and we expect them to share the Group's values. During the year, 414 strategic suppliers were evaluated. Previously, Nolato has specified the number of suppliers classed as strategic and that are included in the database for evaluation. As of 2023, the number of evaluations carried out will be followed up every month. The number of on-site audits was lower than in previous years, partly due to travel and visiting restrictions related to the pandemic. Suppliers met the Group's requirements to a satisfactory degree. In 2022, Nolato paid its suppliers a total of SEK 7,526 million (8,356).
<b>Shareholders</b>	Growth, profitability and dividends are at the core of value creation for our shareholders. The integration of sustainability issues into our business strategy reduces risk and creates business opportunities. Developing environmentally sustainable products, resource-efficient production and investments in environmental technology will help Nolato maintain its competitiveness.	Integration of sustainable development in strategies and day-to-day work creates value and reduces risk for shareholders. Use of the sustainability report allowed shareholders and potential investors to evaluate the Group's sustainability work. In 2022, SEK 512 million (428) was paid in dividends to shareholders.
<b>Society</b>	Community engagement is part of Nolato's culture and something that is expected by local communities where the Group operates. As a global company, we are expected to undertake measures that contribute to national and global sustainable development goals.	Nolato is a signatory to the UN Global Compact, and work with the Sustainable Development Goals continued. As part of this work, in 2022 Nolato decided to sign up to the Science Based Targets initiative (SBTi) to help reduce its climate impact. At a local level, the Group worked with schools and universities, and contributed in the areas of health care, education, sport and culture. Nolato's tax expense for 2022 amounted to SEK 178 million (241).
<b>Authorities</b>	Satisfying legal obligations within the area of sustainable development is a basic requirement for Nolato's businesses.	There were no significant breaches of laws or regulations in 2022.



## ENVIRONMENTAL RESPONSIBILITY

### Technologies and environmental aspects

The manufacture of products in polymer materials is associated with a number of significant environmental aspects. Some examples include the use of materials (plastics, silicone rubber, metals), chemicals (solvents, varnish, paints), energy and water. Emissions of greenhouse gases and solvents (VOC), along with the occurrence of various types of waste, are other key environmental issues. Indirect environmental aspects relating to products, packaging and transportation are also significant. By increasing energy efficiency and cutting back on the use of fossil energy sources, we are reducing our climate impact. A higher proportion of recycled and/or bio-based raw materials are other initiatives that support climate action. In the Group, the ISO 14001 environmental management system is the most important tool in efforts to systematically reduce our environmental impact.

### Environmental legislation

Nolato's companies are subject to extensive legal requirements relating to the environment. This concerns both overarching legislation and specific terms for each business. We keep up to date with legal changes and use ISO 14001 to identify relevant legislation, and our companies implement the relevant measures. Companies in the Group that are not yet certified according to ISO 14001 comply with legal requirements via internal audits, periodical reporting to regulatory supervisory bodies, customer audits, etc. From a strategic perspective, it is important to evaluate the risks and opportunities of future legislation, and the Group does this by participating in networks and through regular contact with various authorities.

No significant accidents or uncontrolled incidents occurred during the financial year that led to a negative environmental impact or breaches of environmental laws or requirements.

All production units in Sweden apart from one are obliged to provide notifications pursuant to the Swedish Environmental Code. Most of the Group's units outside Sweden require permits or are covered by similar requirements in accordance with environmental legislation in the country in question. Sales from operations with permit requirements and notification obligations make up the majority of the Group's net sales. Routine updates to the environmental permits will be carried out at 2–3 plants in

2023. We do not anticipate any significant legal or financial consequences as a result of the renewal of these environmental permits.

Environmental legislation in the form of EU directives (REACH, RoHS, CLP, WEEE, energy efficiency, sustainability reporting), or other national or international legislation, relate in the main to the Group's operations and products. About half of the units are covered by legislation concerning producer responsibility for packaging. In most cases, regular reports are submitted to the environmental authorities, and the supervisory authorities carry out inspections.

### Biodiversity

Protecting ecological values such as ecosystems, environmentally sensitive areas and vulnerable species is an increasingly important aspect of environmental work. Nolato's operations produce limited emissions to air and water, but can cause an impact on biodiversity in all parts of the value chain. This is mostly indirectly via the raw material used and the impact of the supply chain in the manufacture of plastic granules, whether fossil or bio-based. The impact of the raw material chain is managed by selecting raw materials and suppliers that fulfill requirements detailed in product specifications, and in Nolato's Code of Conduct.

Nolato's business is passive in the sense that it primarily melts and molds components in polymer materials. In some cases these components are then assembled to create sub-systems, and this process causes negligible emissions in terms of sound, gas or fluids, which means that Nolato has a very low negative impact on biodiversity. The best way for Nolato to minimize its impact on biodiversity is to gradually increase the proportion of recycled material, which means there is no new impact on biotopes at source for the base material, whether fossil or bio-based, because in this case a raw material that has already been extracted is being reused.

Land use and physical intervention in the expansion of operations at Nolato's production plants can impact local biotopes and species, as well as environmentally sensitive areas. When planning expansion or significant changes to operations at Nolato's plants, four stages are observed as part of the mitigation hierarchy – to avoid, minimize, restore and offset any damage

caused to the natural environment. Working preventively with these issues also creates conditions for implementing projects effectively.

### Managing physical climate-related risks

Climate change impacts both society and people, and organizations are increasingly having to adapt to the effects of climate change. Such adaptations include carrying out risk analyses, establishing crisis plans and reviewing insurance policies. The company does not anticipate any direct consequence in the form of increased investment needs or higher insurance costs in light of climate-related risks. Nolato's units work preventively to ensure they have locally adapted, up-to-date continuity plans in place that reflect the risks that are relevant to each business. These relate to physical factors, but also other factors such as the impact from business partners and on IT systems, along with interior work environment, to name a few. Addressing the significant risk factors minimizes the risk of business interruption. However, in the event of a crisis, contingency plans are in place with checklists and information on how to minimize any harm to people, the environment and assets, how to safeguard values and how to ensure any shutdowns are as short as possible. Exercises are carried out with regular frequency to practice emergency preparedness and share information to update and improve the contingency plans.

### Increased management and reporting of climate change and its effects

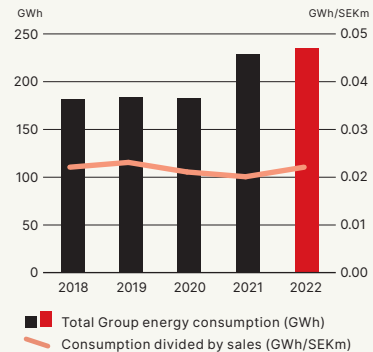
Climate change will increasingly affect both society and companies, and their valuation. TCFD's recommendations for describing the financial impact of climate change on businesses is an initiative that offers investors additional opportunities to gain an insight into how companies are managing the climate issue.

In 2023, the aim is to initiate an analysis of Nolato's impact on biodiversity in line with the Taskforce on Nature-related Financial Disclosures (TNFD). The purpose is to provide a rough analysis of Nolato's impact throughout the value chain. If the analysis reveals that it is relevant, this will then form the basis of a strategy, targets and activities to systematically identify, assess and manage nature-related dependencies, effects, risks and opportunities.

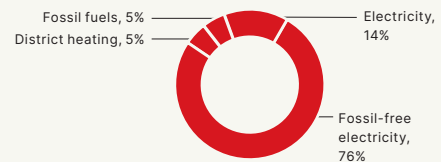
Environmental responsibility outcomes

Area	Target*	Background and outcome for 2022
<b>Energy</b>		Energy is used for production equipment, lighting, ventilation, cooling, transportation, compressed air, purification facilities, charging of electric vehicles and heating. By 2025, the intention is to cut energy usage by 55% compared with the average for 2011–2012 (GWh/net sales).
Energy consumption	●	In 2022, energy consumption totaled 235 GWh (229). The key performance indicator, which places energy use in relation to sales, has shown a declining trend since 2011. This key performance indicator was adversely affected in 2022 by changed product mix, resulting in a slight increase. Our assessment is that Nolato, as planned, will meet its target of a 55% reduction by 2025 compared with the average for the base years 2011/2012.
Type of energy		Nolato mainly uses indirect energy in the form of electricity (90%) and district heating (5%). Some units use fuel oil, natural gas or propane (5%) for heating and running purification equipment.
Fossil-free energy		Fossil fuels account for approximately 5% (5) and purchased fossil-free electricity for 76% (62) of total energy consumption. 84% (70) of electricity usage is made up of fossil-free guarantee of origin electricity that largely comprises renewable electricity (water, wind or solar).
Energy cost		The cost of energy was approximately SEK 309 million (212). The relatively significant increase is primarily down to the volatile electricity market in Europe, with sharply rising electricity prices in 2022.
<b>Atmospheric emissions</b>		Nolato's emissions of the greenhouse gas carbon dioxide occur as a result of energy consumption, the manufacture of products and transportation. Our target here is to cut energy-related emissions by 80% by the year 2025. The use of paints, varnish and so on cause emissions of volatile organic compounds (VOCs).
Carbon dioxide	●	In 2022, Nolato's production plants emitted 17,600 tons (38,900) of carbon dioxide, 2,500 tons of which were from direct energy consumption (Scope 1), and 15,100 tons of which were indirect emissions from the production of electricity and district heating in the countries in which we operate (Scope 2).
VOCs		The use of approximately 530 tons (950) of paints, varnish and solvents resulted in emissions of around 37 tons (55) of VOCs. The bulk of these VOC emissions were derived from painting products in Beijing and in the production of breathing bags in Torekov. For the latter, around 14 tons (13) of gaseous ethanol was released into the atmosphere.
Other emissions		There are roughly 1.6 tons (2.5) of ozone-depleting substances (F-gases) in air conditioning and other equipment. Minor leakages occurred during the year, which corresponded to 3% (3) of the installed amount. Emissions of sulfur dioxide and nitric oxides remained low and amounted to 1.5 tons (1.8). Emissions of dust and malodorous substances are usually negligible; no complaints were received regarding emissions of malodorous substances.

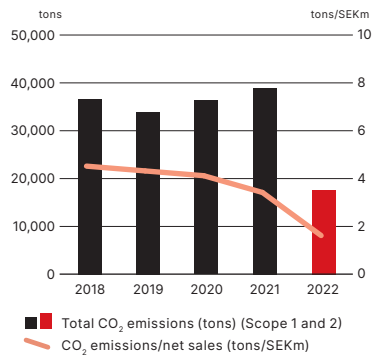
Energy consumption



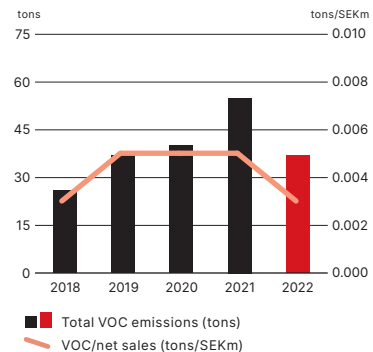
Type of energy



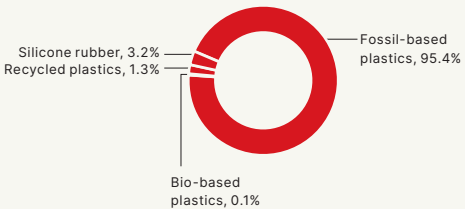
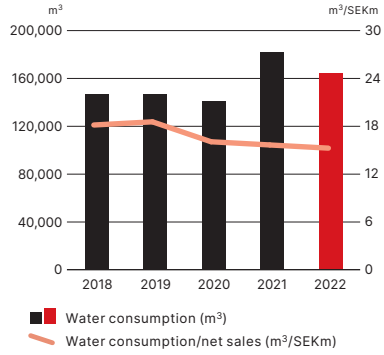
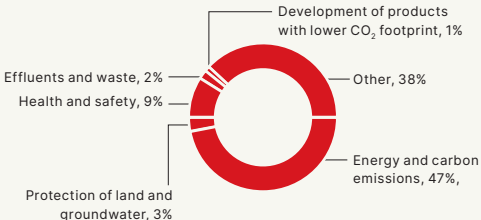
Carbon dioxide emissions



VOC emissions



\* ● Sustainability target for Nolato. ● Target linked to UN SDGs. For target definitions, see also page 44.

Area	Target*	Background and outcome for 2022	
<b>Raw materials and chemical products</b>		Roughly 50,200 tons (57,500) of polymer materials were used in 2022. More than 97% (97) consisted of plastics and the rest of synthetic rubber. This involves silicone and latex rubber used in medical devices. Other materials used, amounting to around 2,000 tons (2,400) per year, include paints, varnish, solvents and metals.	<p><b>Polymer raw materials</b></p>  <p>Silicone rubber, 3.2% Recycled plastics, 1.3% Bio-based plastics, 0.1% Fossil-based plastics, 95.4%</p>
Hazardous substances	●	The ultimate aim is to phase out hazardous chemical substances. Use of such substances at Nolato is minimal, but there are a few candidates for risk reduction. Some 30 (50) different chemicals were either replaced or phased out in 2022.	
Bio-based and recycled raw materials	●	During the year, the amount of recycled plastic totaled roughly 682 tons (1,440), and the use of bio-based plastics amounted to 74 tons (60). The amount of recycled material has declined as the method was changed, and Nolato now uses a strict model that specifies the weight of recycled material, while the previous model specified the weight of material that contains recycled material. The change has been made to ensure the calculation of Scope 3 emissions is accurate. The aim is to increase the use of renewable raw materials, thus reducing carbon dioxide emissions (Scope 3) by 5% over the 2020–2025 period (tons/net sales).	
<b>Water</b>		Nolato's facilities use municipal water for purification equipment, some production processes, cleaning, sanitation and cooling.	<p><b>Water consumption</b></p>  <p>Water consumption (m³) Water consumption/net sales (m³/SEKm)</p>
Water consumption		In 2022, the company used 160,000 m³ (178,200) of municipal water and 4,000 m³ (3,300) of water from our own sources. The trend is falling relative to consumption, and this is being achieved by investing in more modern, resource-efficient equipment.	
Cost of water		Water costs amounted to approximately SEK 3.4 million (3.3).	
<b>Accidents and uncontrolled emissions</b>		There were no cases of accidents or uncontrolled environmental emissions in 2022. One complaint from a local resident was recorded regarding noise levels.	
<b>Compliance with environmental legislation</b>		No significant breaches of environmental legislation were recorded in 2022.	
<b>Transportation</b>		Nolato works continually to reduce the environmental impact of the transportation of goods and business travel. Some of the activities carried out are detailed below.	
<b>Contaminated land</b>		There are no known pollutants of land and groundwater at Nolato's plants.	
<b>Investments</b>		In 2022, Nolato invested SEK 88.1 million (67.8) in measures that directly or indirectly help reduce environmental impact and improve health and safety. Roughly 47% (68) of these investments related to energy and climate measures, primarily more energy-efficient production equipment and infrastructure. Around 9% (17) went on preventive health and safety initiatives. Since Nolato is mainly a subcontractor, the company does not invest in its own products. Most of the development of products with a lower carbon footprint is treated as overheads, or as project sales to customers.	<p><b>Investments in environment and health and safety measures</b></p>  <p>Development of products with lower CO<sub>2</sub> footprint, 1% Other, 38% Energy and carbon emissions, 47% Health and safety, 9% Protection of land and groundwater, 3% Effluents and waste, 2%</p>

\* ● Sustainability target for Nolato. ● Target linked to UN SDGs. For target definitions, see also page 44.

Area	Target*	Background and outcome for 2022	
<p><b>Waste</b></p>		<p>Under the remit of ISO 9001 and ISO 14001, Nolato endeavors to reduce scrapping and the volume of waste. The production units have their own targets and plans to help guide these efforts. In absolute figures, the volume of waste has risen over the past two years due to the higher number of production plants. In relation to sales, the volume of waste is indicating a downward trend over a ten-year perspective.</p>	<p><b>Waste volume</b></p> <p><b>External waste management</b></p>
<p>Waste volume</p>		<p>Approximately 8,300 tons (9,100) of waste was generated in 2022. The majority was recycled externally either as material or energy. Landfill is mostly used in North America.</p>	
<p>Hazardous waste</p>		<p>The volume of hazardous waste fell to 540 tons (830), comprising 6% (9).</p>	
<p>Cost of waste</p>		<p>External waste management costs amounted to SEK 10.0 million (11.9).</p>	<p><b>Expenses for environment and health and safety measures</b></p>
<p><b>Costs</b></p>		<p>Environmental costs amounted to SEK 29.7 million (35.8) and were dominated by operating expenses for purification facilities, waste management, internal administration and fees to authorities and certification companies. During the year, environmental improvement measures generated cost savings of SEK 2.0 million (2.2). Savings arose mainly from more efficient energy consumption.</p>	
<p><b>Environmental management systems</b></p>	<p>● Sustainability target for Nolato. ● Target linked to UN SDGs.</p>	<p>ISO 14001 is the foundation of our sustainable development strategy and systematic approach, as the environmental audits and certification create confidence among the Group's stakeholders. The objective is for all units to be certified. Acquired companies that are not yet operating in line with ISO 14001 are expected to complete certification within two years. The unchanged figure for certified production plants compared with the previous year was mainly due to the acquisition of GW Plastics. The business was acquired in 2020 and has been given three instead of two years to implement ISO 14001, as the impact of the pandemic involved managing other challenges, and there were limited opportunities to travel and conduct face-to-face meetings. There are other ISO standards that are also important to Nolato.</p> <ul style="list-style-type: none"> <li>• 72% (72) of our units are certified in accordance with ISO 14001.</li> <li>• 73 internal environmental audits (67) were conducted.</li> <li>• The plants were reviewed by external environmental auditors on 21 (21) occasions.</li> </ul>	<p><b>Certified management systems</b></p>

\* ● Sustainability target for Nolato. ● Target linked to UN SDGs. For target definitions, see also page 44.

## Comments

### Energy

Examples of initiatives carried out to improve energy efficiency:

- Intelligent control systems featuring sensors and software with alarm functions that enable a real-time response to divergent, unplanned consumption, as well as variable-frequency control for cooling equipment, pumps and lighting.
- Energy audits in accordance with the EU energy efficiency directive have been performed at 10 units and are updated over four-year cycles. The audits result in measures such as optimization of ventilation, cooling, lighting and compressed air, as well as other associated equipment.
- More energy-efficient equipment and processes involving the replacement of hydraulic injection molding machines with electric ones. Production planning to gain maximum efficiency from equipment and the turning off of equipment when not in use. Shorter cycle times and products with lower weight cut energy usage. The same applies to variable-frequency control of electric pump motors in production equipment.
- The certified energy management system ISO 50001 at the unit in the UK puts the spotlight on energy efficiency improvements; one additional company in the Group has begun the certification process.
- The use of surplus heat from equipment to heat premises and warehouse buildings. The installation of systems for free cooling is reducing energy consumption. Lighting is also being replaced with LED bulbs on a large scale. Installation of movement sensors for lighting. Installation of electricity meters at strategic points in buildings. Measures to minimize leakages in compressed air systems. Oil burners have been replaced with heat pumps.
- Nolato Cerbo continued to switch to the product SC Light, which contains considerably less material than its predecessor SC, helping cut the use of resources for both material and energy consumption.
- Nolato Silikonteknik invested in solar panels to reduce purchases of electricity.
- Measures to minimize scrap and production reruns, which also reduces energy consumption. Training and close monitoring of energy consumption gets employees involved in saving energy.
- Improvements to building insulation were made at a number of the plants to reduce the energy requirement for heating.
- Several of the plants have introduced energy consumption monitoring to achieve set key performance indicators, and as of 2023, energy consumption and energy efficiency (kWh/kg product manufactured) are being introduced into the financial close process and are included in the monthly CEO reports by each reporting unit.
- Nolato Romania has relocated operations to a building that is better insulated and that does not need natural gas for heating purposes. At the

new premises, the building is heated exclusively via heat spillage from the production processes.

- Nolato Contour has implemented a number of energy efficiency measures, including, when it is cold enough, using external air during the winter months to cool process water; measures were also introduced to enable the use of process heat from the manufacturing processes.
- Nolato Poland invested in a new energy-efficient compressor, which significantly reduced energy consumption.
- Several of the production units have also reviewed and adjusted their shutdown procedures in order to reduce energy consumption for production equipment by speeding up the process of switching them into standby mode.

### Carbon emissions

Countries such as China and the US use coal extensively for electricity production and district heating, causing significant carbon dioxide emissions, which consequently has a clear impact on the Group's carbon footprint. The situation regarding Nolato's climate impact is affected by a number of factors, such as the following:

- By purchasing fossil-free electricity for the businesses in Europe, the gradual increase continues in North America and China, and indirect carbon dioxide emissions continue to decline. The goal is to achieve an 80% reduction in emissions by the year 2025, based on this gradual increase continuing. In 2022, the proportion of fossil-free electricity being used in the Group increased to 84%. In China, purchases of fossil-free electricity rose to 33 GWh in 2022, which corresponds to almost 100% for the year, while purchases of fossil-free electricity began in the US and the proportion for the full year was 51%.
- Nolato Stargard in Poland has begun purchasing fossil-free electricity.
- Our carbon footprint is decreasing as a result of measures to boost energy efficiency, including energy audits and the introduction of ISO 50001. The phasing-out of fuel oil and installation of heat pumps or the use of biofuel is also helping reduce our climate impact.
- Other measures concern replacing equipment, reduced scrap, better waste management, the purchase of more fuel-efficient vehicles, increased use of teleconferences and improved logistics.
- Nolato Jaycare in the UK has signed a national climate change agreement to counteract climate change. The agreement covers energy-intensive industry and, by cutting energy usage, participating companies are eligible for reduced charges under a system in the UK known as the Climate Change Levy.
- Nolato Gota has replaced oil heating with heat pumps.
- In China, several of the units have engaged employees in planting trees and training to improve their understanding and awareness of carbon dioxide emissions.

- A number of the units have stepped up efforts to involve employees in activities such as cycling to work to benefit both the environment and their health.

- On the negative side, there is increased production with greater use of energy, along with acquisitions of companies in countries whose energy systems are largely based on fossil sources.
- The effects of Russia's war against Ukraine are significant in the area of energy. In the short term it is causing energy costs in Europe to rise, but in the longer term, national investments in renewable energy will likely be brought forward and happen more quickly.

Analysis of carbon dioxide emissions according to Scope 3 in the GHG Protocol is continuing. The bulk of emissions arise in connection with the use of fossil-based polymers. Two key measures include work on creating a calculation model for emissions from various raw materials, and collaborating with raw material suppliers to increase the use of raw materials with a lower carbon footprint. There are numerous activities underway in this area within the Group. TCFD (Task Force on Climate-related Financial Disclosures) guidelines are applied, and an overview is provided on page 134. Furthermore, work has begun on introducing Science Based Targets (SBTs) in the area of climate, and the application for approval of Nolato's emissions targets will be submitted in 2023.

### Raw materials and chemicals

For a number of the Group's products, the customer requires the polymer to consist of virgin raw materials. This mainly applies to pharmaceutical packaging and medical devices. Some customers are expressing interest in recycled plastic, for example for components for vehicles, furniture and garden equipment, as well as for packaging for dietary supplements. We are also seeing interest in reducing polymer usage in some products, which is beneficial both in terms of cost and the environment. Nolato has an express target of increasing its use of renewable raw materials and recycled raw materials. The proportion of bio-based and recycled plastic raw materials currently accounts for a total of approximately 1.5% (2) of total usage, which is consistent with the global percentage of such plastics in relation to the total supply of plastic. The supply of bio-based plastics is estimated to increase by over 10% annually during the 2022–2027 period.

One environmental aspect that concerns most of the Group's companies is customer requirements for products not to contain certain hazardous chemical substances. In addition, there is continued substantial interest in the issue of conflict minerals (see Glossary and Definitions). A number of chemicals are used in the Group that are specified on restriction lists such as SVHC (Substances of Very High Concern Candidate List) in REACH. Preventive measures are a top priority, and in 2022 around 30 of the substances identified were replaced with better alternatives from an environmental and health perspective.

Efforts to phase out hazardous substances can be complicated in the absence of global, harmonized chemical legislation. Some chemicals may be prohibited in one region, while being permitted else-

where. Irrespective of the varying requirements in different countries, Nolato strives to offer customers the opportunity to choose products that have the lowest possible impact on health and the environmental.

#### Water

Production plants have technical systems in place to reduce water consumption, such as closed cooling water systems for injection molding machines and other equipment. Nolato Beijing has several thousand employees, and this is reflected by the fact that the business accounts for just over 26% (40) of the Group's water consumption. The city of Beijing has been identified as a water shortage area and the company is undertaking a number of measures to reduce its water consumption. Such measures include using campaigns to get staff involved in saving water, ongoing preventive maintenance of production equipment that uses water, identifying leaks, repairing leaking equipment and shutting off water and checking that water is not being used when equipment and premises are not in use.

Nevertheless, there are some production processes in which water consumption is high. This mainly applies to the manufacture of latex rubber breathing bags in Torekov, which accounts for around 13% (14) of Nolato's total water usage. In 2022, the plant in Torekov cut its water consumption by 19% – a reduction of 5,000 m<sup>3</sup> – and plans to continue cutting consumption via further measures. During the year, the plant continued to invest in flow meters in its water-intensive process, which helps achieve a more even flow of water and correct high flows. The plant has now been connected to a new water supply with good access that does not put too much pressure on local groundwater levels, and that means the risk of operational shutdowns is no longer a threat.

The amount of pollutants discharged to wastewater is limited and consists mainly of sanitary water. All production units are connected to municipal wastewater treatment plants. Emissions of wastewater are not normally expected to result in any environmental impact. To reduce the risk of unwanted emissions to water, preventive action has been taken including oil separators and separating chemical products in protective dams. Decontamination equipment is available, and employees receive regular training in how to use it.

#### Waste

From an environmental perspective, it is positive that the percentage of waste disposed of in landfill is decreasing and the percentage being recycled is increasing. This development is also a result of more stringent legislation in many countries. Ultimately it can be linked to numerous preventive measures implemented at Nolato's plants, including the systematic approach in ISO 14001, lean manufacturing and 5S, all of which are significant tools to help reduce scrappage and the volume of waste. Key components of our sustainability work include making efficient use of raw materials and cutting the volume of production waste, and most of our units have targets and plans in place to reduce the scrap.

There has been an increase in landfill disposal since the acquisition of GW Plastics in 2020 because of the increased number of production units in the US, where landfill disposal is a common method of managing waste.

Improvements in waste management have been implemented at several of the plants during the year, for example in Hungary, Nolato sells 88% of its waste for recycling, while Nolato Plastteknik has sold 380 tons of waste for recycling, which means this plant's recycling finances all their waste costs and contributes to a more circular economy.

#### Transportation

Here are some examples of action taken in recent years:

- Group companies are using opportunities to hold conferences online, a practice that increased significantly during the Covid pandemic. This approach will continue to be widely used, and will reduce business travel compared with before the pandemic. Another effect of the pandemic is that many employees have worked from home during the year to a far greater extent than prior to the pandemic, which has reduced our climate impact from journeys to and from work.
- Central procurement of transport services in Sweden incorporates sustainability criteria, including access to emissions data for CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub> and other air pollutants.
- At Nolato in China, environmental requirements are imposed on transport firms concerning the use of environmentally certified vehicles. In the UK, the main carrier used is a company registered under the Fleet Operator Recognition Scheme (FORS). This is a scheme that covers legal compliance, safety, efficiency and environmental protection.
- When replacing vehicles and company cars, Nolato chooses models with lower fossil fuel consumption, such as hybrids or electric vehicles. The number of charging stations for electric vehicles has been increased at several plants. For local transportation, the use of the bio-based fuel HVO 100 in trucks has risen. Several vehicles that run on fossil fuels used for transport between warehouses and plants in Beijing have been replaced with electric vehicles.
- Many of the Group's companies are optimizing transportation, achieved by for example higher fill ratios in trucks, coordinated transport and environmentally optimized routes. Several companies opt for transport by train or boat as an alternative to truck or air. Other measures that have been implemented include purchasing raw materials from local suppliers, and relocation of product manufacture/assembly to plants that are located close to the customer.
- Replacement of forklift trucks and cars that run on fossil fuels with electric alternatives.

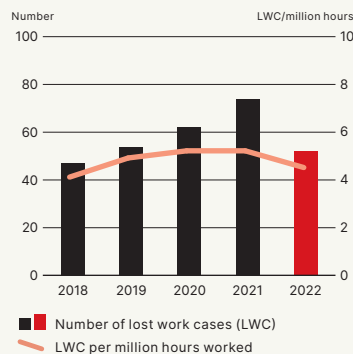
- Several of the companies have also launched various campaigns to encourage employees to cycle to work or lift share, or use public transport.
- During the year, Nolato Cerbo erected a new external warehouse facility next to the plant to replace another external warehouse located some 15 km away from the plant. This has reduced transport emissions by around 3 tons of CO<sub>2</sub> during the year, and for the full year is expected to achieve a reduction of roughly 14 tons of CO<sub>2</sub>.

SOCIAL RESPONSIBILITY

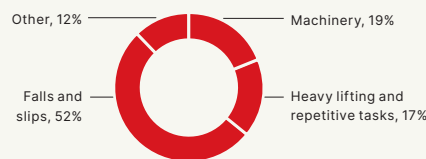
Social responsibility outcomes

Area	Target*	Outcome in 2022
<b>Health and safety</b>	●	The most common causes of occupational accidents were falls and injuries from equipment and machinery. The rate was 4.5 accidents (5.2) resulting in absence per million hours worked. This is low from an industrial perspective, but additional measures remain to be implemented for all accidents to be ultimately eliminated.
Fatalities		There were 0 fatalities (0) in 2022.
Lost work cases (LWC)		In 2022, there were 52 (74) occupational accidents. One accident (1) was recorded concerning contractors.
Lost work days (LWD)		Occupational accidents resulted in absence totaling 836 days (1,041).
Health and safety committees		Formal health and safety committees are in place at all our production plants.
Near misses		Systems for recording near misses have been further developed and during the year, 1,179 (1,211) near misses were investigated and corrective and preventive action taken.
Certified health and safety management systems		An important aspect of this systematic work is the introduction of a health and safety management system (ISO 45001). A total of 7 units (7) are currently certified and a further 4 are planning certification over the next year or so.
Health and safety training		An average of 18.2 hours (8.0) per employee were spent on training courses on the environment and health and safety. New employees were a key target group. Regular training is provided on first aid, chemical health risks, personal protective equipment, hot work, forklift driving, waste management, fire safety, ergonomics and machine safety. Training also continued at the units regarding protective measures to combat the spread of Covid-19.
Inspections by health and safety authorities		With regard to health and safety, 5 (8) units were inspected by health and safety authorities. No significant discrepancies were identified.
Health and safety legislation breaches		No significant breaches of health and safety legislation were recorded in 2022.
<b>Employees</b>		The average number of employees at Nolato in 2022 was 6,627 (8,669) in 12 countries. Each individual Group company is responsible for managing personnel in accordance with both Group guidelines and the legislation and culture of the country in question.
Age distribution		Of our employees, 32% were aged under 30, 49% were aged between 31 and 50 and 19% were aged 51 and over.
Employee turnover		Employee turnover averaged 17% (13). This figure varied at individual units between 2% (0) and 67% (37). Higher employee turnover during the year was attributable to the after-effects of the pandemic for units mainly based in the US.
Human rights		No deviations were recorded at the Group's units or at suppliers during the year that could be attributed to human rights violations.
Gender equality and combatting discrimination	●	Gender equality work aims to create an even gender balance in recruitment processes and in career development. Formal equal opportunities plans are in place at 21 of the units (20), and during the year 18 units (17) introduced measures to promote equality, for example relating to recruitment and employment of people with disabilities. 0 (0) cases of discrimination were recorded during the year.
Gender balance	●	During the year, 44% (47) of Nolato's workforce was female. Of Nolato's Board members, 30% (22) are women, while the corresponding figure for Group management is 14% (14). Of the company's other senior executives, 48 managers (65) are women as the number of employees declined during the year, which corresponds to 28% (27).

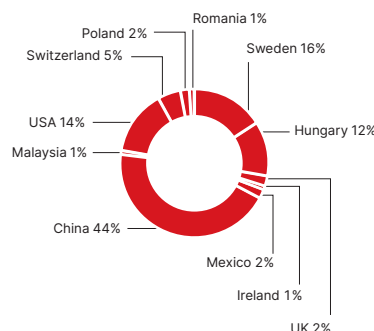
Occupational accidents



Causes of occupational accidents



Employees by country



\* ● Sustainability target for Nolato. ● Target linked to UN SDGs. For target definitions, see also page 39.

Area	Target*	Outcome in 2022
Freedom of association		All Nolato employees have the right to be represented by trade unions, and to collective agreements. In Sweden, Romania and China, most employees are covered by collective agreements, while in Switzerland around half of employees are covered. At the units in other countries, there are no unions or collective agreements, and this reflects a normal situation in these countries. In China, according to the law there are certain restrictions on freedom of association.
Training and personal development		In 2022, employees attended a total of around 199,000 hours of training (263,000), which equates to approximately 30 hours per employee (30). Nolato carries out special initiatives in China to attract, retain and develop both permanent and temporary employees (Employee Care Program). The program includes activities relating to health, safety, sport, lifestyle and language teaching.
Performance reviews		In 2022, 3,654 (3,116) employees participated in performance reviews, career development or other assessments of their own work.
Employee surveys		During the year, employee surveys were conducted at 16 units (17).
Child labor, forced labor		No cases of child labor or forced labor were recorded. This extends to our suppliers as well.

#### Outcomes for business partners and other stakeholders

Area	Target*	Outcome in 2022
Sound business ethics	● ●	No cases of bribery, corruption or cartel formation were recorded in 2022.
Whistleblower cases		0 (0) reports were received by Nolato's whistleblower system in 2022 that satisfy the definition of whistleblowing as set out in the Swedish Whistleblowing Act (2021:890) or the EU's directive on the protection of persons who report breaches of Union law (2019/1937).
Suppliers	● ●	These reviews did not identify any risks relating to the environment and social responsibility that cannot be managed. A number of areas for improvement were identified.
Customers	● ●	There are growing requirements on Nolato as a cooperation partner, and customers' monitoring is becoming increasingly efficient. Requirements are making a constructive contribution to the development of Nolato's sustainability work.
Social responsibility		Nolato engages with those local communities where we have operations (see below).
Investors, mass media		Nolato's sustainability work is analyzed regularly by investors and other organizations. Interest has risen significantly in recent years.
Economic value distributed		Nolato generates economic value that is distributed among various stakeholders. These include suppliers (material costs), employees (salaries and benefits), shareholders (dividends), lenders (interest expenses) and society (tax). In 2022, a total of SEK 10,601 million (11,368) was distributed.
Taxes		The effective tax rate was 20.3% (17.2).

Economic value distributed



\* ● Sustainability target for Nolato. ● Target linked to UN SDGs. For target definitions, see also page 49.



## Comments

### Suppliers

Assessments of suppliers' sustainability measures are extensive and time-consuming. Nolato therefore applies a risk-based model for selecting suppliers for review. The detailed criteria are based on factors such as economic value in the form of purchasing volume, new suppliers, geopolitical risk, suppliers of particularly important raw materials and products, as well as suppliers exposed to specific risks in the area of sustainable development that are selected for monitoring. In total Nolato has in the region of 6,000 suppliers globally, whereof just over 10% of which account for roughly 80% of the purchasing value, and during the year 414 of the strategic suppliers were evaluated with regard to quality, sustainability and Code of Conduct. A substantial proportion of Nolato's suppliers consist of global groups in the polymer and chemical industry. These types of companies often have well-developed and transparent sustainability activities and the risks are consequently considered to be low. The Group therefore does not carry out detailed assessments of such companies.

In 2023, evaluations of suppliers' sustainability work will be further enhanced with the implementation of a revised guideline for categorizing and assessing strategic suppliers, and key performance indicators for subsidiaries to report each month.

### Community engagement

In 2022, the Covid pandemic still meant that many study visits and other activities involving the public had to be cancelled. To follow are a few examples of activities that were carried out during the year:

- Nolato provides financial support for schools, health care, sports associations and social activities, and in many cases our involvement is long-term and Group employees contribute in different ways.
- Building Hope Together is an initiative that has been ongoing for the past eight years now. It is a long-term commitment to a school in a deprived area about four hours north of Beijing. Over the years, Nolato has contributed computers, warm clothing, printers and toys, and has also supported the refurbishment of premises.
- Several of the units were in contact with schools and universities, including through study visits, degree projects, internships and research projects. Nolato also takes part in career fairs organized by schools and universities. A number of Nolato's employees teach regularly at universities and technical colleges.
- For the past six years, Nolato has been a member of the Nordic Bioplastics Organization. Nolato Cerbo participates in the employment initiative *Jobbspåret* in partnership with the Swedish Public Employment Service, schools and local government. The project aims to match people who are excluded from the labor market with potential employers. In 2022, this led to six individuals being taken on after receiving training on safety, quality, production skills and lean principles. Nolato MediTor participates in the IUC Lean Network, and in 2022 the company was involved in both market analysis and network discussions. Nolato Gota is part of a project together with RISE and Chalmers University of Technology that aims to develop data driven improvement work.
- In Switzerland, Nolato Treff organizes an annual day in cooperation with the local university, offering students the opportunity to try out various roles at an injection molding company.
- In Hungary, the employment of staff with different types of disability continued, with the figure increasing to 22 (21). Employment has provided people with visual and hearing impairments with a better quality of life, and they are making an excellent contribution to the company's work. Our units in China, the US and elsewhere also employ people with disabilities.
- In the US, Nolato Contour is a member of several networks (universities, business sector) that are keen to encourage young people to enter the manufacturing industry. Nolato GW sponsors two interns from Alamo College under the 'Jobs on the go' program, and has a leadership program that identifies potential leaders and offers university credits while working.
- In another initiative to promote inclusion, encourage physical activity and make a positive contribution to the environment, over 1,000 employees from Nolato Beijing cycled 14km in September and planted 1,200 trees in the Huairou district north of Beijing.

## SUSTAINABLE DEVELOPMENT IN A 10-YEAR PERSPECTIVE

In a global industrial company, improvements within sustainable development happen gradually over an extended period of time. The basic technologies and raw materials have been established for a long time, and improvements therefore need to focus on the right things, clear goals and follow-up. Adjustments to more sustainable production methods and raw materials involve investments in innovative solutions and the courage to use them. In a ten-year perspective, Nolato can demonstrate progress in a number of significant sustainability areas. This is encouraging, but there is still a great deal to work on, primarily in terms of dependency on fossil-based raw materials, where the chemical industry is in the process of transitioning from fossil to renewable and recycled raw materials to manufacture plastics.

Area	Key performance indicators*	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Environment</b>											
Compliance	Number of breaches of environmental legislation (fines, sanctions)	0	0	0	2	0	2	1	2	0	2
Energy	Energy consumption (GWh)	235	229	183	184	182	188	169	167	163	164
	Energy consumption/sales (GWh/SEKm)	0.022	0.020	0.021	0.023	0.022	0.028	0.038	0.035	0.038	0.036
	Purchased fossil-free electricity (% of total electricity use)	84	70	72	75	62	53	23	16	0	0
Carbon emissions	CO <sub>2</sub> emissions from energy consumption, Scope 1 and 2 (tons)	17,600	38,900	36,300	33,900	36,600	49,000	51,200	57,200	62,400	67,800
	CO <sub>2</sub> emissions/sales (tons/SEKm)	1.6	3.4	4.1	4.3	4.5	7.3	11.5	12.1	14.7	15.0
Water	Water consumption (m <sup>3</sup> 000s)	163.9	181.4	141.0	146.7	146.3	177.9	163.7	179.3	170.8	159.3
	Water consumption/sales (m <sup>3</sup> /SEKm)	15.2	15.6	16.0	18.5	18.1	26.5	36.8	37.9	40.3	35.2
Waste	Waste volume (tons)	8,300	9,100	7,300	6,900	7,300	6,500	5,200	5,000	4,400	5,300
	Waste volume/sales (tons/SEKm)	0.8	0.8	0.8	0.9	0.9	1.0	1.2	1.1	1.0	1.3
Raw materials	Recycled/bio-based plastics (% of total consumption)	1.5*	2	2	2	2	2	1	1	1	0
Management system	ISO 14001-certified plants (% of total)	72	72	91	100	95	95	91	95	100	100
<b>People</b>											
Employees	Number of employees (average)	6,627	8,669	6,721	5,941	6,449	7,249	6,418	7,759	8,020	9,357
Compliance	Number of breaches of health and safety legislation (fines, sanctions)	0	0	0	0	0	0	0	0	1	0
Health and safety	Occupational accidents (number/million hours worked)	4.5	5.2	5.2	4.9	4.1	3.7	5.0	2.3	2.9	2.0
Diversity	Number of women on Group Board (%)	30	22	33	30	30	30	22	30	22	30
	Percentage of women in local management teams (%)	28	27	25	25	22	22	20	19	24	24
Training	Employee training (hours/employee)	33	34	36	26	24	47	53	39	29	18
Management system	ISO 45001-certified plants (% of total)	24	24	27	29	24	27	27	30	26	16
Code of Conduct	Reported human rights breaches (number)	0	0	0	0	0	0	0	0	0	0
<b>Economic performance</b>											
	Economic value distributed among stakeholders (SEKm)	10,601	11,368	8,526	7,592	7,993	6,530	4,434	4,407	3,610	3,840
	Tax paid (SEKm)	178	241	208	154	199	159	515	102	98	89

\* The amount of recycled material has declined as the method was changed, and Nolato now uses a strict model that specifies the weight of recycled material, while the previous model specified the weight of material that contains recycled material.

**ABOUT THIS SUSTAINABILITY REPORT**

**Scope**

The Group's sustainability report is an important tool for communicating our sustainability performance, and Nolato has opted to integrate the report into its annual report. The 2022 report is based on GRI Standards and the Communication on Progress (UN Global Compact), and includes aspects relating to the environment, health and safety, social responsibility and business ethics. Our ambition is for this report, combined with supplementary information, to give our employees and external stakeholders a transparent view of the company's corporate responsibility activities and how these interact with our business activities. All units that were part of the Nolato Group for the 2022 full year are included in the report. Data was contributed by a total of 29 (29) production facilities.

**Reporting principles**

Each production unit provides quantitative and qualitative information in accordance with Nolato's sustainability reporting form. The image below illustrates the annual reporting cycle. The head of each company/unit is responsible for assuring the quality of the information submitted. The year's performance is compared and verified against information for previous years. Further quality controls are conducted in connection with interviews and site visits.

Emissions of carbon dioxide (CO<sub>2</sub>e), sulfur dioxide (SO<sub>2</sub>) and nitric oxides (NOx) from direct energy usage (Scope 1 according to GHG Protocol) are established using conversion factors. These are based on the energy content and quality of the fuels used. Nolato also reports carbon dioxide emissions from indirect energy consumption, which comprises electricity and district heating (Scope 2 according to GHG Protocol). The emission factors from purchased electricity in different countries are based on data from carbon-footprint.com (2021). Where energy suppliers provide specific information regarding the energy mix, the supplier's calculation model is used. To guarantee the origin of fossil-free electricity, market-based instruments are purchased (Guarantees of Origin; Renewable Energy Certificates; RECs or equivalent certificates). As a conversion factor from purchased certificates, 0 ton CO<sub>2</sub>/MWh is applied.

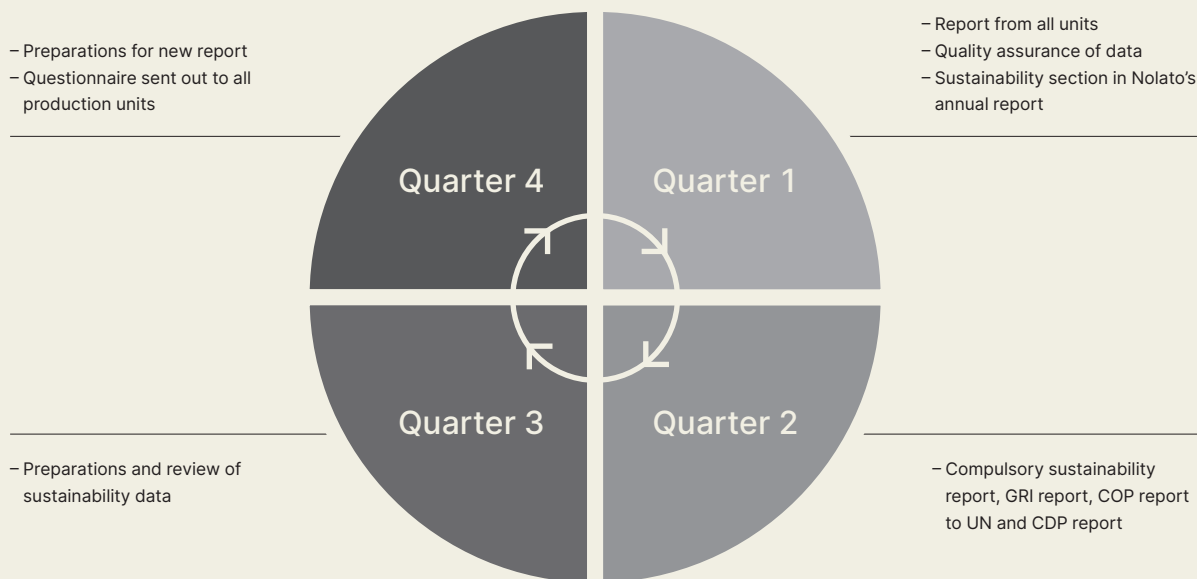
The figure for carbon dioxide emissions in 2021 has been revised upwards slightly. This was due to a minor error in reported emissions from two of the production units. Information about VOC emissions (from solvents) is principally based on mass balance calculations and on data on the efficiency of the purification facilities.

The contact for the sustainability report is Glenn Svedberg (Group Sustainability Director).

**Statutory sustainability report**

The company has opted to include its sustainability report in the annual report, in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act. The table below gives details of where the statutory information can be found in the annual report.

Area	Page
Business model	15–17
Policies, framework, stakeholders and material topics	58, 118–120
Environmental responsibility	121–126
Working conditions and social responsibility	37–39, 127–129
Human rights	37–39, 127–129
Anti-corruption	49, 128
Risks and risk management	71–73, 135
Diversity on the Board and in management	64–65, 127



## GRI INDEX

The organization behind GRI (Global Reporting Initiative) has established voluntary comprehensive standards for how companies and other organizations should report their sustainable development activities. Reporting in accordance with GRI should focus on sustainability aspects that are significant to the organization and its stakeholders. It should include both positive and negative aspects. According to GRI requirements, Nolato publishes an index that indicates the standards and disclosures included in the sustainability report. The page references relate to Nolato's annual and sustainability report for 2022.

Statement on application: Nolato reports in line with GRI standards for the January 1, 2022, to December 31, 2022, period.

Application of GRI: Universal Standard

Relevant GRI standards: GRI 1 (Foundation 2021), GRI 2 (General Disclosures), GRI 3 (Material Topics) and topic-specific standards.

## 1. THE ORGANIZATION AND ITS REPORTING PRACTICES

GRI Standard/Other source	Disclosures	Page/comments	Omissions
<b>GRI 2: General disclosures 2021</b>	2-1 Organizational details	3, 80, 112	
	2-2 Entities included in the organization's sustainability reporting	112	
	2-3 Reporting period, frequency and contact point	131-132	
	2-4 Restatements of information	Adjustment to CO <sub>2</sub> emissions for 2021; see page 131	
	2-5 External assurance	138	

## 2. ACTIVITIES AND WORKERS

GRI Standard/Other source	Disclosures	Page/comments	Omissions
<b>GRI 2: General disclosures 2021</b>	2-6 Activities, value chain and other business relationships	17-21	
	2-7 Employees	100, 127	
	2-8 Workers who are not employees	127	Nolato uses local contractors, but does not have a system for following up the number of individuals. The number of work-related accidents involving contractors is monitored and included in the sustainability report.

## 3. GOVERNANCE

GRI Standard/Other source	Disclosures	Page/comments	Omissions
<b>GRI 2: General disclosures 2021</b>	2-9 Governance structure and composition	54-59, 118-119	
	2-10 Nomination and selection of the highest governance body	54-56	
	2-11 Chair of the highest governance body	64	
	2-12 Role of the highest governance body and management in managing impacts on the environment, finances and people	118-119	
	2-13 Delegation of responsibility for managing impacts	118-119	
	2-14 Role of the highest governance body in sustainability reporting	118-119	
	2-15 Conflicts of interest	56, 64	
	2-16 Communication of critical concerns	56	
	2-17 Collective knowledge of the highest governance body	64	
	2-18 Evaluation of the performance of the highest governance body	56	
	2-19 Remuneration policies	61-62	
2-20 Process to determine remuneration	61-62		
2-21 Annual total compensation ratio	99		

## 4. STRATEGY, POLICIES AND PRACTICES

GRI Standard/Other source	Disclosures	Page/comments	Omissions
<b>GRI 2: General disclosures 2021</b>	2-22 Statement on sustainable development strategy	6-7	
	2-23 Policy commitments	58, 118	
	2-24 Embedding policy commitments	46-47, 118, 120	
	2-25 Processes to remediate negative impacts	121-126	
	2-26 Mechanisms for seeking advice and raising concerns	118, 128	
	2-27 Compliance with laws and regulations	118, 121, 123, 127	
	2-28 Membership associations	128-129	

## 5. STAKEHOLDER ENGAGEMENT

GRI Standard/Other source	Disclosures	Page/comments	Omissions
<b>GRI 2: General disclosures 2021</b>	2-29 Approach to stakeholder engagement	119-120	
	2-30 Collective bargaining agreements	128	

## 6. MATERIAL TOPICS

GRI Standard/Other source	Disclosures	Page/comments	Omissions
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	118-119	
	3-2 List of material topics	34, 118-119	

## ENVIRONMENT

<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	36, 121-126	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	41-44, 123, 125	
	301-2 Recycled input materials used	41-44, 123, 125	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	40-41, 43-45, 122, 125	
	302-3 Energy intensity	40-41, 43-45, 122, 125	
	302-4 Reduction of energy consumption	40-41, 43-45, 122, 125	
	302-5 Reductions in energy requirements of products and services	40-41, 43-45, 122, 125	
<b>GRI 303: Water and effluents 2018</b>	303-3 Water withdrawal	123	
	303-5 Water consumption	123, 125-126	
<b>GRI 304: Biodiversity 2016</b>	304-2 Significant impacts of activities, products and services on biodiversity	44, 121, 123	
<b>GRI 305: Emissions 2016</b>	305-1 – 305-7 Emissions of greenhouse gases and other emissions	41, 44, 122, 125	The company is in the process of analyzing Scope 3 emissions
<b>GRI 306: Effluents and waste 2016</b>	306-1 Emissions to water	123	
	306-2, 306-3, 306-4 Waste, significant spills and transportation of hazardous waste	45, 124	
<b>GRI 308: Supplier environmental assessment</b>	308-1 New suppliers that were screened using environmental criteria	120	

## EMPLOYEES

<b>GRI 403: Occupational health and safety 2018</b>	403-1, 403-2, 403-4, 403-6, 403-8, 403-9 Management systems, risk analyses, participation, training, work-related injuries	44, 124, 127-129	
<b>GRI 404: Training and education 2016</b>	404-1, 404-3 Training hours per employee, performance reviews	127-128	
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1 Diversity of governance bodies and employees	127	Data has been compiled regarding the ratio of remuneration of women to men. However, definitions and methodology require refinement before the data can be published.
	405-2 Ratio of basic salary and remuneration of women to men		
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	127	
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	128	
<b>GRI 408: Child labor 2016</b>	408-1 Risk of child labor	128	
<b>GRI 409: Forced and compulsory labor 2016</b>	409-1 Risk of forced and compulsory labor	128	

## ECONOMY AND SOCIETY

<b>GRI 201: Economic performance 2016</b>	201-1 Direct economic value generated and distributed	120, 128	
<b>GRI 205: Anti-corruption 2016</b>	205-2, 205-3 Communication and training, Incidents of corruption and actions taken	118, 128	
<b>GRI 206: Anti-competitive behavior 2016</b>	206-1 Legal actions for anti-competitive behavior anti-trust, and monopoly practices	118, none during financial year	
<b>GRI 413: Local communities 2016</b>	413-1 Local community engagement	129	

## TCFD

The Task force on Climate-related Financial Disclosures (TCFD) is a market-based initiative that was launched in 2017. The aim is to develop recommendations for voluntary and consistent reporting of climate-related financial risks and opportunities. TCFD's guidelines encompass governance, strategy, risk management, metrics and

targets. Nolato is not a member of TCFD, but has long been working with climate issues. To follow are details of the company's efforts according to TCFD's structure, with references to the relevant sections of the annual/sustainability report.

Area	TCFD recommendations	References/pages
Governance	<ul style="list-style-type: none"> <li>Describe the board's oversight of climate-related risks and opportunities.</li> <li>Describe management's role in assessing and managing climate-related risks and opportunities.</li> </ul>	Climate-related risks and opportunities are included in the Group's overall risk management and business development work. Sustainability issues and risks are discussed at least once a year at a meeting of the Board of Directors. The Board approves policies and targets, and follows up the results of the work. Risks and opportunities are also managed in the line organization and in networks. Climate issues are regularly raised at Board meetings and in a special forum made up of the President and CEO, Head of Sustainability and representatives from the Board. A bonus system has been introduced, focusing on the Group's emissions targets. Find out more about governance on pages 54–62 and 118.
Strategy	<ul style="list-style-type: none"> <li>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</li> <li>Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</li> <li>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	Nolato has identified a number of climate-related risks and opportunities. Irrespective of the future climate scenario, the transition to a business with lower dependency on fossil fuels and raw materials is of great strategic significance. Important measures include increased energy efficiency, reduced dependency on fossil energy and the development of products with a minimal carbon footprint. Find out more about our strategy, risks, products and scenarios on pages 34–35, 40–45 and 134–135.
Risk management	<ul style="list-style-type: none"> <li>Describe the organization's processes for identifying and assessing climate-related risks.</li> <li>Describe the organization's processes for managing climate-related risks.</li> <li>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>	Climate-related risks and opportunities have been identified as part of the Group's risk management process. Find out more about the process and identified risks and opportunities on pages 71–73 and 135.
Metrics and targets	<ul style="list-style-type: none"> <li>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</li> <li>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</li> <li>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</li> </ul>	The Group's targets in the area of energy efficiency, reduced carbon dioxide emissions and the development of low-carbon products are aimed at reducing the company's climate impact. A new, ambitious emissions target was introduced in 2020, to be achieved by 2025. The Group has long been reporting energy consumption figures and Scope 1 and 2 carbon dioxide emissions, and publishes key performance indicators for these areas. Find out more about metrics and targets on pages 44 and 122.

## CLIMATE SCENARIO

Climate risks are worsening as global warming increases. According to UN reports published in 2022, scientists are issuing the clear message that the action being taken in the area of climate is inadequate (Adaptation Gap Report 2022: Too Little, Too Slow: The Closing Window. Climate crisis calls for rapid transformation of societies). It is noted that many countries have high ambitions, but that relevant measures are not being implemented fast enough. The past seven years have been the hottest on record, and it is possible that the Earth's average temperature during one of the next five years will temporarily be 1.5°C higher than the average for 1850–1900. The UN notes that unless climate initiatives are intensified, it is likely the temperature increase will exceed the 1.5 degree target stipulated in the Paris Agreement, which means that the global temperature increase will not be maintained below 2°C and will not be limited to 1.5°C. Nolato therefore regards its decision to sign up to SBTi (Science Based Targets initiative) as a crucial step in demonstrating the company's commitment to limit its climate impact.

### Risks

We have based our climate scenario on a situation in which the world has failed to limit its emissions, and the temperature increase is at least 2.5°C up until the year 2100. Climate action is taking place in politics and in the business sector, but at too slow a pace. We are becoming less dependent on fossil fuels, but greenhouse gas emissions remain at levels that are far too high. Examples of potential consequences include extreme weather, flooding, drought, forest fires, water shortages, rising sea levels and changing ecosystems. Based on these conditions, we have produced an overview of how the business may be affected by physical climate risks (acute, chronic), and by the transition processes being implemented in society (political decisions, legislation, development of new technology, market changes).

### Physical risks that may be caused by global temperature increase (>2.5°C)

Risk	Event	Consequences	Current situation	Future situation
Acute	Extreme weather occurs more frequently (torrential rain, storms, tropical cyclones, landslides, extreme temperatures, forest fires, etc).	Significant but temporary disruption to production plants, transportation, suppliers and customers. Increased operating expenses and reduced income.	Plants in the US are reporting the risk of tornados and snow storms. No significant production disruptions have occurred at our plants or with our suppliers or customers.	The frequency of disruptions increases and affects more production plants. This applies to suppliers' and customers' production plants as well. Transportation may also be adversely affected to a greater extent.
Chronic	Changes in precipitation patterns and changes in temperature. Rising sea levels.	Significant and prolonged disruption to production plants, transportation, suppliers and customers. Political unrest and flows of climate refugees.	Two plants in China are located in areas experiencing prolonged water shortages.	Recurring high temperatures will impede operations at an increasing number of production plants (health and safety risks). Frequent flooding and chronic water shortages and pressure on water supplies start to affect more plants.

### Transition risks that may be caused by global temperature increase (>2.5°C)

Risk	Consequences	Current situation	Future situation
Political decisions and legislation	Increase in regulatory measures, taxes and fees relating to fossil raw materials, fuels and emissions. Increased operating expenses. Increased reporting requirements.	The impact of carbon taxes and other fees is limited in terms of the production plants. Taxes and fees have a limited impact on raw material prices. Current reporting requirements in the area of climate are being satisfied.	A rapid and significant increase in regulatory measures, taxes and fees will push up the cost of fossil fuels and raw materials. More stringent requirements for raising of capital via EU taxonomy for sustainable investments and increased requirements in terms of climate/sustainability reporting.
Technology developments	Greater use of raw materials and processes with reduced climate impact. Increased circularity.	The Group is investing in bio-based and recycled raw materials. Limited access, high prices and regulatory requirements within certain sectors are curtailing the transition.	It will be a positive trend if global access to bio-based and recycled raw materials increases. However, if the transition of raw materials and technology is too slow, and if competing technologies take over, this will have a negative impact.
Access to fossil-free energy	Greater access to fossil-free energy reduces climate impact. Limited access and rising prices curb the transition to a polymer industry with low climate impact.	Energy costs for the Group have historically been low in relation to other expenses. The transition to fossil-free energy sources is happening gradually according to targets and plans. Geopolitical uncertainty has drastically altered the landscape both in terms of costs and access to fossil-free energy.	Society's transition to fossil-free energy sources continues. Persistently high prices, affecting energy, raw material and transport costs.
Market and confidence	The polymer sector is stigmatized and associated with fossil raw materials and products. Changes to customer preferences (products with minimal carbon footprint are in demand). Investors are avoiding the sector. Difficult to find skilled workforce.	Confidence and the brand have not been affected, but interest in climate issues has risen significantly among our customers and investors.	If the company fails to respond fast enough to increasing demands for a low climate impact for products and processes, then there will be significant consequences for our brand and market position. New market entrants in various segments appear with applications in competing materials.

### Preventive measures and opportunities

The most important preventive measures include:

- Inventory of climate-related risks and measures that support the company's climate strategy.
- Reduction in carbon dioxide emissions via energy efficiency improvements and greater use of fossil-free types of energy.
- Development of products with a lower carbon footprint.

Climate change also entails potential competitive advantages for the Group:

- Greater cost effectiveness via energy efficiency improvements.
- Product development with a focus on bio-based and recycled raw materials.

Details of preventive measures and opportunities can be found on pages 40–45 and 121–126.

## GLOBAL COMPACT

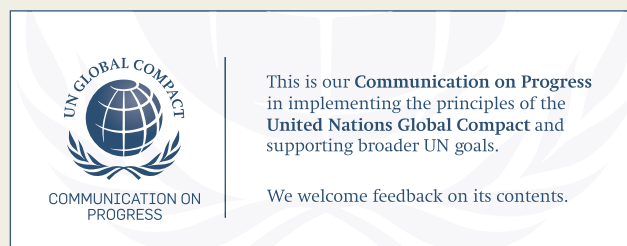
### Ten principles of responsible business conduct

In 2010, Nolato endorsed the UN initiative for responsible business conduct, the Global Compact. This meant the Group joining a global network of over 16,000 companies and 3,000 organizations, more than 500 of which are in Sweden. Nolato participates as a signatory.

Through the Global Compact, Nolato endorses ten basic principles in the areas of human rights, labor, the environment and anti-corruption. These ten principles are based on various UN conventions, such as the Declaration of Human Rights and the Convention against Corruption. The Sustainable Development Goals presented by the UN in autumn 2015 are now also connected to the Global Compact. In 2016, Nolato linked its Group targets to the UN Sustainable Development Goals.

### Communication on Progress

Organizations that have endorsed the Global Compact must produce an annual Communication on Progress (COP) detailing how they meet the ten principles. We use GRI Universal Standard (2021) in order to simplify Communication on Progress, and the table of cross-references below shows which indicators are relevant in the context.



Global Compact	GRI indicators
<b>Human rights</b>	
1. Businesses should support and respect the protection of internationally proclaimed human rights.	2-23, 2-24
2. Businesses should make sure that they are not complicit in human rights abuses.	2-23, 2-24
<b>Labor</b>	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	2-23, 2-24, 407-1
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	2-23, 2-24, 409-1
5. Businesses should uphold the effective abolition of child labor.	2-23, 2-24, 408-1
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	2-23, 2-24, 406-1
<b>Environment</b>	
7. Businesses should support a precautionary approach to environmental challenges.	2-23, 2-24, 301-1
8. Businesses should undertake initiatives to promote greater environmental responsibility.	2-23, 2-24, 301-1, 302-4, 302-5
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	2-23, 2-24, 301-2, 302-4, 305-5
<b>Anti-corruption</b>	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	2-23, 2-24



## SUSTAINABLE DEVELOPMENT GLOSSARY

**5S** A Japanese method of organization in the workplace. It involves sorting, systematizing, cleaning, standardizing and sustaining. 5S is an important element of lean manufacturing.

**Carbon dioxide (CO<sub>2</sub>)** Carbon dioxide is formed in all carbon combustion processes, such as fossil fuel combustion. Emissions of carbon dioxide increase global warming (the greenhouse effect).

**CDP** The Carbon Disclosure Project is a voluntary system for reporting businesses' carbon footprint. The primary target group is international investors that can refer to information on climate risks when making investment decisions about companies. Nolato has been reporting according to CDP since 2015.

**CFCs/HFCs** Gases containing chlorofluorocarbons (CFCs), hydrofluorocarbons (HFCs) and compounds containing fluoride have negative impacts on the environment as a result of their ozone-depleting properties and their effect on the climate. These gases are called F-gases because of the fluoride content, and they have been regulated in the EU since 2015 by the F-gas regulation. These gases may be found in cooling and heat pumps, fire protection equipment and circuit breakers.

**CLP** Classification, Labelling and Packaging is EU legislation that addresses dangers posed by chemical substances and mixtures and how users should be informed about them. These regulations were introduced in 2015.

**Code of Conduct** Guidelines for Nolato's employees, Board of Directors, suppliers, etc. regarding business ethics, the environment, labor relations and social responsibility.

**Conflict minerals** Tantalum, tin, gold and tungsten are referred to as conflict minerals if they originate from the Democratic Republic of Congo and neighboring countries. The term arose because of the armed conflicts in the region, where mining operations often contribute to continued conflicts and lead to human rights abuses.

**COP** Communication on Progress is an annual report submitted to the UN specifying how Nolato operates according to the ten principles of the Global Compact.

**CSR/CR** Corporate Social Responsibility/Corporate Responsibility is a term that encompasses how companies handle issues concerning the environment, social responsibility, financial responsibility and business ethics. Often used in the same sense as the term 'sustainable development'.

**Energy consumption** Nolato reports both direct energy consumption (usage of fuel in own energy facilities) and indirect consumption (purchased electricity and district heating).

**Energy Efficiency Directive** The EU directive that was introduced in 2015 and that, among other things, covers energy audits at large companies. Nolato is subject to the directive and conducts energy audits.

**Environmental factors** The parts of an organization's activities, products or services that interact with the environment.

**Environment-related costs** Costs attributable to measures for preventing, reducing or restoring environmental impact directly caused by the organization's operations. The same applies for costs concerning the occupational environment. These costs include administration, purchase of external services, authority fees, environmental management system maintenance, waste and external inspections and audits.

**Environment-related investments** Investments for preventing and reducing environmental impact from the organization's operations. The same applies for investments to enhance the occupational environment.

**ESG** Stands for Environmental, Social and Governance. It is also referred to as 'sustainability'.

**EU taxonomy** The EU's taxonomy (classification system) for environmentally sustainable investments enables investors to identify and compare investments that are essential in achieving a sustainable economy.

**GHG** Greenhouse gases. Nolato reports emissions of the greenhouse gas carbon dioxide (CO<sub>2</sub> equivalents) from energy consumption, i.e. Scope 1 and Scope 2 according to the GHG Protocol.

**Global Compact** A UN initiative for responsible business conduct. Participating organizations undertake to endorse 10 fundamental principles in relation to human rights, labor, the environment and anti-corruption. Nolato became a signatory to the Global Compact in 2010.

**GRI** The Global Reporting Initiative has established voluntary comprehensive standards for how companies and other organizations should report their sustainability activities.

**HVO** Hydrotreated vegetable oil. Fossil-free fuel that is largely made from waste and residuals from the food industry.

**ISO 9001** An international standard relating to quality management systems. Roughly 1,100,000 organizations (1,400,000 plants) globally are currently certified according to ISO 9001.

**ISO 14001** International standard relating to environmental management systems. Roughly 420,000 organizations (610,000 plants) globally are currently certified according to ISO 14001.

**ISO 26000** International standard that provides guidance on how organizations can deal with social responsibility issues. This standard was introduced in 2010 and provides the backdrop to Nolato's Code of Conduct. It is not possible to obtain certification in accordance with ISO 26000.

**ISO 45001** International standard relating to health and safety. Roughly 290,000 organizations (370,000 plants) globally are currently certified according to ISO 45001.

**ISO 50001** An international standard relating to energy management systems. Roughly 22,000 organizations (55,000 plants) globally are currently certified according to ISO 50001.

**LCA** Life Cycle Assessment is a method of gaining an overview of the total environmental impact of a product throughout its life cycle, from raw material extraction via manufacturing processes and usage, to waste management, including transportation and intermediary energy consumption.

**Lean manufacturing** A systematic method for the efficient management of resources. Lean manufacturing aims to identify all the factors in a production process that do not create value for the customer.

**LWC** Occupational accidents causing at least one day's absence (Lost Work Case).

**Mass balance** Mass balance involves the phasing out of fossil-based materials from existing systems by replacing them with recycled or renewable resources. The mass balance certification system is called ISCC PLUS.

**NOx** (nitric oxides) Gaseous oxides formed during combustion processes through the oxidation of nitrogen. Harmful to health and the environment and cause acid rain and eutrophication.

**Occupational disease** An occupational disease is a disease caused by long-term exposure to a particular factor in the occupational environment. Examples are noise, dust and solvents.

**Occupational injury** A work-related injury is a sudden incident (accident) attributable to work that gives rise to a wound or other injury. Typical injuries in the polymer industry are cuts, falls and injuries caused by heavy lifting and repetitive tasks. Nolato reports occupational injuries as an accident that causes more than one day of absence, called Lost Work Case (LWC). The rate is gauged by the number of occupational injuries per million hours worked.

**Paris Agreement** The Paris Agreement (2015), which is linked to the UN Convention on Climate Change, asserts that the global temperature increase must be kept below 2°C and that we must endeavor to limit it to 1.5°C.

**Polymers** Chemical compounds comprising very long chains made up of small, repeating units (monomers). Plastic and rubber are examples of polymer materials.

**REACH** EU chemical legislation for the safer handling of chemicals. Chemical substances must be registered for a certain use and particularly hazardous substances can have restrictions imposed on them.

**RoHS** EU legislation limiting the use of certain substances that are hazardous to health and the environment.

**Science-Based Targets initiative (SBTi)** The Science Based Targets initiative is a partnership between CDP, United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. The initiative aims to establish a science-based emissions target in line with the Paris Agreement.

**Scope according to GHG Protocol.** Reporting of emissions of greenhouse gases expressed as CO<sub>2</sub> equivalents. Scope 1: Combustion of fossil fuels (petrol, oil and coal), for example production in owned factories or emissions from owned and/or leased vehicles/machinery. Scope 2: Combustion of electricity, district heating and district cooling. Scope 3: Emissions from purchase of goods and services, for example logistics, flights, taxis, hotel stays and consumption of supplies.

**SO<sub>2</sub>** (sulfur dioxide) Sulfur dioxide is formed in the combustion of petroleum products. The gas contributes to the acidification of watercourses and soil. Large concentrations are harmful to human health.

**Statutory sustainability report** Under an EU Directive, the Swedish government has decided that as of 2017 it is mandatory for large companies to publish a statutory sustainability report. The statutory sustainability report should contain the non-financial disclosures required to understand the company's performance, position, results and consequences of its business operations, including information on issues concerning the environment, personnel and social matters, respect for human rights and the combating of corruption. Nolato's statutory sustainability report is contained in the Annual Report.

**Sustainable development** Development that "satisfies today's needs without jeopardizing future generations' possibilities to satisfy their needs". Sustainable development encompasses ecological, social and economic sustainability.

**TCFD** The Task force on Climate-related Financial Disclosures (TCFD) provides guidance on how to report climate-related financial risks and opportunities.

**UN Sustainable Development Goals** At the UN summit in 2015, the world's heads of state adopted 17 Sustainable Development Goals and the 2030 Agenda for Sustainable Development. The Sustainable Development Goals and Agenda 2030 aim to eradicate poverty and hunger, ensure the rights of all people are respected, achieve equality and empowerment for all women and girls and ensure lasting protection for the planet and its natural resources. The Sustainable Development Goals are integrated and indivisible, and they balance the three dimensions of sustainable development: economic, social and environmental.

**VOC** Volatile Organic Compounds. A group of organic compounds that easily vaporize at room temperature. The concentration of volatile hydrocarbons in the air has a negative effect on health and the environment, e.g. it contributes to the formation of ground-level ozone.

## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Nolato AB, corporate identity number 556080-4592

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 34–51 and 118–138, and that it 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 auditing standard *RevR 12 The auditor's opinion regarding the statutory sustainability 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 statutory sustainability statement has been prepared.

Torekov March 23, 2023  
Ernst & Young AB



Joakim Falck  
Authorized Public Accountant

# Nolato's history

1938

Nordiska Latexfabriken i Torekov is founded.

1957

First medical device component is manufactured.

1982

The Group changes its name to Nolato, a contraction of the original name.

1984

Nolato shares are listed on the Stockholm Stock Exchange OTC list.

1994

The Group achieves sales of SEK 650 million. Acquisition of companies in Lomma, Sunne, Hallsberg, Gothenburg and Ängelholm in Sweden.

1997

Nolato doubles its sales through the acquisition of Ericsson's plastics factory in Kristianstad, Sweden (mobile phone division).

1998

The first Group company achieves certification under the ISO 14001 environmental management system.

2000

Production starts in Hungary through an acquisition.

2001

Relocation of the mobile phone division to China begins.

2005

Medical Solutions starts production in Hungary.

2006

Sweden-based Medical Rubber is acquired.

2007

Sweden-based Cerbo Group is acquired.

2008

Medical Solutions starts production in China.

2010

Medical Solutions starts production in the US through the acquisition of Contour Plastics.

2011

Industrial Solutions starts production in Romania.

2012

Medical Solutions starts production in the UK through the acquisition of Cope Allman Jaycare.

2013

Sweden-based Nolato Sunne is sold.

2014

Integrated Solutions establishes own production in Malaysia.

2016

Treff AG in Switzerland and Grizzly Medical in Poland are acquired.

2018

Sweden-based Hertila is sold.

2019

Integrated Solutions acquires US-based Ja-Bar Silicone Corporation.

2020

Nolato acquires US-based GW Plastics.



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