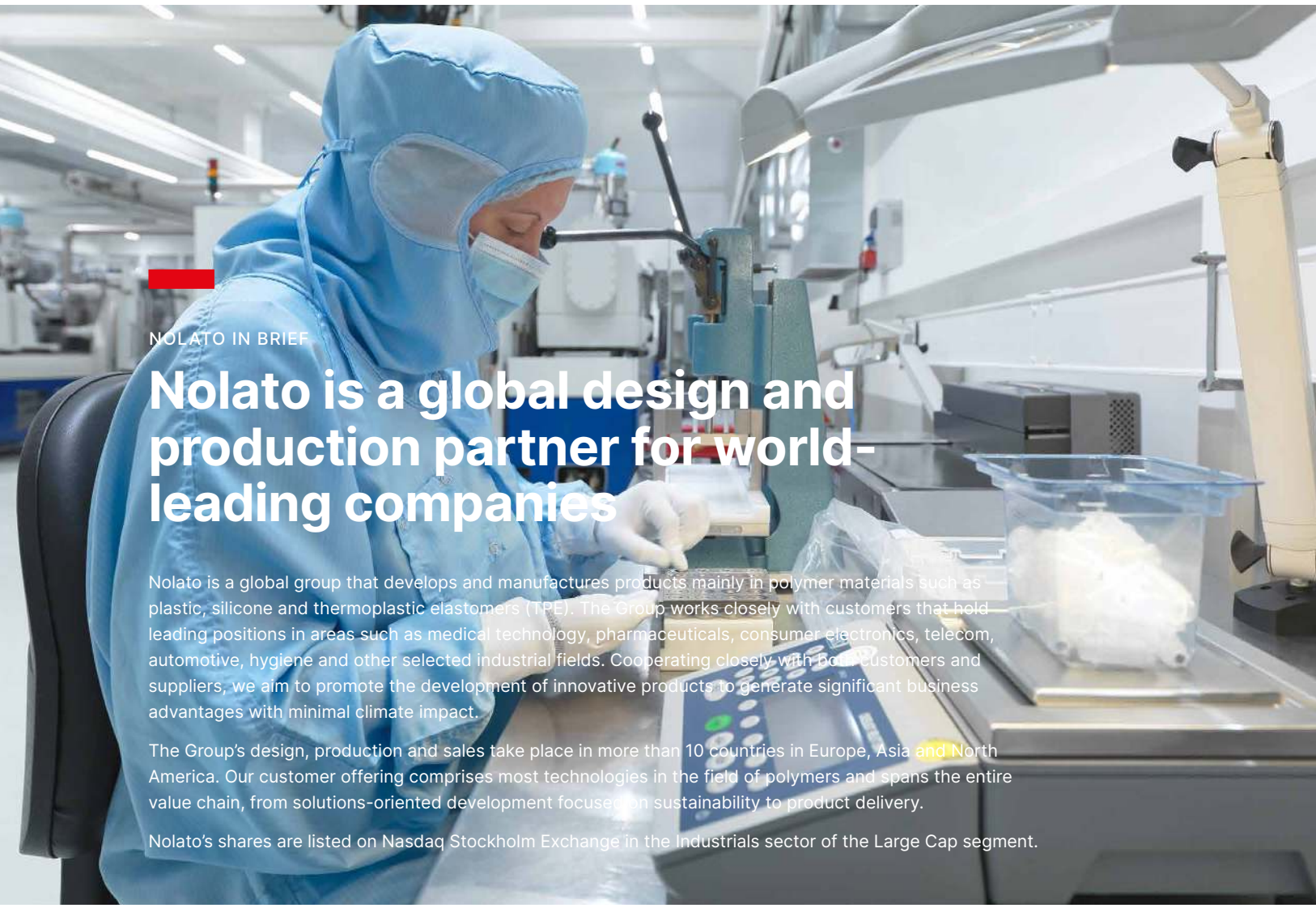
ANNUAL REPORT 2023

Positioned as a global partner in sustainable end-to-end solutions

Nolato



NOLATO IN BRIEF

Nolato is a global design and production partner for world-leading companies

Nolato is a global group that develops and manufactures products mainly in polymer materials such as plastic, silicone and thermoplastic elastomers (TPE). The Group works closely with customers that hold leading positions in areas such as medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial fields. Cooperating closely with both customers and suppliers, we aim to promote the development of innovative products to generate significant business advantages with minimal climate impact.

The Group's design, production and sales take place in more than 10 countries in Europe, Asia and North America. Our customer offering comprises most technologies in the field of polymers and spans the entire value chain, from solutions-oriented development focused on sustainability to product delivery.

Nolato's shares are listed on Nasdaq Stockholm Exchange in the Industrials sector of the Large Cap segment.

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*The information on pages 115–162 has been audited.

Nolato has prepared a statutory sustainability report in accordance with Chap. 6, Sect. 10–14 of the Swedish Annual Accounts Act; see pages 60–98. The reading guide is on page 89.

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, where a digital version is also available. The annual report is also available in Swedish. The Swedish-language version is the original.

Our 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.

INDUSTRIAL SOLUTIONS

Development and manufacture of products and systems for selected industrial segments such as automotive, hygiene and gardening/forestry.

INTEGRATED SOLUTIONS

Design, development and manufacture of advanced components, subsystems and ready-packaged products (in Consumer Electronics, EMC and Thermal) for fast-growth areas of technology.

Our vision

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

Employees

5,732

Nolato's average no. of employees in 2023.

Global presence

Business areas/Development/Production/Sales

5,732 employees

26 manufacturing sites

4 Technical Design Centers

Presence in over **10** countries

SALES BY GEOGRAPHICAL MARKET

Sweden **11%**

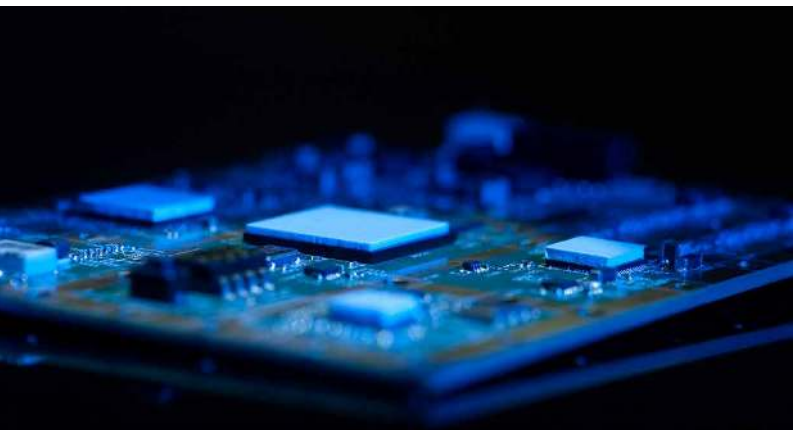
Rest of Europe **48%**

Asia **9%**

North America **30%**

Rest of the world **2%**

Significant events



SUCCESSFUL FOCUS ON EMC & THERMAL

EMC & Thermal's focus in new segments has been successful. This business area, which was previously dominated by telecom, is now well diversified across telecom, automotive and aviation. Volumes in telecom decreased during the year, which was largely due to the slowdown in the 5G roll-out, although 5G's long product life cycle is expected to create good business and growth opportunities over the longer term. The roll-out of 5G is estimated to continue until around 2028, after which the 6G will start being introduced. Nolato has broadly been able to offset the decrease in telecom by focusing on new areas such as automotive and greentech.

CONTINUED ADAPTATION OF TOTAL COSTS AND STRATEGIC PRICE INCREASES

Nolato is continuing to adapt its total costs to boost profitability across all units. One of the measures we have taken has been to concentrate our Chinese business. We are also assessing how we can achieve sales synergies between Integrated and Industrial Solutions to market our offering to a broader section of the value chain and win even bigger contracts. In Medical Solutions we have prioritized a stronger focus on margins, particularly in the US.

TDC BECOMES A GROUP-WIDE FUNCTION

Nolato's Technical Design Centers (TDCs) have now expanded to four units globally and are being used by all three of Nolato's business areas. This change is expected to generate synergies in all areas and is already enabling us to offer our expertise to all areas in which we are active, scaling up and realizing our customers' ideas with an emphasis on production and sustainability.

ACQUISITION OF UK-BASED P&P TECHNOLOGY

During the year we acquired UK-based P&P Technology, which offers component- and materials-based electronics shielding solutions for electromagnetic compatibility (EMC). The acquisition provides Nolato with complementary production technologies, an expanded customer base and a stronger presence in the UK.

REDUCED FOCUS ON VHP

Integrated Solutions sales volumes of vaporiser heating products (VHPs) decreased during the year. The decline was due to lower demand combined with Nolato's strategic decision to focus less on VHPs and instead spread the growth in Integrated Solutions to more areas. The change will result in VHPs accounting for less than 5% of total Group sales.

AFTER YEAR-END: MERGER OF TWO BUSINESS AREAS

Nolato is noticing that many customers are optimizing their resources and presence based on a worldwide market perspective, and are therefore looking for global suppliers with a local presence. Based on this, Nolato has decided to merge Integrated Solutions and Industrial Solutions to create a new Engineered Solutions business area from the first quarter of 2024. Adopting a group-wide strategy and management allows Nolato to provide customers with a global offering of solutions in several locations. This allows Nolato to proactively develop major new customers and realize the full potential of its existing customer base. The new business area will account for almost half the Group's sales and will be led by Anders Björklund.

Key figures

Financial performance: Group

Nolato's sales totaled (SEKm)

9,546

(10,774)

Operating profit (EBITA) was (SEKm)

761

(908)

excl. non-recurring items

Operating margin (EBITA) of (percent)

8.0

(8.4)

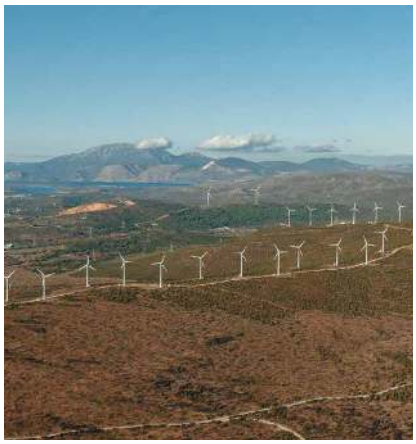
excl. non-recurring items

Diluted earnings per share were (SEK)

2.02

(2.44)

excl. non-recurring items



Sustainable development: Group

- Our Scope 1 and 2 carbon footprint was reduced by 32% in absolute terms and has now been reduced by 69% in absolute terms over the past two years.
- The percentage of fossil-free electricity in the Group was 89% during the year.
- The Group's Scope 3 footprint was calculated during the year by establishing a methodology, and a stable baseline for 2021 and 2022 was set.
- Emissions targets based on SBTi criteria were developed during the year and submitted for validation.
- Three production plants are now certified to ISCC plus standard. The amount of mass-balanced material used in 2023 was 54 tons.
- Nolato's PPA with the solar farm in southern Sweden generated 7,667 MWh during the year, equivalent to 12% of electricity used by the Group's plants in Sweden.
- Roll-out of updated Code of Conduct.
- New policy to exclude products with non-ethical use.

Medical Solutions

Key figures	2023	2022
Sales, SEKm	5,308	4,859
Operating profit (EBITA), SEKm	525	457
EBITA margin, %	9.9	9.4
Average no. of employees	2,687	2,519

Industrial Solutions

Key figures	2023	2022
Sales, SEKm	2,871	2,618
Operating profit (EBITA), SEKm	219	128
EBITA margin, %	7.6	4.9
Average no. of employees	1,229	1,230

Integrated Solutions

Key figures	2023	2022
Sales, SEKm	1,379	3,311
Operating profit (EBITA), SEKm	47	334
EBITA margin, %	3.4	10.1
Average no. of employees	1,807	2,870

A year of change, focusing on our vision

Our vision is for Nolato to be the customer's first choice of innovative partner in sustainable design and production. This is based on a leading role as a partner in selected sectors and segments where our expertise is valued and where Nolato is the natural choice of partner early on in the process to develop next-generation products. By engaging at an early stage of design, we also create the conditions for more sustainable solutions. We have the resources, expertise and willingness to help customers succeed, which increases our ability to continue growing with good profitability. At a time when customers' productivity efforts are accelerating, this is a major reason to choose Nolato.

On our journey towards achieving our vision, it is in Medical Solutions that we have come furthest, with self-care and digitalization driving more complex products. In addition to high quality standards, this requires a skilled partner with a comprehensive offering. The strong trend of prioritizing and putting more resources into health and wellbeing is fueling demand, and we are well positioned. The position of Medical Solutions, which we are continually enhancing, is a benchmark for the ongoing change management in our Integrated Solutions and Industrial Solutions business areas.

What makes Nolato unique as an industrial partner is the combination of a number of key factors. Firstly, we have purposely created a corporate culture based on a long-term approach in everything we do; almost like a family firm, the Group nurtures and develops business relationships without compromising on professionalism and profitability. Secondly, our success is based on far-reaching decentralization of business decisions, albeit with the clear support of our global Technical Design Centers, which ensure efficient and sustainable design in our processes.

Thirdly, one of Nolato's strengths is its wide-ranging experience from different sectors, which enriches and cross-fertilizes our business. Nevertheless, going forward we have to prioritize those sectors, segments and products in which we can create the most customer value and in which we are most valued as a partner. We can then establish whether we and the customer have the same approach to sustainability, whether our corporate cultures are a good fit and whether profitability is reasonable.

Summary of 2023

2023 was a transitional year for Nolato's business, but it was also a year of intensive change management to lay the foundations for future profitable growth. Sales totaled SEK 9,546 million (10,774) with operating profit (EBITA) of SEK 761 million (908) excluding non-recurring items, which corresponds to an operating margin of 8.0% (8.4).

For Medical Solutions, 2023 was a year of continued growth as well as profitability challenges. For Integrated Solutions, sales decreased as the overdependence on vaporiser heating products (VHPs) decreased and accounted for less than 5% of sales at year-end. In addition, demand in the telecom area weakened, while EMC successfully expanded into other areas. For Industrial Solutions, the Automotive area performed well, while other consumer discretionary products declined. We succeeded in advancing our positions in industry and consumer electronics, becoming an attractive development and production partner with strong credibility in sustainability.

2024 outlook

2023 is being followed by another uncertain macroeconomic year, in which a lot could happen in the world with the potential to impact confidence about the future, the economy and investment appetite, as well as demand for our products. Strong factors in the form of geopolitical tensions are driving a regionalization of previously global supply chains. On sustainability, requirements are gradually increasing, driving the development of new and more sustainable products.

Nolato is well positioned to meet these challenges. We have a strong financial position, which makes us a reliable cooperation partner. We have an advantageous geographic structure, with our own presence and supply chains in all regions, ensuring we are an accessible and effective partner.

The sustainability trend is benefitting us: we have extensive experience of this area and can, if asked at an early stage, advise on optimizing sustainability performance to ensure that our customers become more sustainable and efficient.

We are noticing that many of Nolato's customers are optimizing their resources and presence based on a worldwide market perspective and are looking for global suppliers with a local presence. After the end of the year, we therefore decided to merge the Integrated Solutions and Industrial Solutions business areas to create Engineered Solutions. This change will boost our opportunities to approach customers with a global offering of multi-site solutions. This allows us to proactively develop major new customer accounts and realize the full potential of our existing customer base.

Our key priority in 2024 is to strengthen margins by focusing more on profitability in all parts of the business. We intend to achieve this by being a long-term partner that creates value for our customers, allowing us to improve margins, but not by taking a short-term approach. We will need to be both responsive and agile. Finally, I'd like to thank all our employees for their fantastic efforts over the past year!

Torekov, April 2024

Christer Wahlquist
President and CEO

"Our key priority in 2024 is to strengthen margins by focusing more on profitability in all parts of the business."

HOW NOLATO GENERATES BUSINESS ADVANTAGES

Polymers can help us meet society's future challenges

Polymer materials such as plastic, silicone and TPE are an important building block in the functioning of our modern society. Used in the right way and in the right applications, polymers are an incredibly useful material with properties that can be adapted to a wide range of different needs. Light, durable, moldable and suitable for recycling, polymer materials have enabled a raft of innovations in industries including pharmaceuticals, medtech, automotive and electronics.

While polymers can, in many ways, be an amazing material, they are often used wrongly in applications in which they do not provide any value and instead become an environmental burden. This has resulted in a growing problem worldwide of plastic pollution and microplastics on land and in our oceans. Disposable items such as plastic cutlery have damaged plastic's image, and this is reflected in greater awareness among manufacturers about using and managing polymers more responsibly and intelligently. Polymer materials also have an important role to play in a sustainable world, but there needs to be an awareness of when, where and how the material should best be used. In the pharmaceutical and healthcare industries, where stringent standards on clinical hygiene often require disposable items, polymer materials are vital to ensure the optimal use of resources for healthcare equipment and medication management.

Nolato sees an opportunity for our business model to have a positive influence (see page 10), supporting customers with all aspects of development, design and manufacturing to produce smarter, more efficient solutions that minimize the consumption of materials and raw material usage. We help select the right material for the right product with a lower carbon footprint, such as bio-based polymers instead of oil-based alternatives. The automotive sector is an example of an industry that is starting to use recycled materials. The choice of materials is also key to efficiency, since the right design saves weight and reduces energy consumption.

Our principle is to ensure we are not involved in making products that use polymers in the wrong way. We are selective in our assignments and only enter into customer partnerships where polymer-based components have a clear, sustainable and positive role to play in creating a better product. By developing alternatives that are more biologically degradable and improving recycling methods, we believe it is possible for polymers to contribute to even more sustainable solutions. Polymer materials are a resource for continuing to create innovative, eco-friendly products that can improve our society and help us meet future challenges.

Customers' first choice for sustainability

Responsible business has always been important to Nolato. For over 30 years we have actively engaged with sustainability issues, and Nolato is now a leading actor in the sustainability space. Our cooperation with customers focuses on solutions, and we always aim to find the most sustainable way forward.

For Nolato, there are three key issues:

- Keeping costs low
- Achieving high production efficiency
- Ensuring our impact is in line with our sustainability aims

Customer requirements and expectations are continually evolving, influenced by sustainability trends and legislation. Nolato adopts a proactive, long-term strategy to identify trends and customer needs, and aims to exceed requirements and be the first choice in sustainability for our customers. Over the past financial year, we have seen an increase in customers' interest and knowledge about climate issues, and the use of renewable and recycled raw materials is growing. Guidance on sustainability performance in the form of carbon footprint and life cycle analysis (LCA) is now common, as are requirements on compliance with codes of conduct throughout the supply chain.

Customer surveys strengthen relationships

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 Nolato Group companies conducted these surveys during the year. The results showed an improvement on the previous year, at 7.97 (7.95) on a 10-point scale. The customer survey is carried out by an external third party and consists of both quantitative and qualitative sections. 884 people from 49 customers were contacted, and 57% (52) responded. Each company's management is responsible for establishing relevant action plans based on the results of the survey.

In-depth knowledge of customer needs is key to Nolato being able to offer the right solutions. Nolato works closely with global customers in each business area. A long-term approach and partnership are vital to building a relationship that creates value. Nolato values customer relationships based on their potential, market position and segment, and the corporate culture has to be a good fit with Nolato's aims and values.

Nolato's business model

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

RESOURCES

THAT SUPPORT INNOVATION AND STABILITY

A solid business
Solid, long-term ownership and management, as well as strong finances, provide reassurance for customers and allow the business to develop further.

Design for manufacturing
Through involvement at an early stage, Nolato provides expertise and leading technologies, sustainable design and advanced project management.

Global production presence
Global production infrastructure ensures regional proximity to markets and customers, and reduces vulnerabilities.

Strong supply chain
Close cooperation with suppliers and established procedures for the supply of materials ensure dependable, stable business processes.

Customer insight and expertise
In-depth knowledge of customer needs and industries enable long-term cooperation.

FROM CONCEPT TO FULLY DEVELOPED PRODUCT

VALUE CREATION

FOR STAKEHOLDERS AND SOCIETY

Customers
Consulting and tailored solutions for customers' challenges and needs.

Employees
A supportive, stable employer that offers significant career development opportunities.

Shareholders
Nolato's established position and innovation provide financial stability that creates long-term shareholder value.

Society
Sustainable initiatives help Nolato create innovative and vital products for a well-functioning, dynamic society.

Customer needs form the basis for all of Nolato's development work. Our unique expertise in manufacturing and developing polymer products for leading customers in selected sectors allows us to use advanced technologies to produce sustainable, cost-efficient solutions to manufacture customized products and systems. Nolato supports customers from concept development to high-volume production.

Nolato has a well-established business model based on three decentralized business areas with decision-making authority and shared aims to achieve Nolato's vision and financial targets. These business areas largely share manufacturing methods and infrastructure, which supports synergy gains and bolsters profitability. The sharing of knowledge between our business areas, the use of high-tech methods, development and design expertise, project management and efficient production make Nolato a solid development partner for customers. This allows us to establish long-term, innovative cooperation with our customers and partners and generate value for them, our shareholders and our employees.

Our aim is for the value we provide for our customers' products to contribute in the long term to a better, more effective society. For us as a Group, it's important to give back to our employees with a focus on health and development opportunities, and we are also generating value for our shareholders investing in our long-term strategy. Nolato's shared values of being professional, well organized and responsible are reflected in everything we do.

Case study 1: TDC

A partner for customers in the development phase

A key element of Nolato's strategy, and part of its role as a partner for customers around the world, is getting involved at an early stage of the design process to advise clients about how new products can be optimized.

When Nolato receives a customer assignment, it often involves being on board and supporting them throughout the entire process, from concept development to full-scale manufacture of the complete product. Our Technical Design Centers (TDCs) then get involved. They comprise a group-wide department supporting all business areas with expertise in design and materials. The earlier a TDC gets involved, the greater the opportunities to create an optimal solution.

Sustainability and costs
Optimizing design to retain durability but reduce the use of materials cuts costs and lowers the environmental impact. The same also applies if the material can be replaced with one with a smaller carbon footprint, such as recycled material. Nolato has access to the latest technology to ensure effective development, such as computer-based support for design, simulation and product testing. This development work is conducted more and more quickly using digital iterations, which means physical prototypes are not needed until a later stage. Nolato can provide its expertise by using 3D technical drawings to virtually simulate both the manufacturing of individual components and assembly into a finished product.

Nolato's Technical Design Centers (TDCs) form a group-wide development department with around 50 employees in Europe, North America and Asia that cooperates with approximately 200 technicians in local subsidiaries. Nolato's approximately 150 own employees that produce molds for production processes, based at four units in three regions, are also linked to TDC.

> **"It is generally accepted that the cost of a product is determined during the development phase. The same can be said of its carbon footprint: 80% of a product's sustainable design is determined at the drawing board."**
>
> Patrik Ingvarsson, Director TDC Europe

Case study 2: Recycled materials

Recycled materials used in the automotive industry

A circular economy is based on reusing and recycling as much as possible in a constant cycle. Intensive efforts are currently underway in the chemicals industry to use new technology to enable molecular recycling of higher-quality polymer materials, known as 'upcycling', but it is also possible to use mechanically recycled materials.

The automotive industry was among the first to adopt a circular approach, and Nolato currently manufactures numerous products for the automotive sector that contain mechanically recycled raw materials. However, increasing the amount of recycled raw materials requires both effective collection of plastic and a circular approach that starts at the drawing board. Products have to be designed to make it easy to separate different materials for recycling. It is best to manufacture a product in a single material. Nolato TDC provides expertise in which recycled materials can be used and how products should be designed to ensure they can be easily recycled when they reach the end of their useful life.

Case study 3: Autoinjectors

Self-care requires safe and simple autoinjectors

A strong trend in the pharmaceutical industry is of more medications being administered using 'autoinjectors'. This offers numerous advantages: autoinjectors allow patients to also self-administer medications that require injections, which results in safer outcomes and a more precise effect.

According to forecasts, the autoinjector market is expected to continue growing by 10–15% a year for the next 10 years. Clearly, there are stringent requirements for autoinjectors that administer medications and that can be used by patients themselves. They have to be simple, safe and reliable. Cooperation at an early stage between the customer and Nolato's Technical Design Center helps the development of an autoinjector that meets these high standards. For instance, TDC can use simulations that test the design digitally before a physical prototype is made. What happens, for example, when a patient drops the autoinjector on the floor for the fifth time? How are springs dimensioned to optimize function and safety?

Case study 4: Traffic safety and sustainability

Seal for challenging environments enables innovative side-view mirrors

The automotive industry is undertaking extensive innovative measures, finding new solutions that are boosting traffic safety and sustainability performance. One of Nolato's customers, Stoneridge, has developed MirrorEye, an innovative camera-based solution that replaces side-view mirrors on trucks and buses.

Modern HD cameras provide drivers with a better view, and replacing large side-view mirrors with small cameras also reduces wind resistance and, consequently, fuel consumption. Clearly, these cameras have stringent requirements on reliability: MirrorEye provides a clear image whatever the weather and is resistant to rain, snow and fog, as well as extreme temperatures, without comprising on quality. Nolato supplies seals that guarantee functionality in challenging environments, with its Trishield product used by Stoneridge in MirrorEye. Together with our group-wide TDC development department, Nolato Silikonteknik offers customized solutions that meet customers' needs.

Operating environment trends

A number of strong global trends are shaping the markets that Nolato serves and driving change at Nolato's customers. Working closely with customers and business partners, Nolato endeavors to transform these changes in our operating environment into business opportunities. Nolato takes a proactive approach to boost its competitiveness and aims to be a key part of the solution in a more sustainable world.

Greater political uncertainty impacting global trade
Increased geopolitical uncertainty and more trade barriers, combined with global supply chain disruptions, are boosting demand for global business partners with regional production, flows and business relationships.

Nolato's global presence, with manufacturing on three continents, enables close cooperation, quicker decisions and greater flexibility in coping with crises and supply chain disruptions. Geographic proximity to both customers and suppliers offers business opportunities, while more efficient logistics generate cost savings and reduce climate impact.

Competitiveness
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 support and partnerships with a global presence and production close to customers in more than 10 countries.

Increased focus on core business
There is a growing trend among manufacturing companies of transferring all or parts of their production to external suppliers or subcontractors/partners. The reason for this is often the need for a faster pace of development, which requires our customers to focus on their core business. Outsourcing responsibility for aspects that are not part of the core business to strategic partners frees up time and allows for efficiency improvements.

Nolato is well positioned to effectively handle outsourced activities and can expand locally or globally together with customers. As a high-tech solutions-oriented global company with regional and local production, Nolato can offer integrated solutions. It also means Nolato can help simplify and shorten customers' logistics chains. Nolato therefore plays an important role in many areas as a specialist and efficient production partner. For example, global pharmaceutical companies often focus on their core business of developing new drugs, while other aspects of their business are outsourced to third parties.

Time from development to launch
The time taken from concept and development to the market launch of a product is a key competitive factor for many of Nolato's customers. The shorter this process, the sooner revenue can be generated and the end-customers' needs can be met. An important part of this is an efficient product development process, in which Nolato plays a clear role from concept to launch. Our global presence and responsible business conduct make Nolato a strategic partner for companies looking for competitive advantages in today's demanding business climate.

Digitalization and electrification
As the digitalization and electrification of society increase, there is a growing need for polymer-based solutions for shielding and heat dissipation for electronics in both existing and new product areas. One example is the rapid electrification of the car and truck industry, where Nolato has a lot to offer.

Sustainability
Demand is increasing for sustainably made products with the smallest possible environmental footprint throughout the value chain, from development to production. By being involved from the development phase and beyond, Nolato can help by advising on sustainable choices of materials and intelligent design that support a cost-effective, smooth production process, as well as circular production flows.

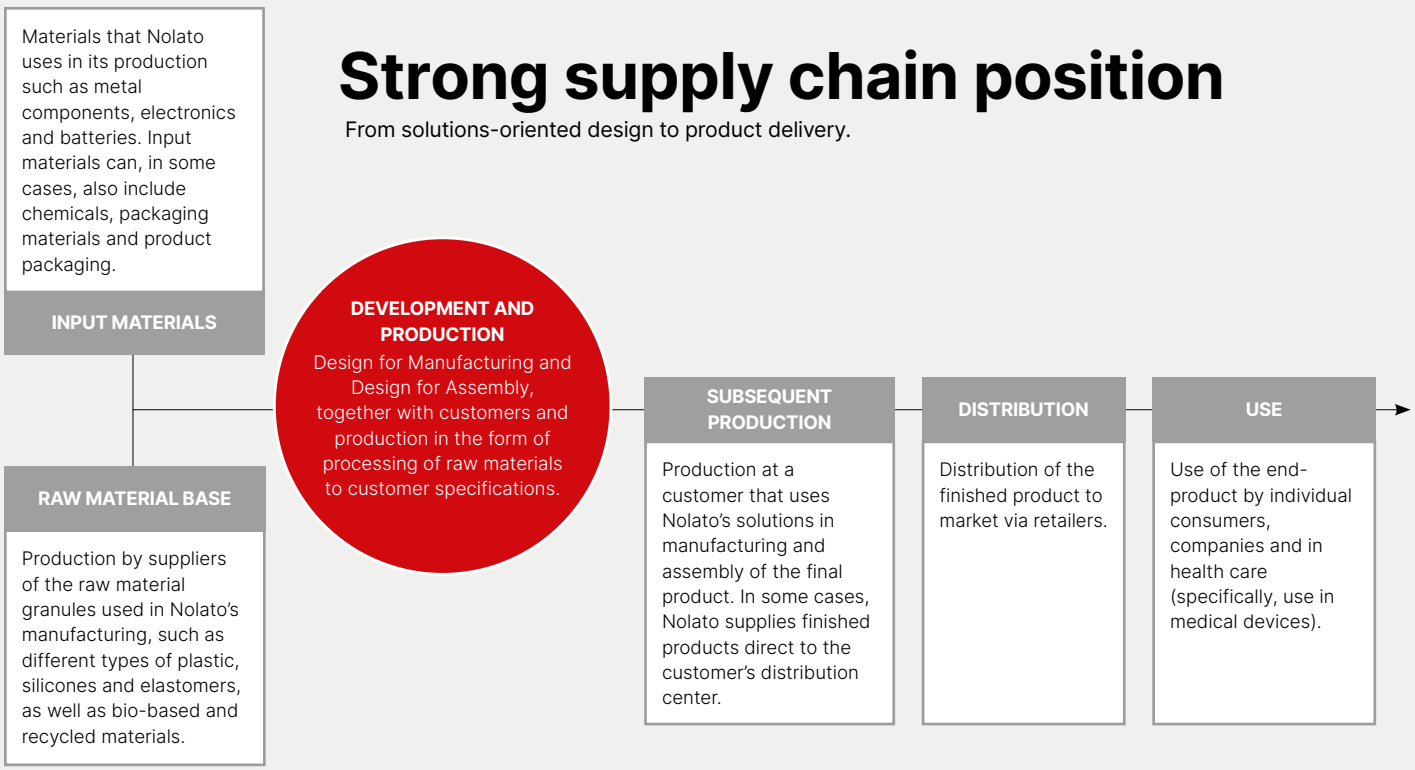
Differentiation
Differentiation is key in a number of ways to attract customers and establish a strong market position. Nolato meets customers' needs for differentiation through innovative and customized solutions. Nolato's ability to work closely with customers from an early stage of their development processes ensures the products meet specific needs and preferences. By using lean manufacturing and high productivity, Nolato helps increase efficiency and quality.

NOLATO IS ADDRESSING GLOBAL TRENDS THROUGH:

- Early involvement in customers' development processes
- Close and long-term collaboration/partnerships with customers
- Innovative, integrated, sustainable and high-tech solutions
- High productivity/Lean manufacturing
- Progress up the value chain/Increased added value
- Global presence
- Responsible business conduct

Strong supply chain position

From solutions-oriented design to product delivery.



Nolato's customer offering comprises most technologies in the field of polymers and spans the entire value chain, from solutions-oriented development to product delivery. Customer and other stakeholder requirements for and expectations of proactive, responsible sustainability measures are growing, with more companies looking to ensure sustainable operations throughout the value chain. Nolato's strength is in enhancing customer processes and products, and this has formed the basis for the Group's success over the years.

Nolato brings its know-how to bear early on in the value chain by being a solutions-oriented partner that can support product development. This is where the Group's technological expertise and innovation play a role in shaping products that meet and exceed customer expectations. Nolato's involvement then spans the entire production process, from design and prototyping to full-scale manufacturing and delivery of finished components and assembled products. Being an integral part of manufacturing companies' value chain means Nolato not only enables product development, but also contributes to a sustainable and efficient production process.

Nolato has established itself as a reliable and strategic partner in the value chain by offering high-quality products, sustainable solutions and efficient manufacturing processes. The Group's position as a specialist in polymer materials enables the creation of tailored, technologically advanced products that meet customers' stringent requirements and contribute to accelerating the success of customers.

A key aspect of Nolato's role in the value chain is its ability to boost sustainability performance by optimizing design for manufacturing and minimal environmental impact. This is achieved through better choice of materials and reduced use of materials, which leads to greater cost effectiveness and better profitability for the customer. Nolato is perfectly positioned in the value chain amid greater customer requirements for suppliers to be able to provide sustainable solutions for a market that is increasingly demanding and willing to pay for sustainable products.

See detailed description of the value chain on pages 40–41.

Strategy for profitable growth

The following overarching strategy remains in place to achieve profitable growth targets:

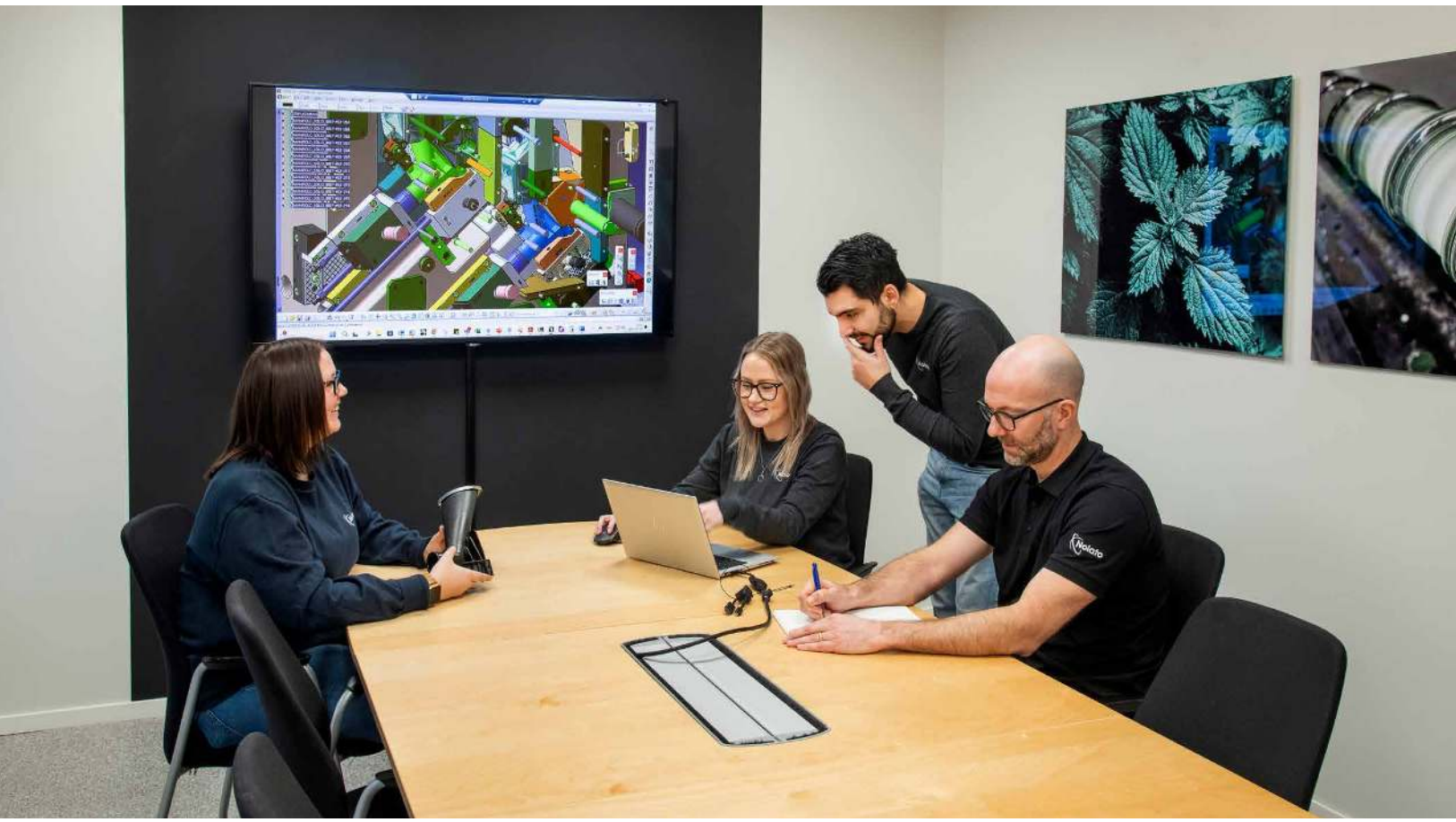
Market positioning and progression along the value chain
Nolato aims to be a high-tech solutions provider with a global presence, with the objective of long-term growth and stable returns for shareholders.

World-class expertise and offering
Nolato invests 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
Nolato has 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 focus for organic growth
A customer-oriented strategy means Nolato looks for large customers in segments with good organic growth, providing opportunities to expand and develop alongside them.

Expansion in priority geographic markets
Nolato's expansion is achieved both by accompanying customers into new markets and 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.



Strategic evolution into a global solutions-oriented partner

Nolato is evolving to become a globally established solutions provider.

Nolato is now a well-balanced Group structured around three business areas that cooperate to generate synergies. As a cooperation partner, we take a long-term approach, focus on sustainable solutions, and have a strong presence in Europe, Asia and North America.

We aim to be a global, innovative end-to-end provider of sustainable solutions within our business areas: Medical Solutions, Industrial Solutions and Integrated Solutions together with EMC. Moving forward, we will focus even more on strong partnerships and increasing business development. Our objective is to be a partner that adds value, provides inspiration and offers end-to-end solutions for our customers, with a strong emphasis on sustainability and a climate-neutral business focus.

Targets and outcomes

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 to exceed 10% over a business cycle.

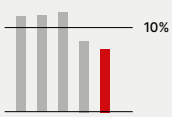
OUTCOME IN 2023

7.3%

9.9%	7.6%	3.4%
Medical Solutions	Industrial Solutions	Integrated Solutions

FIVE-YEAR AVERAGE

10.0%



Over the past five years, the EBITA margin has averaged 10.0%.

Cash conversion

TARGET

>75%

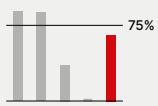
The target is to achieve cash conversion of more than 75% of EBIT over a business cycle, measured as the ratio of cash flow after investment and EBIT.

OUTCOME IN 2023

65%

FIVE-YEAR AVERAGE

55%



Over the past five years, cash conversion has averaged 55%.

Equity/assets ratio

TARGET

>35%

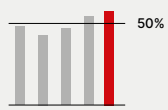
The target for the equity/assets ratio is to exceed 35% over a business cycle.

OUTCOME IN 2023

56%

FIVE-YEAR AVERAGE

50%



Over the past five years, the equity/assets ratio has averaged 50%.

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 2024 financial year is SEK 1.50 per share, which equates to 74% of profit after tax, excluding non-recurring items.

DIVIDEND OUTCOME IN 2023

SEK 1.90

PAY-OUT RATIO OUTCOME IN 2023

78%

DIVIDEND 2024 PROPOSAL

SEK 1.50

PAY-OUT RATIO 2024 PROPOSAL

74%

GROWTH TARGET

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

4%
Medical Solutions

According to estimates, long-term volume growth remains at around 4–5%. Medical Solutions sales totaled SEK 5,308 million (4,859); adjusted for currency and acquisitions, sales grew by 4%. Most product areas saw good growth, especially in the first half of the year. This did not, however, apply to in vitro diagnostics (IVD), whose sales were lower than in the previous year due to inventory adjustments in the value chain and a change in the customer mix in the second half of the year. The surgery area experienced lower volumes in the second half of the year.

4%
Industrial Solutions

Industrial Solutions sales amounted to SEK 2,871 million (2,618); adjusted for currency, sales increased by 4%. Automotive volumes increased, while supply chain disruptions had less of an impact than previously. The charging on of cost increases has gradually contributed less to the increase in sales. Demand for products in the consumer discretionary sector was slightly lower, and this is expected to continue in the next quarter due to the weak economy and restrained consumer spending.

-60%
Integrated Solutions

Integrated Solutions sales amounted to SEK 1,379 million (3,311); adjusted for currency and acquisitions, sales decreased by some 60%. Most consumer electronics customers were affected by reduced demand from end-customers, but it was a change in the sourcing strategy of a previously significant customer that primarily resulted in lower volumes. EMC sales totaled SEK 674 million (673), SEK 17 million of which was attributable to acquisitions. Increased market share in automotive made a positive contribution to growth, while sluggish activity and inventory adjustments in 5G roll-out had a significant adverse impact on telecom.

SUSTAINABILITY TARGETS

Nolato uses 10 long-term sustainable development targets, including Responsible Business Conduct, Environmental Responsibility and Social Responsibility. Find out more about the Group's sustainability targets that are linked to the UN Sustainable Development Goals and Agenda 2030 on pages 43–46, 48, 50–52 and 55–56.

Human rights and gender equality
- There should be no cases of infringements of human rights, discrimination or forced labor.
- Nolato should be regarded as an attractive employer.
- The proportion of women in management positions should increase at all levels of Nolato.

Energy
- More efficient energy use; by 2025 usage should decrease by 55% compared with the average for 2011–2012 (GWh/net sales).

Safe workplaces
- Elimination of all occupational injuries. The number of workplace accidents should be minimized.
- Systems for registering and managing near misses should be in place at all units.

Environmental management systems
- All units to be ISO 14001-certified.

Chemical products
- Hazardous chemical substances should be identified and, where possible, phased out.

Customers
- Nolato aims to maintain a leading position and be perceived as the customer's first choice within sustainable development.

Suppliers
- By 2025, all strategic suppliers will be assessed based on Nolato's guidelines for suppliers.

Greenhouse gases
- Greenhouse gas emissions from energy consumption (Scopes 1 and 2) are to be reduced by 80% by 2025, compared with the average for 2011–2012 (tons/net sales).

Climate impact: raw materials and products
- There should be an increase in the percentage of bio-based and recycled raw materials. Greenhouse gas emissions related to products (Scope 3) should be reduced by 5% between 2020 and 2025 (tons/net sales).

Anti-corruption
- Ensure training of employees in the Code of Conduct and anti-corruption measures.
- There should be no cases of bribery, corruption or cartel formation.

Nolato

Nolato's business

The basis of Nolato's business is developing and manufacturing customer-specific products, primarily in polymer materials such as plastic, silicone and TPE. 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 generate 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.

Design, development and manufacturing take place within three business areas that focus on the following activities:

MEDICAL SOLUTIONS

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

INDUSTRIAL SOLUTIONS

Development and manufacture of products and systems for selected industrial segments such as automotive, hygiene and gardening/forestry.

INTEGRATED SOLUTIONS

Design, development and manufacture of advanced components, subsystems and ready-packaged products (in Consumer Electronics, EMC and Thermal) for fast-growth areas of technology.

Share of Group sales

Share of Group operating profit (EBITA)

Synergies generate customer value
Nolato's three business areas share many common denominators that create clear synergies, both internally and externally. All our business areas develop and manufacture components in polymer materials adapted to improve and innovate products used in a variety of areas. In many ways, the manufacturing processes are similar, including stages such as injection molding, assembly and various forms of processing. What sets our business areas apart is end-customers' needs and markets, and, to some extent, use requirements.

Different regulations and standards in specific sectors mean that there are niche focus areas within Nolato with fewer Group synergies but that offer significant business advantages. One example is EMC, which offers more standardized components, for which there is significant demand in the automotive and telecom industries. Another example is the medtech sector, which has stringent production standards and regulations that differ from other areas within Nolato. Manufacturing in Medical Solutions consequently largely takes place in sealed, controlled environments that meet the customers' requirements.

Development, production and sales are spread across 10 countries on three continents, which ensures good security of supply, even amid global turmoil, as well as proximity to customers. Nolato has four Technical Design Centers (TDCs) around the world. They are Nolato's own development units, which design and simulate the assembly of products from the concept stage. The purpose is to develop optimized products in terms of design, sustainability and cost. The TDCs are linked to Nolato's three business areas and are expected to help generate a greater number of closer business relationships going forward, by enabling Nolato to have more to offer customers during the development phase.

FROM CONCEPT TO FULLY DEVELOPED PRODUCT

1 Concept development
Nolato supports customers from the concept stage with advice about what can and cannot be manufactured.

2 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.

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

4 Prototypes (3D)
Nolato visualizes the future product by producing both virtual and physical models, prototypes and material samples.

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

6 Full-scale production
Nolato uses most manufacturing technologies in the area of polymers, along with automation to efficiently scale up production to high volumes while maintaining quality.

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

Nolato's production technologies

Below are the most common production 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

Methods and materials developed to ensure that different electronic components do not disrupt each other. We use this in products that require shielding, such as radio base stations.

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

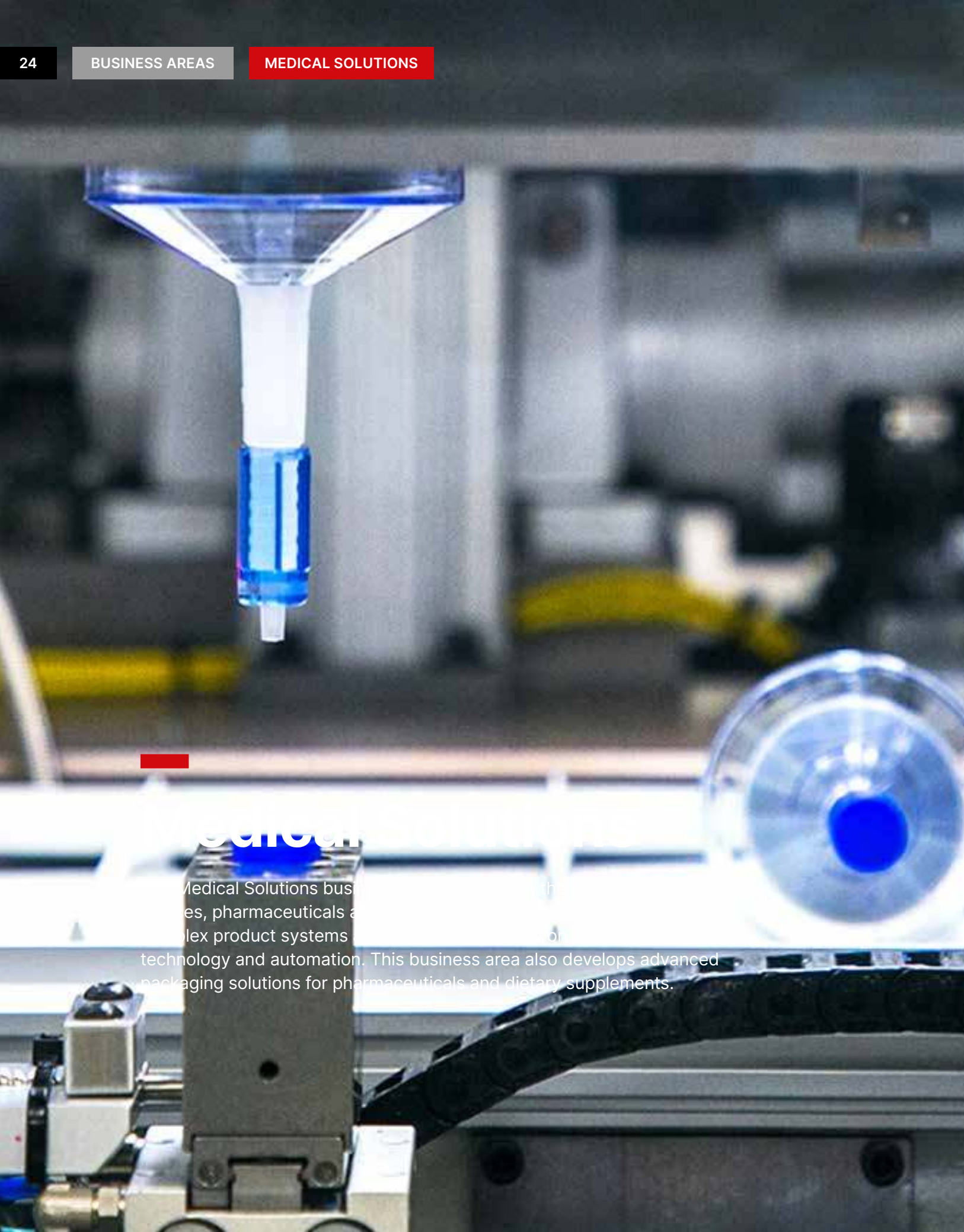
Technology for the production of flexible, airtight liquid latex products. This is used to manufacture products such as catheter balloons and breathing bags.

ASSEMBLY

Assembly of components to create a complete product or subsystem. This may take place on a fully automated, semi-automated or fully manual basis. Automated assembly is mainly carried out for medical devices such as autoinjectors, which are assembled on an 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.



Medical Solutions bus
es, pharmaceuticals a
lex product systems
technology and automation. This business area also develops advanced packaging solutions for pharmaceuticals and dietary supplements.

Development in 2023

Focus on profitable growth
This business area's objective is to grow faster than the expected 4% and 5% annual market growth, which it has amply exceeded over the past 20 years. Expansion has mainly taken place through organic growth, considerably bolstering our position in Europe, the US and Asia.

In Medical Solutions, growth is assessed to be strongest in in vitro diagnostics (IVD), autoinjectors, insulin products and products used in surgery.

The recent acquisition of GW Plastics was a strategic step to establish a strong presence in the important North American market. During the year, significant resources were directed at intensifying integration efforts and implementing the in-house Medical Excellence program, which aims to boost the efficiency of the business.

In the near future, our focus will be on improving our margins by adapting total costs and introducing strategic price increases, which will lay the ground for profitable and sustainable growth over time.

Growing demand for self-injected pharmaceuticals
We face a growing global population with an increasing average age and lifestyle-related diseases. Overall, this is leading to greater demand for medications. Meanwhile, healthcare services in many countries are under pressure, and the need for simple, accessible care solutions has never been greater. As a response to these developments, many pharmaceutical companies are now focusing on developing medications that can be administered by self-injection, either using pen injectors, pumps or autoinjectors. The increased number of new medications launched on the market to be self-injected by patients is contributing to Medical Solutions' growth.

Another example is the global growth in demand for weight loss medication via autoinjectors, which are expected to grow exponentially going forward. Although this is a relatively new development, Medical Solutions is already seeing that these medications are in demand and being manufactured in large volumes on the market. It is challenging for many of the companies involved to boost production capacity to meet global demand for weight loss medication. Given the increasing incidence of obesity, Medical Solutions believes this area has significant growth potential over the next few years.

For pharmaceutical companies to be competitive, it is highly likely that production will increasingly be outsourced so that these companies can put more resources into developing new drugs. Medical Solutions is already supplying a sub-assembly that then undergoes final assembly and filling with the medication at the customer. In the long term, the strategic aim is to expand this offering, which in the future could result in Nolato also handling pharmaceutical products in conjunction with manufacturing and assembly.

Technical Design Centers become a group-wide function
Nolato's Technical Design Centers (TDCs), which were previously focused solely on Medical Solutions, are, from this year, linked to all three of Nolato's business areas. There are numerous similarities between our business areas, which are based on the same production technologies but aimed at different markets and segments. This results in significant potential synergies by adopting a cross-disciplinary approach within the Group. The TDCs are represented in all three regions in which Nolato operates. There is currently one TDC in Sweden, two in the US and one in China.

Offering

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.

Products

Examples of areas and products:

- Asthma (inhalers, check valves)
- Diabetes (insulin pens, infusion set)
- 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 analysis, allergy tests).

This business area also develops and manufactures standard or customized advanced packaging solutions that meet the requirements of the pharmaceutical and the dietary supplements industry.

Product life cycle:
Long product life cycles

Our position

Medical Solutions has a strong position as a global systems solution development and production partner for medical technology, diagnostics and pharmaceutical companies.

Medical Solutions participates in many of the development programs run by the largest pharmaceutical companies. The TDCs' practical and digital work in generating value for customers is vital in strengthening the Group's position going forward. The ability to help customers with their product development is often key to building strong, long-term customer relationships.

Heightened focus on sustainability in the market

For Nolato, care for the environment has always been a core element of our business and something that is deeply rooted in the Group's culture. Enquiries about developing products with a stronger focus on sustainability grew markedly over the past year. Increasing numbers of Nolato's customers want sustainable solutions and are choosing suppliers that can best help, for example, with product development, the choice of materials and production. The enquiries about large contracts that Medical Solutions is receiving indicate that more customers now see the value and are prepared to pay more to make an environmentally sound product.

These opportunities benefit Nolato, which has a sustainable offering in everything from design and development to manufacturing. For example, Nolato has the ability to offer bio-based or recycled materials, which are part of the Group's eco-design work aimed at optimizing the total environmental impact of products. Nolato can get involved early on in the development process of a new product and add value by suggesting a polymer with a much smaller environmental footprint without compromising on quality. Find out more about eco-design on page 49 of the sustainability report.

Over the past year, Nolato has received clear signals from a number of global companies about their increased focus on sustainability. The overall message to suppliers is about their responsibility to do everything they can to tackle climate change and the need to reduce greenhouse gas emissions in the supply chain. The increased climate action from global companies is proof that Nolato is correctly positioned for the future. The Group has already made significant progress on its work to meet its customers' sustainability requirements as a global, reliable supplier.

Outlook

Nolato will continue enhancing its TDCs to ensure Nolato is at the cutting edge of technologies and the ability to help customers develop their offering. Turmoil in many parts of the world, combined with people's continued need for care for various diseases and conditions, demonstrates the importance of accessible and effective health care.

The developments we are seeing are leading to increased production of medications and healthcare-related products, in which Medical Solutions' offering has a clear role to play. Organic growth with a focus on profitability is a priority, and strategically correct acquisitions remain an important element of the Group's growth strategy. An acquisition may be based on a strong geographic position or new technology that complements and enhances the current portfolio.

In the short term, a focus on improving margins is also a priority.

Selected customers

Global medical technology, diagnostics and pharmaceutical companies such as:

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

Global presence

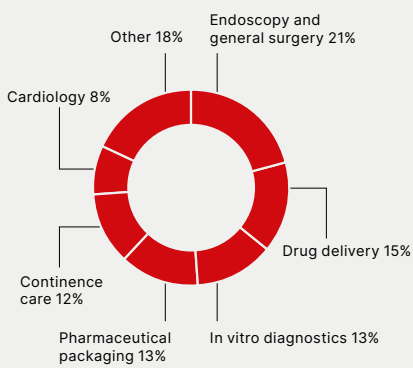
Development, production and sales take place in the following countries:

- Sweden
- UK
- Hungary
- Switzerland
- Poland
- US
- Mexico
- China
- Ireland

Customer trends

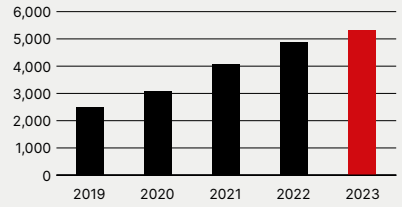
- A greater focus on the core business, with outsourcing of product development and manufacturing.
- A desire for cooperation early on in the development process.
- Projects with shorter and shorter lead times and greater globalization.
- Customer requirements for responsible business conduct, as well as sustainable products and packaging.
- Greater demand for continental and regional product flows.

Sales

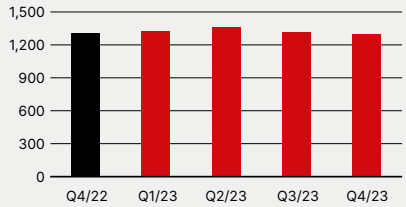


Net sales, SEKm

FULL YEAR

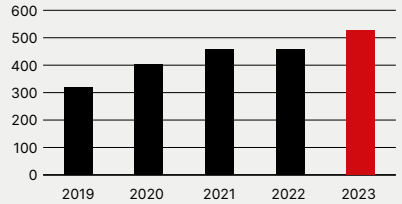


QUARTER



Operating profit (EBITA), SEKm

FULL YEAR



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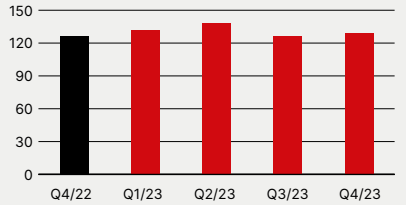
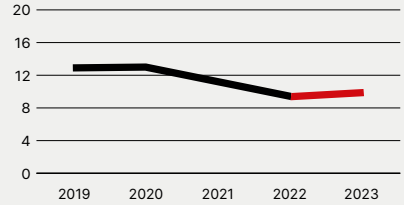


EBITA margin, %

FULL YEAR



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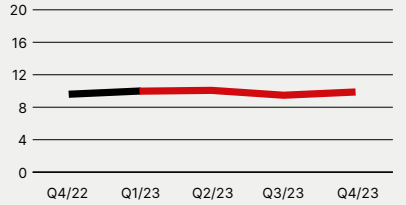
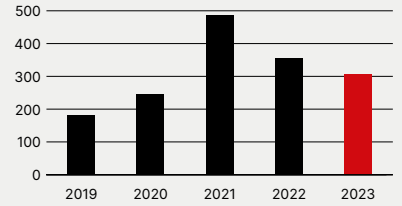
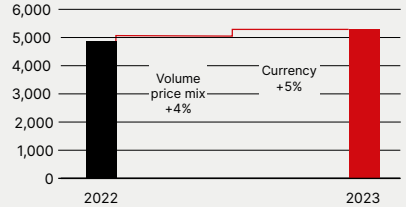


Investments, SEKm

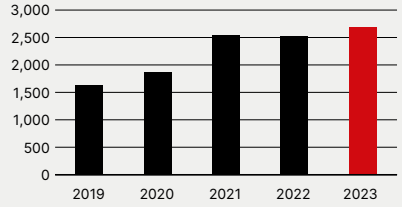


Affecting cash flow, excluding acquisitions and disposals

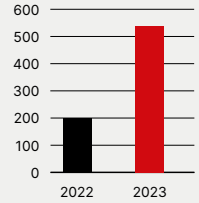
Change in sales, SEKm



Average no. of employees

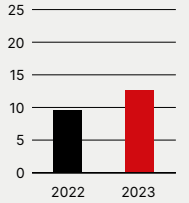


Cash flow, SEKm



Operating cash flow after inv. activities ex. acq. & disp.

Return, %



Return on operating capital

Business area's units

Avenue
Sligo, Ireland
MD Ricardo Silva

Nolato Beijing Medical
Beijing, China
MD Thomas Hofflander

Nolato Cerbo
Trollhättan, Sweden
MD Cecilia Hellner

Nolato Contour
Baldwin, USA
MD Russell Steele

Nolato GW Bethel
Bethel, USA
MD John Therriault
(from Jan. 22, 2024)

Nolato GW Dongguan
Guangdong, China
Site Manager Robert Chen
(from Oct. 1, 2023)

Nolato GW Querétaro
El Marques, Mexico
MD Eric Olvera

Nolato GW Royalton
Royalton, USA
MD John Therriault

Nolato GW San Antonio
San Antonio, USA
MD Rafael Sojo

Nolato GW Silicones
Royalton, USA
MD John Therriault

Nolato GW Tucson
Tucson, USA
MD George Santiago
(from Aug. 14, 2023)

Nolato Hungary
Mosonmagyaróvár, Hungary
Ploieşti, Romania
MD Guido Vollrath

Nolato Jaycare
Newcastle, UK
MD Alan Sweeting

Nolato MediTech
Hörby and Lomma, Sweden
MD Hanna Ingesson

Nolato MediTor
Torekov, Sweden
MD Johan Barkentin

Nolato Stargard
Stargard, Poland
MD Jonas Hansson

Nolato Treff
Degersheim, Switzerland
MD Guido Vollrath

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. The automotive industry accounts for around one-third of the customer base, with the remainder of contracts consisting of other general industry segments.

Development in 2023

Improved profitability despite challenging operating environment
Despite a testing operating environment, Industrial Solutions gradually improved profitability during the year. Demand in the consumer discretionary sector has been challenging, while the automotive area showed relatively healthy volumes during the year. This business area, however, has been impacted by inflationary effects, leading to higher production costs for energy, materials and labor. Effects from managing the pandemic in China, which resulted in lockdowns and travel restrictions, impacted efficiency at the start of the year, although these disruptions disappeared in the second half of the year. The business area retained its strong emphasis on lean manufacturing across all units during the year. The close cooperation with customers and long-term strategic partnerships, along with a firm focus on delivering what the customer wants, helped in managing the disruptions at the start of the year.

Through active price management, a continued focus on efficiency gains and good cost control, this business area gradually improved its margin during the year.

An emphasis on renewable and circular materials led to business opportunities together with customers and suppliers, especially in the automotive industry, where there was persistent high demand for sustainable solutions during the year. We are also seeing that interest in sustainable solutions is beginning to grow in our other business areas. There has been significant emphasis on developing sustainable solutions relating, in particular, to recycled plastic, but also bioplastics, to replace fossil-based plastic and metal components.

Helping customers transition to a lower environmental impact
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 continued to increase in the year, and improvements were made by reducing the amount of waste, saving water and phasing out environmentally unsustainable chemicals.

The business area continued to make energy efficiency improvements. There has also been a focus on increasing the percentage of fossil-free electricity to cut greenhouse gas emissions. The cooperation with Consumer Electronics within Integrated Solutions, started in 2022, has been strengthened. This enables a broader customer offering to existing and new customers in the form of solutions with greater integrated electronics content in the customer's product.

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

Industrial Solutions has a strong market position as a global high-tech cooperation partner, with a leading position on the Swedish and European market. Establishment in the US and Mexico has further bolstered the business area's market position through better global production conditions and a broader customer offering.

Outlook
Industrial Solutions is firmly focused on customized solutions, and this business area is growing by constantly developing and adapting its offering to the changing demands and needs of customers. This business area is able to meet customer demand for cost-effective yet high-quality products in each local or regional market. The offering is tailored to each customer's unique needs by being everything from a high-volume manufacturer of components, to a solutions provider that manages the process from development to finished product ready for market.

Industrial Solutions' objective is to grow faster than the market, along with the strategic priority of growing through geographic expansion together with existing and new customers, combined with bolt-on acquisitions that add new volumes and technologies.

Products

Examples of areas and products:

General Industry
Ball retainers and storage seals for ball bearings, armrests etc. for office chairs. 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.

Offering

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.

Our position

The polymer products manufacturing market is fragmented, comprising numerous companies, many of which have a strong regional and local focus. The market is 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.

Selected customers

Global companies in the automotive and general industry sector, such as:

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

Customer trends

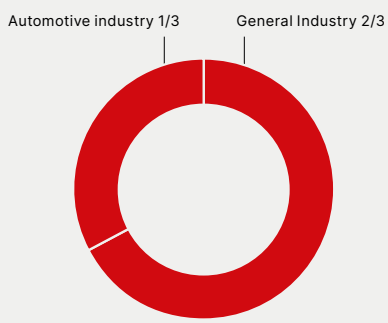
- Growing demand for sustainable solutions based on bioplastics and recycled plastic.
- A desire to cooperate at an early stage of the development process to improve it and make it more efficient.
- Demand for continental and regional product flows.
- A growing need for global operators with local production.

Global presence

Development, production and sales take place in the following countries:

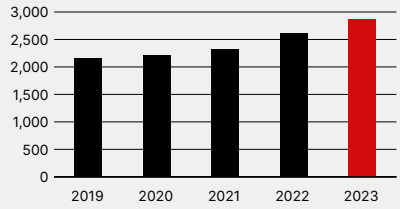
- Sweden
- Hungary
- Switzerland
- Romania
- US
- China
- Mexico

Sales



Net sales, SEKm

FULL YEAR



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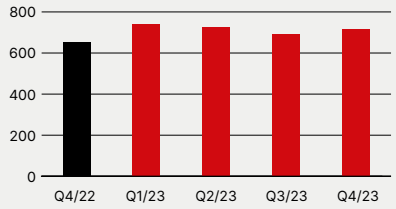
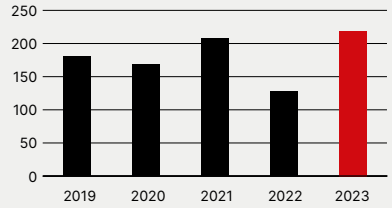


Operating profit (EBITA), SEKm

FULL YEAR



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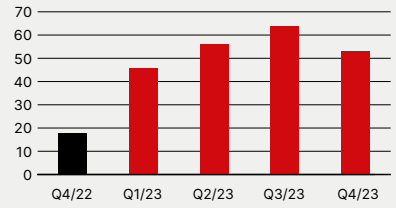
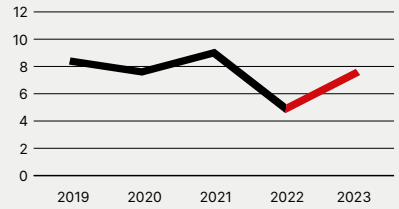


EBITA margin, %

FULL YEAR



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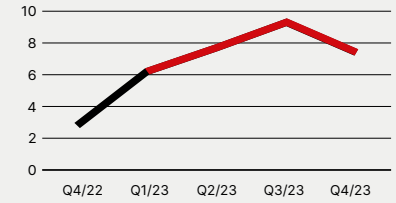
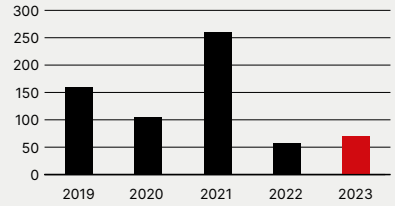
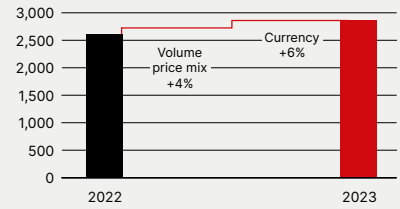


Investments, SEKm

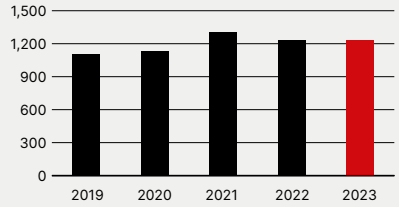


Affecting cash flow, excluding acquisitions and disposals

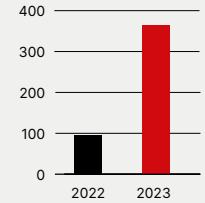
Change in sales, SEKm



Average no. of employees

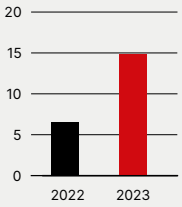


Cash flow, SEKm



Operating cash flow after inv. activities ex. acq. & disp.

Return, %



Return on operating capital

Business area's units

Nolato Contour
Baldwin, Wisconsin, USA
MD Russell Steele

Nolato Gota
Götene, Sweden
MD Olof Pettersson

Nolato GW Dongguan
Guangdong, China
Site Manager Robert Chen
(from Oct. 1, 2023)

Nolato GW Querétaro
El Marques, Mexico
MD Eric Olvera

Nolato GW San Antonio
San Antonio, USA
MD Rafael Sojo

Nolato Hungary
Mosonmagyaróvár, Hungary
MD Guido Vollrath

Nolato Lövepac
Skånes Fagerhult, Sweden
MD Fredrik Welander

Nolato Plastteknik
Gothenburg, Sweden
MD Olof Pettersson

Nolato Polymer
Torekov & Ängelholm, Sweden
MD Lennart Thålin

Nolato Romania
Ploiești, Romania
MD Guido Vollrath

Nolato Treff
Degersheim, Switzerland
MD Guido Vollrath

Integrated Solutions

Integrated Solutions designs, develops and manufactures advanced components and subsystems for rapidly growing fields of technology in Consumer Electronics. EMC & Thermal is seeing demand for shielding and heat dissipation solutions for electronics focused on the automotive, telecom and aviation industries. EMC & Thermal has a strong global position in this market. Integrated Solutions has production units in Sweden, China, Malaysia, Hungary, the US and Mexico.

Development in 2023

Automotive is growing as electrification increases
EMC & Thermal has increased development of electrically and thermally conductive material solutions and components for shielding and heat dissipation in electronics. In the automotive area, this is linked to components for radar, control components, camera modules and sensors. The aim is to reach new markets and customer segments, both through direct sales channels and licensed partners. Increased electrification and development of electronics in all kinds of vehicles is resulting in growing demand for products manufactured by EMC & Thermal.

The increasing electrification of cars in society is also leading to a greater need for sustainable shielding and sealing components. This means that the total order value in terms of the number of components is gradually increasing. Electric cars require components that protect their advanced electronics. The same development is now taking place for trucks, which are starting to switch to electric motors, resulting in greater order value per vehicle than for cars.

Mass balance increasingly important in industry
Investments in new materials and methods are, in many respects, being driven by customer requirements and preferences for more sustainable solutions. Integrated Solutions takes a proactive approach to this, and aims to be a commercial partner that can work with customers to help develop new sustainable standards. 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, other vegetable oil or from recycled plastic. In light of this, Integrated Solutions has developed Greenseal, a product range mainly intended for the automotive industry and at the forefront of its area in terms of its smaller carbon footprint.

Strong position in telecom for the future
Telecom is a mainstay of EMC & Thermal, and together with automotive it has contributed to good growth over a long period for Integrated Solutions. Telecom has long worked with customers such as Nokia, Ericsson and Huawei. The main driver of these contracts is the ongoing global roll-out of the 5G network, which is far from complete. During the year, investment appetite in the telecom industry in the US and Europe decreased due to significant cost savings programs among the largest operators, which means lower volumes. Integrated Solutions' successful focus on the automotive area has consequently been a positive counterweight that has provided a good balance in this area's overall business and profitability.

In the longer term, 5G's long product life cycle creates more good business and growth opportunities. We believe that the 5G roll-out will continue until around 2028, after which 6G will start to be introduced. EMC & Thermal has already developed materials and applications together with the largest companies in the sector to develop the future 6G network.

New investments boost competitiveness
During the year, investments were made in a new production plant in Mexico that will be used by Industrial and Integrated Solutions in close cooperation, which is expected to generate both synergy gains and major contracts. The plant shares the same site as the Group's existing production in Mexico, and is strategically located to deliver throughout North America.

India is forecast to see strong growth in the long term, with steady population growth and increasing prosperity. Integrated Solutions already has an established base with local customers in a number of different divisions in India, which will be important to strengthen going forward. In the long term, there is potential for telecom to see growth in India, given the significant investment appetite in the country. Integrated Solutions established a new company in Bangalore during the year to ensure it participates in the growth in the Indian telecom sector. In addition to telecom, the automotive area already has contracts in the country and counts several manufacturers of electric motorcycles among its customers.

During the year we acquired UK-based P&P Technology, which offers component- and materials-based electronics shielding solutions for electromagnetic compatibility (EMC). The acquisition results in an expansion of Integrated Solutions' business through supplementary manufacturing technologies, a diverse customer base among sectors such as aviation and automotive, and a stronger presence in the UK.

The Consumer Electronics sector is seeing a growing need for integrated electronics and IoT. These are strong drivers for future development, and Integrated Solutions is cooperating closely with customers in this area. At the start of the year, effects were being felt from the management of the pandemic, which was affecting the business area's performance due to lockdowns and travel restrictions leading to supply chain disruptions and component shortages. The trend of customers wanting continental and regional product flows is continuing. With its presence on three continents, Integrated Solutions is well equipped to meet this demand.

Demand in Vaporiser Heating Products (VHP) has continued to decrease due to a change in the purchasing strategy of a previously very significant customer. To make its business more efficient, Integrated Solutions has decided to close large parts of its business in Beijing and concentrate its China-based production in Dongguan, which will also bring the business area closer to customers and ensure more efficient supply chains. The relocation is expected to be complete in the second half of 2024.

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 industry and the electronics and telecom sectors.

Outlook
For Integrated Solutions to remain successful, it is vital to create value and maintain a high technical and quality level to differentiate itself from competitors. It does this through close relationships with customers so that it listens to needs, via numerous customer visits, as well as through seminars and participation at trade fairs. The automotive industry's focus on electrification, 5G roll-out and increasing integrated intelligence in consumer electronics are examples of the business opportunities that are a good fit with Integrated Solutions' strategic offering going forward.

Products

Examples of areas and products:

- EMC & Thermal: Process and material solutions for the shielding of electronics to achieve electromagnetic compatibility (EMC), and for heat dissipation. It focuses on the automotive, telecom and aviation industries.
- Components, subsystems and ready-packaged products for Consumer Electronics:
  Subsystems for home electronics products, mobile phones and VHPs, 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.

Product life cycle:
Short product life cycles

Offering

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

Our position

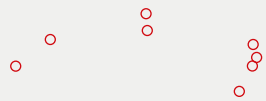
Integrated Solutions is largely a niche operator in Consumer Electronics product areas, based on in-depth in-house expertise in development, design and production. The business area has a strong position in EMC & Thermal as a supplier of technically advanced products, such as shielding solutions for electric vehicles or mobile phone network base stations.

Selected customers

Global companies in Consumer Electronics and EMC & Thermal, such as:

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

Global presence



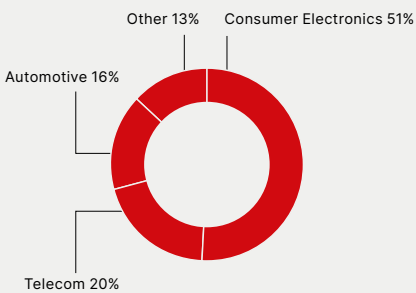
Development, production and sales take place in the following countries:

- Sweden
- China
- Malaysia
- Hungary
- US
- Mexico

Customer trends

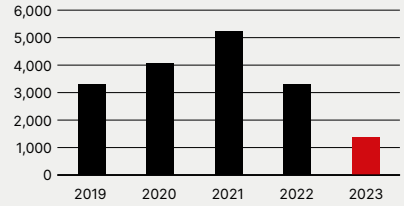
- Significant need for cost-effective solutions.
- Need for unique design solutions and integrated special functions.
- Growing need for EMC shielding and heat dissipation for electronics in products.
- Demand for a choice of materials in products with a small carbon footprint.

Sales



Net sales, SEKm

FULL YEAR



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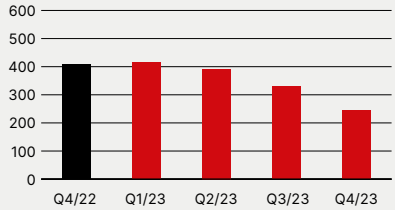
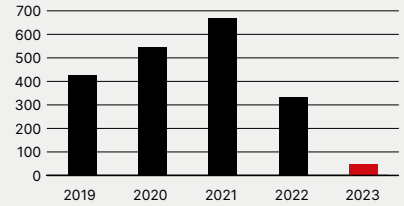


Operating profit (EBITA), SEKm

FULL YEAR



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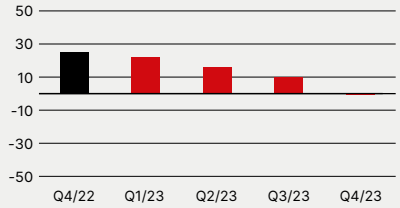
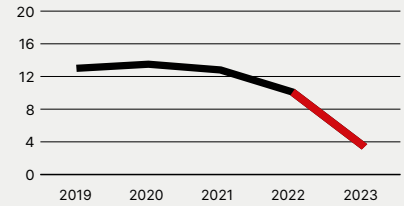


EBITA margin, %

FULL YEAR



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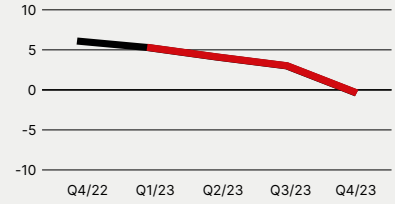
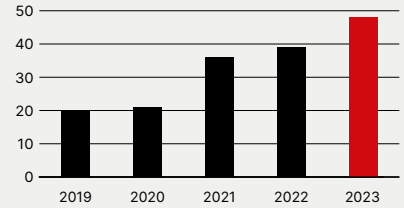
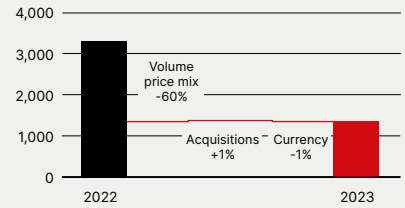


Investments, SEKm

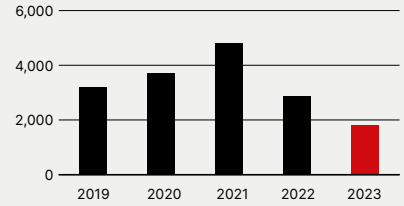


Affecting cash flow, excluding acquisitions and disposals

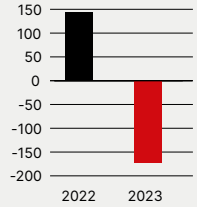
Change in sales, SEKm



Average no. of employees



Cash flow, SEKm



Operating cash flow after inv. activities ex. acq. & disp.

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
Maldon, UK
MD Anders Ericsson

Nolato's sustainable development

Nolato's strategic sustainability work is firmly rooted in our business and vision – to be the customer's first choice of innovative partner within sustainable development and production. That's why for us, sustainability means that in every context in which we operate, we aim to be a reliable partner that through our know-how and experience actively contributes to sustainable development as we put the customer's needs and preferences front and center. For Nolato, this may mean that we avoid potential business that we feel may conflict with our sustainability targets.

Creating sustainable value
Our most significant contribution to sustainable development is based on our ability to develop the most effective and sustainable solutions together with our customers. Since a product's environmental impact and manufacturing cost is determined at the drawing board, our strength lies in being part of our customers' development projects at an early stage. This enables us to contribute our expertise and know-how at the start, to ensure sustainability is factored into the design of the finished product.

Our approach means that not only our work, but also how we collaborate with our suppliers and customers plays a key role in the sustainability aspects of a product. Through continual development and improvements to our operations, as well as responsible management of our value chain, we create conditions to help our customers be more sustainable. We take responsibility for our carbon footprint and for people, both within our own organization and in the value chain, and we challenge and guide our customers in the process of creating resource-efficient products that have a long lifespan.

The role of plastics in sustainable development
Here at Nolato we believe that plastics play a significant role in the sustainable development of business and society. With its low density, heat-resistance, long lifespan and almost infinite opportunities to adapt, plastic fulfils many important functions in our lives that cannot be replaced by other materials. The difference is in how and where plastic is used, with application determining whether plastic is the best alternative.

New customer projects are also evaluated from a sustainability perspective, which means that we may refrain from some projects, such as single-use products with a short lifespan. However, in some cases, a single-use product is necessary, for example in health care and medical devices in which the requirement for clinical cleanliness has a key function. In such cases, single-use plastic products remain the best alternative, as the hygienic advantages of plastic play an essential role, for example, in enabling over 500 million people with diabetes across the world to live a normal life.

Nolato's conversion and molding of plastic granules into products means we have an important responsibility to help ensure that the products made are used and eventually also recycled in a sustainable manner. We follow an intentional strategy of prioritizing multiple and long-term use as far as possible, ensuring that the products we help our customers to create enjoy a long lifespan. This allows us to harness the possibilities of plastic, while reducing the consumption of key resources over time.

A changing operating environment
Nolato's customers, cooperation partners and investors should feel reassured that we take responsibility for both our sustainability work and for the development that we contribute to in our customer relationships. One key aspect of this work involves managing the impact we have on society and people, but also being aware of changes in our operating environment that may affect our business.

Cutting greenhouse gases and adapting to climate change have long been important for society in general, and for the plastics industry in particular. The trend has put the image of plastic as a material under the spotlight, and means that all operators within our value chain will need to reduce the use of fossil-based materials. At the same time, this brings a risk of customers demanding other, at times inferior, materials as an alternative to plastic. The chemical industry has a significant part to play here, and it is therefore increasingly important for us to step up our efforts to identify bio-based raw materials, and to increase our proportion of recycled raw material and other low-carbon alternatives.

One way of building up the share of bio-based and circular materials is via a step-by-step introduction using a mass balance approach, in which chemical companies gradually have the opportunity to shift from fossil-based to renewable raw materials. We believe this will be particularly relevant for medical applications, as the mass balance principle does not require resource-intensive changes to the quality of the plastic. Find out more about mass balance on page 52.

The EU's Green Deal has created greater awareness around how companies manage environmental and social issues within their value chain (CSDD – Corporate Sustainability Due Diligence Directive). This is expected to increase requirements and expectations from customers in terms of how we interact with our supplier base, while also emphasizing the value of the sustainability work that Nolato has long been pursuing. Similarly, information requirements from our stakeholders will increase as a result of the new, extensive sustainability reporting requirements (CSRD).

Nolato welcomes these changes, and regards them as important steps towards increasing transparency and the level of ambition for sustainability work throughout the business sector. Our approach to both these directives will be key to our work over the next few years.

Sustainable development strategy

Materiality analysis provides foundation
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 2024.

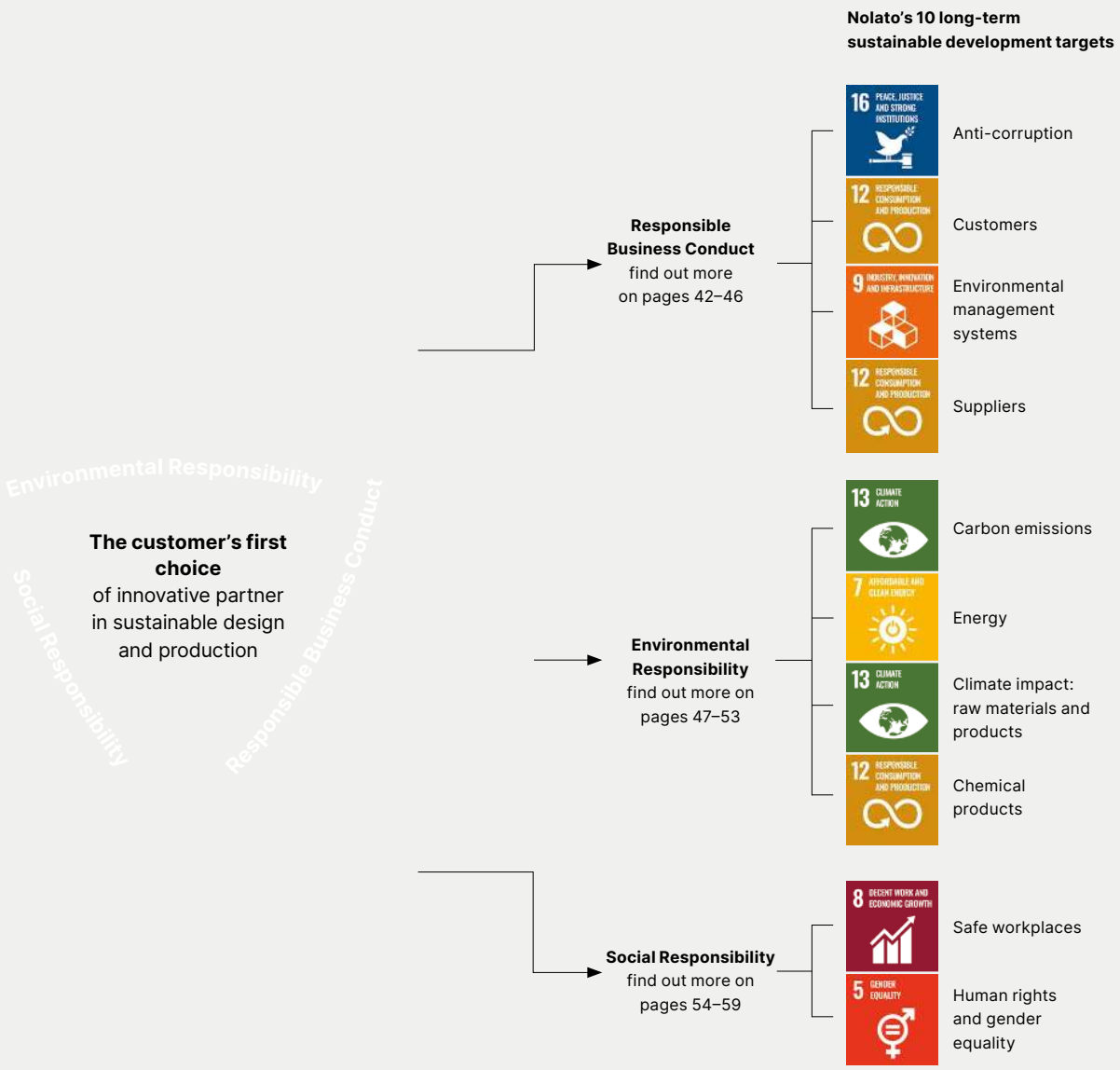
1 Sound business ethics
2 Climate impact
3 Customer requirements in relation to sustainable development
4 Health and safety for employees
5 Product safety and product responsibility
6 Human rights, equality
7 Attractive employer
8 Use of chemical products
9 Emissions to water and land
10 Production waste and scrap
11 Control within the value chain
12 Choice of raw materials
13 Energy consumption
14 Water consumption
15 Pandemics
16 War zones
17 Active corporate citizen
18 Society's views on plastics
19 Digitalization
20 Transportation of raw materials and products
21 Business travel and company vehicles
22 Products' life cycle

Nolato's sustainable development strategy
Sustainability work plays a central role in our efforts to be the customer's first choice. For customers to keep choosing us for their most important projects, it is essential that they feel confident that we are a solid, reliable cooperation partner that takes responsibility for our environmental and social impact at every stage and that can contribute know-how that helps them reduce their use of resources and their products' environmental footprint. This is how we create long-term customer relationships in which we combine our knowledge and experience with innovative approaches to contribute to customers' sustainable development and a more circular economy.

Strategy dictates the direction
Contributing as a company to sustainable development requires broad commitment throughout the Group. That's why the sustainability strategy is integrated into the Group's overall strategy, and is therefore a core part of our subsidiaries' work. The purpose of the strategy is to create a structure and direction for sustainability work, in which all subsidiaries understand their role and have an opportunity to influence the bigger picture. Based on the Group's overall targets, companies then devise their own strategies and operational initiatives in response to local circumstances, guided by what we want to achieve as a company.

Our three strategic focus areas
Nolato's strategy is built around seven of the 17 Sustainable Development Goals (SDGs) according to the UN's Agenda 2030, and is based on a materiality analysis that specifies where as a group we have the greatest impact on the environment and society. The materiality analysis has culminated in a number of key sustainability issues, with the most significant forming the basis of three focus areas and determining the direction of our operational work. Initiatives within each focus area are driven by 10 long-term sustainable development targets that support the SDGs that are the most relevant to our business. These long-term targets are illustrated in the diagram and described in more detail under each section.

Nolato's focus areas



RESPONSIBLE BUSINESS CONDUCT

Material topics:

- Customer requirements in relation to sustainable development
- Control within the value chain
- Sound business ethics

ENVIRONMENTAL RESPONSIBILITY

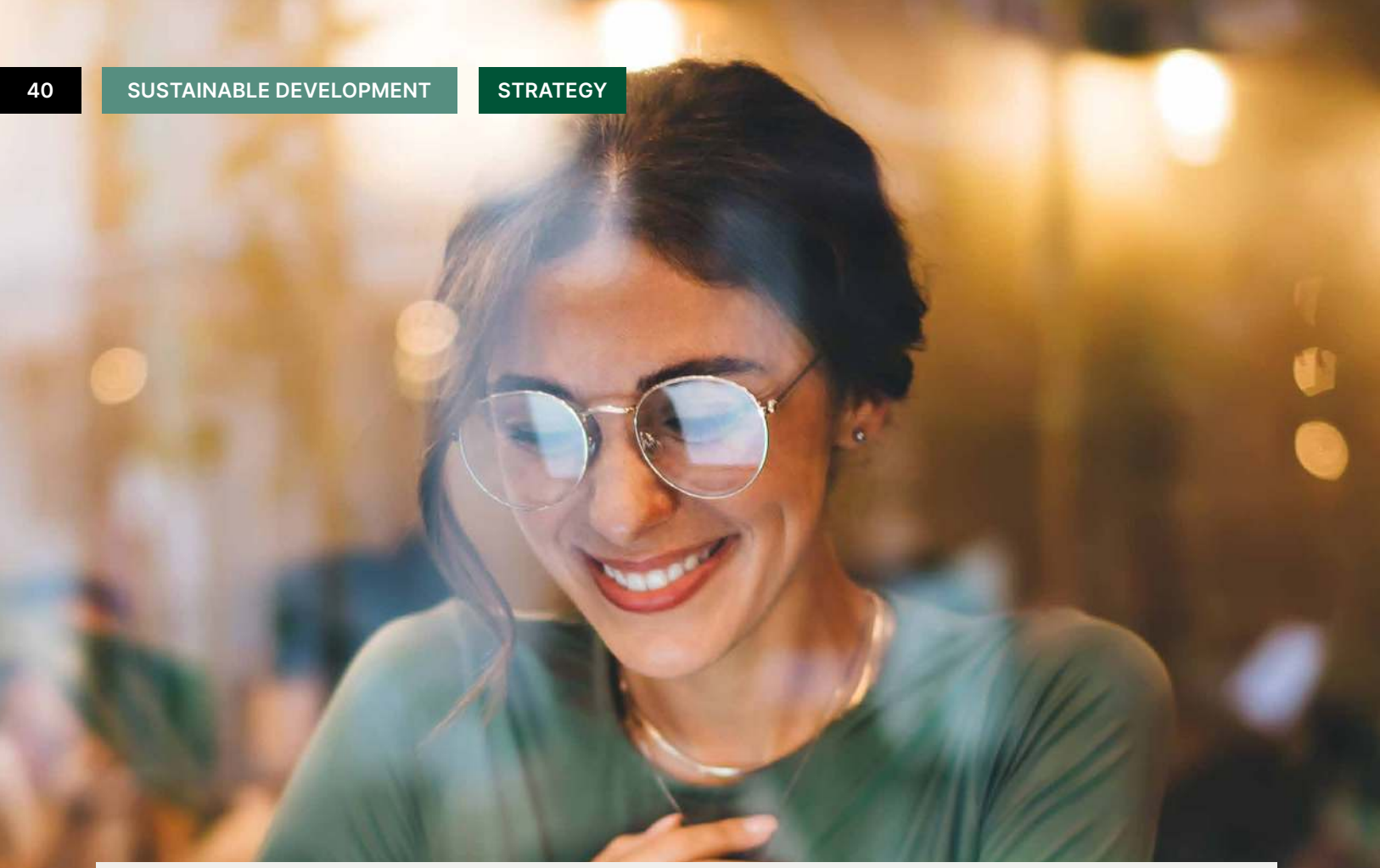
Material topics:

- Climate impact
- Choice of raw materials
- Energy consumption
- Production waste and scrap

SOCIAL RESPONSIBILITY

Material topics:

- Health and safety for employees
- Attractive employer
- Product safety and product responsibility
- Active corporate citizen



Value chain

Strong supply chain position
The part that Nolato plays in the value chain means we are a vital link between suppliers of materials and customers' products, and have an opportunity to play a strategically important role in customers' sustainable transition. Our position allows us to combine our technical expertise and innovative capabilities with extensive materials and manufacturing know-how to propose and develop solutions to the challenges facing our customers.

The raw material base for the plastic granules we use is currently largely fossil-based, but we have been working for several years to identify bio-based and recycled materials that fulfil the same quality and functional requirements. Before the plastic granules reach us, we spend time on development work with the customer to select materials and together design solutions that meet the specification. It is often here that much of our accrued know-how makes a valuable contribution to the end result, as we can come up with suggestions that impact positively on the overall carbon footprint. The plastic granules are then used as raw material in our production and melted down and molded into the components that will become part of the customer's subsequent production, in which our components are assembled in the final product.

Focus areas along the value chain
Overall, Nolato's sustainability strategy governs how we manage our impact along the entire value chain, with operational work within each strategic focus area directed at specific parts of the chain.

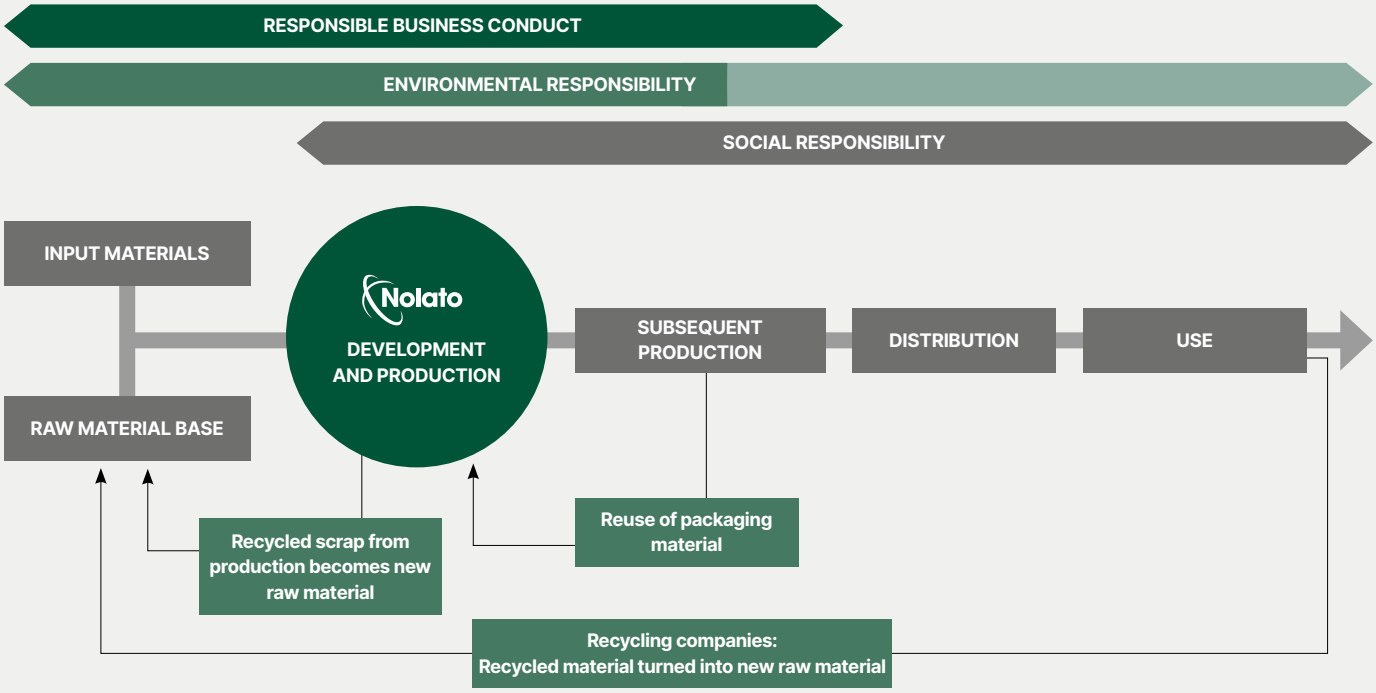
Overall, the Responsible Business Conduct area covers our control of the value chain, our ethical conduct in our relationships and how we stipulate requirements for suppliers to meet our expectations and those of our stakeholders. Work in the Environmental Responsibility area focuses on how we relate to climate impact, particularly within our own and our suppliers' businesses but also further along the value chain where we have limited influence over our customers' footprint. Social Responsibility mainly relates to the people in our organization, but also to issues around health and safety based on the products we supply, as well as the production of material from our supply chain and our role in society as a whole.

Nolato's strategic work along the value chain
Operational work based on Nolato's strategic focus areas – Responsible Business Conduct, Environmental Responsibility and Social Responsibility – is closely associated with our value chain and founded on the issues that arise in interaction with our operating environment.

Work in the Responsible Business Conduct focus area relates to our ethical approach and mainly covers the relationship with our suppliers, our own development and production, and how we support and develop our customers' sustainability work through cooperation. Find out more on pages 42–46.

Environmental Responsibility relates to what we do to minimize our negative impact and maximize our positive contribution for the environment and climate, based on areas such as choice of raw materials, production waste and scrap, and our energy consumption. Our responsibility spans the entire value chain, but since our solutions are mainly included as components in the customer's end product, we have limited influence over the environmental impact arising downstream from our own operations, which is indicated by the color change in the figure below. Find out more on pages 47–53.

The Social Responsibility focus area relates chiefly to our work on employees' health and safety, including for downstream operations in our supply chain and our products' safety, and, in particular, our community engagement. That's why this focus area covers our own operations and our downstream interactions as far as the usage phase. Find out more on pages 54–59.



Circular reverse flows
There are several reverse flows along Nolato's value chain that mean various materials can be of use, as illustrated by the arrows in the diagram. These reverse flows often occur with the help of recycling companies. At the end of a product's life, a reverse flow occurs, allowing recycled materials to be reused as raw materials in production. An equivalent process also takes place with scrappage from Nolato's production, in which raw materials are recycled and reused as raw material, either directly or via recycling companies.

In addition, items such as packaging and product containers from the customer's subsequent production are circulated either directly or via a recycling company back to Nolato.

Responsible Business Conduct

At Nolato, responsible business conduct means that we take responsibility for our business by setting clear requirements for our operations and those of our suppliers. This is firmly rooted in our corporate culture, in which our Code of Conduct serves as the Group's ethical compass, setting the direction for our conduct both within our organization and in our relationships with stakeholders. By acting consistently based on our values, we create confidence, making us a reliable partner that our customers can trust and want to involve in their development projects and their journey to greater sustainability.

Requirements make us better
As an important supplier and cooperation partner to our customers, our business and approach have a direct impact on their sustainability efforts. We therefore have a natural responsibility to be mindful of our customers' expectations and requirements with regard to environmental and social impacts, which also means that we must impose requirements and push for improvements in our value chain.

Our customers' requirements often become clear early on in the procurement process, during which specific aspects linked to sustainability are highlighted as important criteria for cooperation. As a result of this, sustainability is therefore a key element of the tenders we submit. Expectations about information and reporting are also increasing under our existing partnerships. A growing number of customers have appointed specific sustainability managers within their purchasing departments, and as a supplier we are required to provide details of our strategy, outcomes and structure regarding methodical and forward-looking sustainability work. At the same time, global overarching initiatives to report (CDP), and set targets relating to reducing the organization's greenhouse gas emissions, (SBTi, Science Based Targets initiative), have become more important in the market.

As part of our efforts to achieve our goal of being the customer's first choice within sustainability, we also conduct regular customer surveys. These surveys help us evaluate our own performance and identify our customers' priorities.

CUSTOMERS

Goal	SDG	Measures to achieve goal	Outcome
Nolato aims to maintain a leading position and be perceived as the customer's first choice within sustainable development.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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. Annual survey of customer satisfaction regarding customers' perception of the company's products and services, as well as future expectations.	Interest in climate issues, and renewable or recycled raw materials grew in 2023, but things are developing slowly. Increased number of customer meetings in 2023 about solutions and alternatives that support sustainable development. Professional development and the use of digital tools to simulate products' function and performance have helped optimize the products' use of resources and enabled circular flows. A CO_2e calculator that provides guidance on the choice of alternative solutions and materials with regard to carbon footprint has been put into use. Nolato received a Silver rating from EcoVadis in its latest evaluation of the company's sustainability work (bronze) and progressed to 65 points (54).

A partner that both supports and challenges
A core part of being a responsible company is supporting both our own and our customers' sustainable development. Taking responsibility for the impact we have and undertaking systematic sustainability efforts reduces the negative footprint of our manufacturing, as well as allowing us to maintain and improve our positive impact. We are ourselves also a client, and we include sustainability in the negotiations in our supply chain. This helps boost the sustainability performance of our solutions and, ultimately, improves our customers' products.

As requirements increase, we also regard it as our responsibility to help encourage our customers' development. By proactively offering and proposing solutions that could contribute to their sustainability work, we aim to be a cooperation partner that, based on our know-how, both guides and challenges customers.

We are involved at an early stage of our customers' projects, and understand that it is at the drawing board that we can make the biggest sustainability difference for our customers' products. Our dialogue with customers gives us the opportunity to directly influence a product's design. For example, we might suggest a switch to a lower-carbon material or measures that allow the product to use fewer resources. In many cases, we propose replacing hazardous chemicals that will probably need to be phased out under forthcoming legislation. And using our eco-design model (see page 49), we can also offer technical function analyses of various materials, and where possible, including bio-based raw material alternatives, such as mass-balanced materials, that reduce the product's fossil dependency.

Systematic work based on management systems
Nolato's sustainability work takes place within a group-wide framework and is then applied by the respective group company based on local needs, circumstances and customer requirements. This governance creates flexibility, with each company gaining the certifications that best support the relevant customer segment. However, ISO 14001 provides a basis that should be applied within all group companies to create a rigorous governance platform for group-wide sustainability work that places the emphasis on efficient resource usage and minimized production scrap.

At year-end, 83% of Group companies had ISO 14001 environmental certification, and the aim in 2024 is to increase this percentage (find out more on page 62). The requirement for newly acquired companies is to certify the business to this ISO standard and apply it within two years.

Nolato's Operational Excellence model is a program based on lean manufacturing and relevant quality standards. The program's purpose is to create the optimum conditions for us to supply quality products as efficiently as possible; find out more about Medical Solutions' work on this on page 62.

ENVIRONMENTAL MANAGEMENT SYSTEMS

Goal	SDG	Measures to achieve goal	Outcome
All units to be ISO 14001-certified.		Acquired companies should be certified within two years.	83% (72) of production units are ISO 14001-certified.

Cooperation with suppliers
Our close relationships with our suppliers play a pivotal role in Nolato's sustainability journey. Since an important part of our environmental and social impact occurs upstream in the value chain, requirements and follow-up of our suppliers' work is a key element of Nolato's sustainability governance.

To qualify as a strategic supplier to Nolato companies have to meet a number of requirements on quality and sustainability, and a rigorous process of checks is undertaken to ensure there is a shared understanding of our requirements and values. The process includes an ESG check via the completion of a form or physical site visit, along with reviews based on the environment, human rights, business ethics and other factors. Before entering into a final agreement, the company must have signed up to Nolato's Code of Conduct and be approved by our risk assessment. Find out more about our supplier management on page 62.

To further clarify our expectations, a separate code of conduct aimed at suppliers will be implemented in 2024. The code is based primarily on Nolato's existing Code of Conduct, but is aimed at our suppliers' work in areas such as the environment, health and safety, human rights and business ethics. It will be a requirement for the suppliers code of conduct to be signed before a supplier is approved by Nolato.

Supplier checks
Regular checks and assessments of suppliers' performance are also conducted during ongoing cooperation. The level of these checks is determined by the supplier's strategic importance for Nolato, which is established based on an overall assessment according to three criteria. The criteria relate to whether the supplier's business is based in an area of significant geopolitical risk, whether the supplier's goods could have a significant impact on Nolato's manufacturing ability, and whether the supplier's goods correspond to more than 80% of the total cost of the material directly used in the manufacture of our products. The supplier's goods also have to meet both regulatory and quality requirements.

Our objective is, by 2025, for all strategic suppliers to be assessed according to our guidelines. At year-end 2023, 68% of strategic suppliers had been assessed and approved, and work is continuing in 2024 to increase this percentage in line with our goal.

All strategic suppliers' activities and work is checked and assessed based on a number of guidelines within the Nolato group-wide Global Supplier Management Guidelines document. As well as describing the process to define suppliers, the document contains guidelines on risk assessment, ESG due diligence and physical audits of suppliers' facilities.

SUPPLIERS

Goal	SDG	Measures to achieve goal	Outcome
By 2025, all strategic suppliers will be assessed based on Nolato's guidelines for suppliers.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Assessment of Nolato's strategic suppliers using an extensive questionnaire on management systems and sustainability.	By year-end 2023, 68% 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, Nolato's subsidiaries worked on implementing the Group's guidelines for supplier categorization, which now also include geopolitical risk level.

A challenge in Nolato's supply chain is that the raw materials we use are often manufactured far from our business operations, which places demands on checks and logistics. Complex supply chains also increase certain risks; for example, extended delivery times impact our production capabilities, which also became apparent during the pandemic. Insofar as possible, we try to choose regional or local producers, but we face challenges in finding equivalent raw materials. Each subsidiary has contingency plans to ensure critical suppliers address issues such as health and safety and data security, and that there is sufficient inventory in place.

Platform for ethical business conduct

Nolato's Basic Principles are the group-wide platform of values and the core of The Nolato Spirit, for the Group as a whole and for our subsidiaries' business. These Basic Principles have evolved over many years and consist of three aspects: Professional, Well Organized and Responsible. They summarize our approach to running a responsible business, being a good employer and a considerate corporate citizen that always applies good business ethics.

Our Basic Principles are set out in the group-wide document, The Nolato Spirit. They clarify the need for us to act professionally and aim for long-term profitability by priotizing customers' needs and preferences as we combine our know-how and experience with an innovative approach. Ensuring our business is well run helps us seize opportunities and solve problems when they arise.

The Basic Principles also recognize our responsibility, which both involves us actively contributing to sustainable development and ensuring we always act with a high level of integrity, ethics and transparency. Nolato supports free and fair competition and avoids all situations in which there may be a possible conflict of interest. We have zero tolerance of bribery and corruption, and adhere to the laws and regulations of those locations where we conduct business. Find out more about our ethical position in Nolato's Code of Conduct and in our Exclusion Policy on product uses that are deemed unethical (read more on page 46).

ANTI-CORRUPTION

Goal	SDG	Measures to achieve goal	Outcome
Ensure training of employees in the Code of Conduct and anti-corruption measures. There should be no cases of bribery, corruption or cartel formation.		Use of preventive procedures and the Code of Conduct, as well as monitoring of compliance. Training in the Code of Conduct and anti-corruption measures. Information about Nolato's values, corporate culture and Code of Conduct are part of the onboarding process for all new employees. Application of the whistleblower system throughout the Group.	In 2023, all of the Group's employees underwent training in the updated Code of Conduct, which includes anti-corruption. 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 2023. Business partners in risk zones are continually analyzed as needed, in response to new restrictions. Our Trade Sanctions Policy was updated.

As a natural extension of this, Nolato has set up reporting channels for whistleblowing that enable all employees in the Group anonymously and without risk of reprisal to report suspected breaches of the law or serious violations of our Code of Conduct.

In 2023, nine reports were submitted via these reporting channels. Of these, no reports satisfied the criteria to be classified as whistleblowing according to the Swedish Whistleblowing Act (2021:890). All reports received were therefore handled by the whistleblower function as local HR cases, while retaining anonymity for the reporting employee. During the year, employees at all units received information about the whistleblower service in conjunction with reviews of Nolato's expanded Code of Conduct. Find out more about our whistleblower function on page 63.

Combating unethical product application

We endeavor to conduct our business in a socially and ethically responsible manner. In line with this, we want to ensure that our customers' products have an ethically acceptable use. At the end of 2023, we therefore established a new policy that sets out criteria and guidelines for evaluating and restricting business opportunities for products whose application is deemed to be unethical.

Nolato is determined that our customers' products should not have an application that may harm individuals, society or the environment, or that breaches internationally recognized regulations. Before we enter into an agreement, an assessment should therefore be carried out of the end product's intended application based on specific factors such as environmental impact, risk of negative impact on human rights and working conditions, and potential risk to society. Based on this assessment, Nolato may then opt to decline assignments where there is considered to be a risk of unethical use.

Environmental responsibility

Being a responsible company essentially means that we take responsibility for how our entire business affects our operating environment, both now and in the future. It starts with how economical we are with our use of resources, so that our operations and production are conducted with the minimum possible negative impact on the environment. With this as our foundation, we can make a positive contribution to our customers' environmental impact, by offering advice and suggestions and, at times, challenging the customer to adopt new approaches in an effort to identify the most eco-friendly solution.

Nolato's strategic environmental work
An important starting point for the Nolato Group's environmental responsibility is that, as a group, we have made a commitment to the Paris Agreement and to help limit global warming. We do this by taking a long-term approach based on three strategic areas.

The first is our work over many years to minimize our own carbon footprint, primarily based on our greenhouse gas emissions, our energy consumption and by cutting the amount of waste we produce. Secondly, we are reducing the footprint within our value chain, focusing on the use of raw materials by monitoring and encouraging developments in favor of recycled and bio-based materials. Thirdly, we take an active strategic role in our customer projects by supporting customers with design, production and distribution of their products in a way that avoids, reduces or completely eliminates greenhouse gas emissions.

Environmental work within the Group is systematic and preventive, and is built around relevant environmental legislation; find out more on page 66. Our objective is for all our units to be certified to ISO 14001, which you can find out more about on pages 44 and 62.

Ambitious climate-related work
Nolato has chosen to pursue ambitious and structured climate work. A core aspect of this involves focusing on and managing physical climate-related risks for society and people; find out more on pages 67 and 92–95. We have been affiliated with the Science Based Targets initiative (SBTi) since 2022, and during the year we developed specific, science-based emissions targets aligned with the Paris Agreement, which were submitted to SBTi for validation at the end of the year.

As part of our work with SBTi, in 2023 we conducted a comprehensive analysis of our climate impact throughout the entire value chain, i.e. Scope 3. This led to the development of a method to measure our Scope 3 emissions, which is a prerequisite for the planning and implementation of measures to reduce our combined carbon footprint.

The analysis indicates that our focused efforts over 10 years to reduce our Scope 1 and 2 emissions have been successful, as over 95% of our total carbon footprint now comes under Scope 3. Of our total climate impact, around 80% arises upstream from our operations, including from purchased goods and services, while roughly 15% arises downstream, primarily during the transportation phase and recycling of the end-product.

Results from the analysis have been key to the development of our science-based emissions targets. Once the targets have been validated, they will complement our current emissions target of an 80% reduction in emissions from our energy consumption, i.e. Scopes 1 and 2, by 2025. The objectives apply to the entire Group and will be at the forefront of our subsidiaries' work, with each company having its own mandate to identify and implement measures based on the unique circumstances of their business. We are thus harnessing the strength of our decentralized organization, in which subsidiaries and, ultimately, their employees are able to influence our collective environmental work.

GHG PROTOCOL EMISSIONS CATEGORIES FOLLOWED BY NOLATO

Scope 1: Direct emissions from our own business' work and processes, such as fuel consumption at our own plants and use of company vehicles.

Scope 2: Indirect emissions from the production of the energy that the company purchases, such as electricity, heating or cooling.

Scope 3: Indirect emissions outside the company, but that are produced as a result of its activities. This includes emissions from the company's value chain, such as suppliers' emissions and transportation, and usage and waste management of products.

SCIENCE BASED TARGETS INITIATIVE

SBTi is a collaborative initiative between the UN Global Compact, World Resource Institute (WRI), World Wide Fund for Nature (WWF) and Carbon Disclosure Project (CDP), and puts in place a framework for establishing emissions targets. The framework is there to help companies establish emissions targets that are consistent with what science considers essential to achieve the Paris Agreement's ambition for the world to limit global warming to under 2 degrees Celsius.

CARBON EMISSIONS

Goal	SDG	Measures to achieve goal	Outcome
Greenhouse gas emissions from energy consumption (Scope 1 and 2) are to be reduced by 80% by 2025, compared with the average for 2011–2012 (tons CO_2e/net sales SEK).	13 CLIMATE ACTION	More efficient use of energy, installing heat pumps, procuring fossil-free electricity, installation of own solar panels, contracts with solar farms, and phasing out fossil fuels.	Nolato's greenhouse gas emissions have decreased by roughly 93% since 2011–2012 (tons CO_2e/net sales SEK).

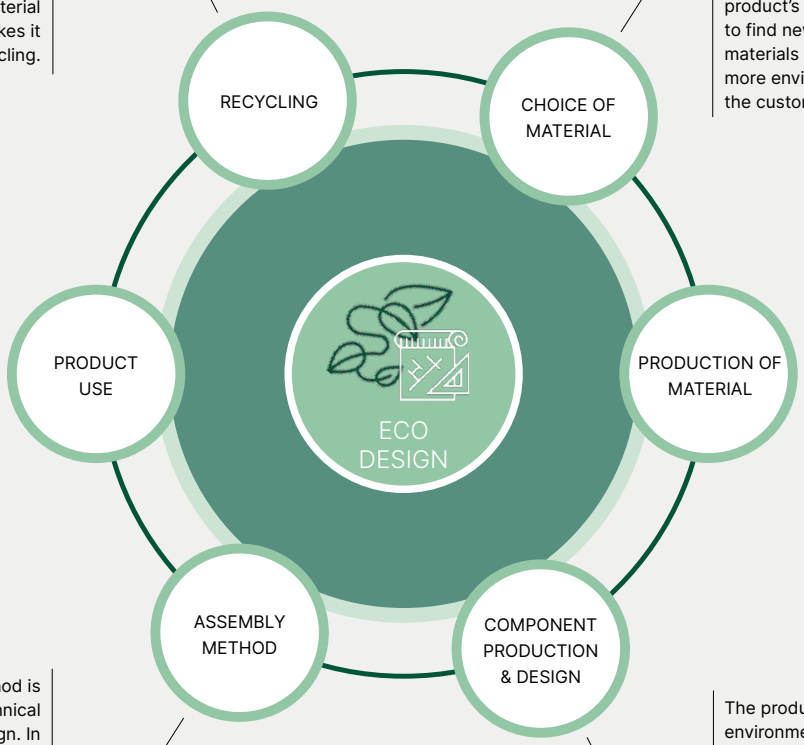
Sustainability at the drawing board – Nolato's eco-design model

Nolato's strategic position in the value chain gives us a significant role in our customers' sustainability development. This is also confirmed by our customers' analyses of their climate impact, which often reveal more than 80% is within Scope 3 – which includes suppliers such as Nolato – and in which the purchase of components and products often make up a dominant portion. So it's at the drawing board that a product's environmental impact and cost are determined, which is why it is at this stage that Nolato can make the greatest positive difference from a climate perspective.

The purpose of our eco-design model is to support our customers by trying to optimize the overall environmental impact of a new product early on. We do this by focusing on several aspects, including raw material, design, manufacture, assembly method, usage and recycling. The model represents a mindset that permeates all of our business areas and our advice in projects. It also characterizes the way in which we take environmental responsibility in the areas of raw material, energy consumption and waste management.

Circularity aspects are particularly important when optimizing the product's environmental footprint. In this stage, the product is first evaluated to see if it can be refurbished to extend its lifespan, and whether a component can be manufactured in a single material (mono-material), which makes it easier to sort for recycling.

Plastic often has a lower carbon footprint than both glass and metal, and the footprint of different types of plastic can also vary considerably. The kind of plastic chosen depends on the product's application, and Nolato aims to find new versions of simpler materials that are both cheaper and more environmentally sustainable for the customer.



This stage involves assessing the product's passive or active properties, which means whether the end product will continue to consume resources when used.

The choice of plastic raw material is evaluated to find renewable alternatives to the fossil base raw material, such as bio-based or recycled material. In this context, where the product is to be made and whether renewable energy is used in the process are also factors that are considered.

The choice of assembly method is determined by the product's technical lifespan, area of use and design. In turn, assembly affects several circularity aspects such as opportunities to repair and upgrade the product, and sorting prior to final recycling.

The product's design is key to environmental optimization, and relates to areas such as weight, manufacturing method and efficiency of tooling and equipment. For example, lower weight means less resource usage in the form of materials and energy, and less material scrappage.

NOLATO'S CORE PRODUCTION IN BRIEF

Nolato's production begins with plastic granules being delivered and often loaded into silos at our plants. Automatic vacuum systems then supply our machinery with the granules, which are mixed with various masterbatches – a combination of pigments and polymer bases that is melted to form a homogenous material mixture.

The combined material is then melted down in a composite process in an injection molding machine and injected into specially developed molds, which mold the granules into the shape specified in consultation with the customer.

The actual molding of the article is completed by the component being cooled down in the mold until its shape is stable, at which point it is removed from the mold. Following this process, various tests are carried out to check performance, dimensions and visual appearance. In many cases several components are also assembled – such as metal parts and electronics – to form a subsystem or a complete product that is sometimes sent directly to the customer's distribution center.

The molds are either made by Nolato at one of our four plants around the world, or purchased externally from specialist toolmakers.

Working with raw materials
Nolato's raw materials consist primarily of polymer materials for the production of various components for our customers' products. In most cases, the raw material is specified by the customer, but, using our eco-design model, we can be part of the development work and have the opportunity at an early stage to influence the choice of materials in a more sustainable direction.

As the type of material is key to a product's carbon footprint, the polymer material used in Nolato's products is graded on a scale based on its level of emissions, i.e. the amount of carbon dioxide equivalents (CO_2e) per kilo of material. As part of the eco-design model, we use advanced digital simulation tools to test how different types of materials and amounts of material can affect an end-product's performance and strength. This enables us, at an early stage, to propose a material with a lower emissions rating that still meets the specification requirements, which has environmental and sometimes also financial benefits for the customer.

CLIMATE IMPACT: RAW MATERIALS AND PRODUCTS

Goal	SDG	Measures to achieve goal	Outcome
There should be an increase in the percentage of bio-based and recycled raw materials. Greenhouse gas emissions related to products (Scope 3) should be reduced by 5% between 2020 and 2025 (tons/net sales).	13 CLIMATE ACTION	The carbon footprint of products is being reduced through greater use of bio-based and recycled 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.	During the year, the total amount of recycled material in our products increased to 1,201 tons (756), of which 25 tons (74) were bio-based, 1,122 tons (682) recycled and 54 tons (0) were mass-balanced materials. 3 (2) of the Group's subsidiaries are certified to ISCC Plus and can supply products manufactured using mass-balanced material.

The raw material has an indirect impact on biodiversity via the manufacture of the plastic granules we use. However, careful selection of suppliers and guidance on the customer's choice of raw materials give us the opportunity to manage this impact; find out more on page 67.

The use of chemicals in our production is limited but does have a potential impact, and we aim to monitor and, as far as possible, phase out hazardous chemical substances. Phasing out these substances is partly about reducing our environmental impact, but also about removing substances that can have a negative or directly harmful effect on the work environment for our employees. In many cases it is also about being proactive and replacing in advance those chemicals that are highly likely to be subject to legislation. During the year, additional candidates were identified for phasing out, which led to some 20 chemical products being replaced with other alternatives.

Larger proportion of sustainable raw material
Nolato's objective is to increase the percentage of bio-based and recycled raw materials in the components we manufacture, which in turn will help cut the carbon dioxide emissions related to products. Using materials with a smaller carbon footprint, the target is for product-related emissions to decrease by 5% between 2020 and 2025. There was a significant increase in the amount of recycled materials used in our products in 2023, to 1,201 tons (756).

Using recycled plastic as a raw material reduces the need for virgin materials, which in turn also eliminates the emissions created when new plastic is manufactured. However, the use of recycled plastic has some limitations. In many cases, recycled plastic consists of several types of plastic and can also contain contaminants or undesirable materials that can affect the quality and cleanliness of a new product. This is particularly an issue in the production of medical equipment, for which requirements on cleanliness and, consequently, quality are especially strict. There may therefore be greater potential in exploring the possibility of replacing fossil raw materials with other sustainable alternatives, such as bio-based materials.

More bio-based material via mass balance
There is significant interest in switching from fossil-based plastic, but transitioning the entire industry to only using sustainable plastic raw materials is a slow, expensive and wide-ranging process. The capacity for producing bio-based plastic raw materials currently poses a challenge, with bio-based materials only accounting for 1–2% of the total global volume of polymer materials. Nevertheless, we aim to increase the percentage of bio-based and recycled raw materials in the components we manufacture and, through the use of mass balance, we can promote the gradual transition of the plastics industry.

For example, by gradually including bio-based raw materials in the existing production process, mass balance allows the percentage of fossil raw materials to decrease without replacing the current capital asset base and equipment. The advantage of this method is that it increases the environmental standard of the products while maintaining both performance and quality. This retains the product specification while avoiding the need for revalidation, making it easier for our customers to switch. As more customers request and use mass balance, the overall need for fossil raw materials may then decrease.

CHEMICAL PRODUCTS

Goal	SDG	Measures to achieve goal	Outcome
Hazardous chemical substances should be identified and, where possible, phased out.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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, some 20 (30) chemical products were replaced with alternatives that are better for the environment and for people's health.

MASS BALANCE

The mass balance method is a core part of our eco-design model, in which we proactively review different ways to environmentally optimize the customer's product.

The mass balance principle is based on us initially deciding with the customer to manufacture a product from bio-based raw material. We then order the amount of bio-plastic granules that we need from our raw materials supplier, which, based on the manufacturing process, mixes it with fossil raw material to produce the type of granules we use in the injection molding process.

This means the granules we receive are a mix of both bio-based and fossil raw materials, so the product will not consist of pure bio-based raw material. However, the ordered amount of bio-plastic granules is distributed to other companies, which results in a corresponding reduction in the percentage of fossil raw material in the world.

The principle is similar to that used in the Swedish electricity market. When the customer of an electricity supplier orders renewable electricity for their home, a corresponding order is made to the electricity generator, which in turn increases the generation of electricity from non-fossil sources. Consequently, the customer does not receive solely renewable electricity, but rather a mix of electricity from different sources, while the percentage of renewable electricity in the system increases as a whole.

Mass balance in the manufacture of plastic products can, for instance, be certified by the supervisory body ISCC Plus (International Sustainability and Carbon Certification). Signing up to the ISCC grants our customer a certificate and the ability to label their product as produced from bio-based raw material. In practical terms, the product consists of a mix, but the certificate testifies that the customer has, through the choice it has made, contributed to increasing the percentage of renewable plastic raw material overall.

Manufacturing: An energy-intensive process

Nolato operates in the manufacturing industry, in which we process material using heat. This work consumes significant amounts of energy, and energy usage in our own production is consequently the largest source of greenhouse gas emissions and environmental impact (within Scopes 1 and 2), and this is also confirmed by our own analysis. In 2023, the Group's energy consumption amounted to 217 (235) GWh. The majority of this energy comes from electricity, and we have steadily increased the percentage of fossil-free electricity in our energy mix. During the year, we increased our purchasing of fossil-free electricity in Europe and above all in North America, leading to a rise in the total share of renewable electricity in the Group consequently to 89% (84). We are also evaluating the possibility of increasing our own electricity generation at some of our production plants and securing access to renewable electricity via longer purchase agreements (PPAs).

Energy is therefore a vital element of our responsibility, both in terms of cost and the environment, particularly because of more volatile electricity prices in Europe. Our aim is therefore to make efficiency improvements and reduce energy usage by 55% by 2025, which we are doing, for example, through various projects and investments in production equipment, infrastructure and lighting; find out more on page 66.

A number of initiatives to increase energy efficiency were launched in 2023. At the proposal of our President and CEO, a special group was created to bring our Swedish businesses together around a shared purpose of identifying and implementing various energy efficiency measures. As a result of this, several of the companies have established their own energy teams at local level to carry out continual improvements, such as detailed energy metering of production equipment and visits by energy consultants. Shutdown lists have also been established for equipment that, depending on variations in the rate of production, is not in use, allowing energy to be saved. These measures led to a 50% reduction in our energy consumption compared with the average for 2011–2012, measured in GWh/SEKm.

ENERGY

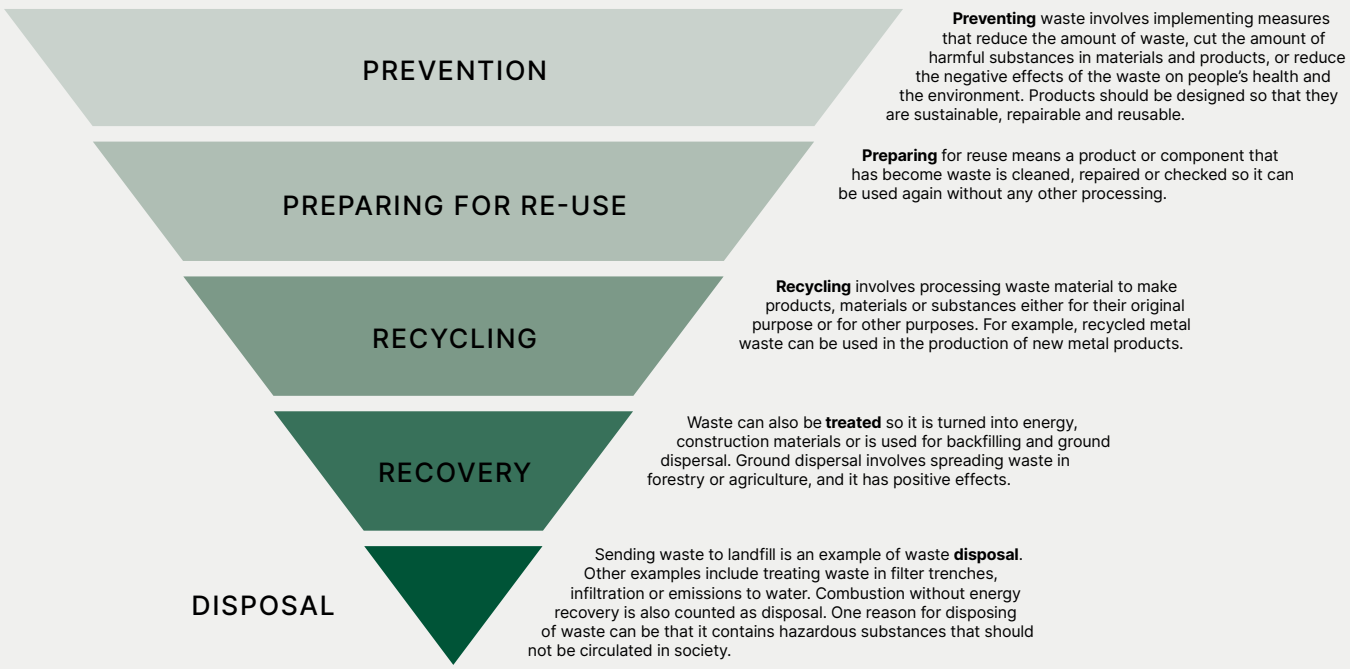
Goal	SDG	Measures to achieve goal	Outcome
More efficient energy use; by 2025 usage should decrease by 55% compared with the average for 2011–2012 (GWh/net sales SEK).	7 AFFORDABLE AND CLEAN ENERGY	Continued investment in more energy-efficient production equipment, infrastructure and lighting. Increased automation could mean higher electricity consumption in the longer term.	Nolato's energy usage has fallen by 50% since 2011–2012 (GWh/net sales SEK).

Waste management
Nolato's waste management work is largely based on the EU's waste hierarchy, which guides the way we prioritize efforts to achieve more sustainable waste management. In line with this hierarchy, our starting point is to always try to prevent the occurrence of production-related waste and scrap, and this is partly achieved at the design stage of the eco-design model when creating a new product together with the customer.

A core objective of the eco-design model's design stage is to not use more material than is absolutely necessary in the manufacture of a new product. An optimized amount of material both reduces production scrap and makes for a lighter product, which also generates lower emissions from transportation, which, ultimately, reduces both costs and the impact on the environment. Lighter-weight products also make for a more resource-efficient manufacturing process, as a smaller amount of material takes less time to both melt and cool, requiring less energy. These aspects are explored using our digital simulation tools to minimize the carbon footprint from manufacturing. In addition, the choice of technology for assembling the product can affect the ability to repair and upgrade it, which has implications for the product's circularity.

When waste material occurs during production, it is usually scrap in the form of surplus plastic material left over from the casting of a manufactured component or from the startup of production. Compared with the average for 2011–2012, we have reduced the amount of waste by 43% in terms of tons of waste/SEKm. In 2023, approximately 7,200 tons (8,300) of waste material was produced. The bulk of this was recycled as material or energy via external recycling companies; find out more on page 72.

As a rule, where possible we reuse production scrap, either in our own or others' production. Alternatively, the material is recycled, with several of our subsidiaries selling their waste and scrap to recycling companies.



Source: EU waste hierarchy

Social Responsibility

Nolato has a long-standing tradition of taking responsibility and creating value for society. Value creation is found particularly in the number of jobs we generate via our global operations, and the sustainable solutions we offer our customers, but also in the active engagement we pursue in the local communities in which we have a presence. Our value creation is built on our responsibility, which is also one of the Basic Principles detailed in The Nolato Spirit. Applying sound business ethics, protecting our employees' safety and respecting human rights makes us a good employer, a responsive cooperation partner and a considerate corporate citizen.

Code of Conduct in focus
Nolato's Code of Conduct is at the heart of how we as an organization aim to conduct ourselves and pursue business. The Code of Conduct is built around our Basic Principles – Professional, Well Organized, Responsible – which are described in the group-wide document, The Nolato Spirit. The Code focuses on our most significant responsibility issues associated with business ethics, society and the environment. The social area covers issues relating to human rights, health and safety, diversity and inclusion, anti-discrimination, working conditions and development opportunities.

Our Code of Conduct applies to all our employees and representatives working on behalf of the company, irrespective of their place of work or areas of responsibility. While it is our collective responsibility to ensure the Code is complied with, the President and CEO has ultimate responsibility for the application of the Code of Conduct and its guidelines. This responsibility is delegated to all managers within the Group, to ensure the Code is known and applied consistently, no matter where we are in the world. This is why both the Code of Conduct and The Nolato Spirit are included in training and follow-up programs at all levels within the Group, and are an important part of the onboarding process for every new employee. Find out more about our Code of Conduct and The Nolato Spirit on page 76.

Nolato as an employer
We strive to have safe and healthy working conditions wherever we operate. Employees should feel safe and secure at their workplaces, which is why we put safety first and have a target of zero occupational injuries. Nolato has a strongly endorsed safety culture, with clear procedures and a systematic approach at all plants to prevent injuries at work. Each plant operates in line with, or is certified according to relevant health and safety standards, such as ISO 45001, which are maintained via various induction programs and training initiatives. In addition, there are solid procedures in place to support continual safety improvements, including regular safety inspections and a designated health and safety committee responsible for analyzing and preventing incidents.

Nolato is keen to promote a good safety culture and a work environment that is healthy, both physically and mentally. We continually assess health and safety risks and take preventive action to reduce the risk and consequences of occupational accidents. At the same time, a safe workplace is based on collective responsibility, and all employees are therefore expected to follow safety instructions and participate in safety improvement measures. Similarly, all employees are expected to report potential risks and near misses, and our ambition is for all units to have systems in place for recording and managing both accidents and near misses.

The risk of accidents is ever-present in the manufacturing industry, but our explicit aim is to adopt a preventive approach to eliminate accidents in our workplaces. The most common causes of accidents are falls and slips, and injuries related to use of equipment and machinery. Unfortunately, during the year the trend changed due to the number of accidents resulting in absence increasing from 52 to 69, while the number of lost working days due to accidents declined from 836 to 803 days. However, there will be a renewed focus in 2024, with a reduction in the number of workplace accidents a priority. In 2023, the LTAR (Lost Time Accident Rate) was 6.4 (4.5) accidents resulting in absence per million hours worked. Find out more about our identified health and safety risks on pages 79–80.

SAFE WORKPLACES

Goal	SDG	Measures to achieve goal	Outcome
No-one should be injured at work, and the number of workplace accidents must be minimized.	8 DECENT WORK AND ECONOMIC GROWTH	Systematic and preventive safety work with relevant and regular training.	6.4 (4.5) accidents resulting in absence per million hours worked (LTAR).
		Systems for registering and managing near misses should be in place at all units.	Systems for recording near misses are in place at 97% (97) of units and there are certified health and safety systems in place at 7 (7) units.

A workplace for everyone

One of Nolato's strengths is the loyalty of our employees. Lots of employees choose to stay for many years at Nolato, where our clear values in The Nolato Spirit and corporate culture contribute to a widespread sense of belonging and commitment. Nolato has in the past had a relatively low employee turnover, which this year was 22% (17). The higher employee turnover rate during the year is attributable to ongoing restructuring of the units in China.

A safe workplace also means that employees are treated with respect and not subjected to unfair treatment, which is also stipulated in our Code of Conduct. Nolato has zero tolerance of all forms of discrimination and harassment, and there must be no violations of human rights or cases of child labor or forced labor. We consider inclusion and diversity to be strengths that contribute to improved performance, and we aim to attract, develop and retain talented employees. External and internal appointments should always be based on individual merits, and we offer all our employees training on issues relating to diversity and cultural differences.

HUMAN RIGHTS AND GENDER EQUALITY

Goal	SDG	Measures to achieve goal	Outcome
There should be no cases of infringements of human rights, discrimination or forced labor.	5 GENDER EQUALITY	Zero tolerance of all forms of discrimination and harassment. No infringement of human rights or cases of child or forced labor are permitted. Code of Conduct training for all employees. Information about Nolato's values, corporate culture and Code of Conduct are part of the onboarding process for all employees.	No cases of infringements of human rights were recorded.
The proportion of women in management positions should increase at all levels of Nolato.		Female candidates should be prioritized for management appointments in cases of equal skills and suitability.	Women make up approximately 29% (28) of local management teams, of which 2 (2) subsidiaries have a female managing director.
Nolato should be regarded as an attractive employer.		Continual provision of information to employees via various channels, such as quarterly or departmental meetings, staff newsletters and intranet. Training for employees' personal development. Prioritization of in-house recruitment for new positions.	66% (60) of Nolato's employees had a documented employee appraisal. 23 hours of training time per employee.

Our aim is to achieve a good balance in terms of age and gender in our organization; see pages 78–79 for detailed information. Because we operate in the industrial sector, our organization has a structural male overrepresentation. As a Group, we are endeavoring to increase the percentage of women among employees in general and among management positions in particular, and our subsidiaries are expected to base their approach on their own gender equality plans. At year-end 2023, 72% of the Group's companies had a gender equality plan in place, and work is underway to increase this proportion.

Nolato aims to prioritize the underrepresented gender in management appointments, but assessment is ultimately made based on skills and suitability. This priority work led to the proportion of women in management positions in the Group rising to 29%. Within Group management, 14% were women, while two subsidiaries are led by a female managing director. At the end of the year, the proportion of women within the Group was 41%.

Training and education
Our employees' expertise plays a vital role in enabling us to offer our customers sustainable solutions of the highest quality. Providing training and development opportunities is therefore an important issue for the Nolato Group's continued competitiveness, and in particular to help us retain and attract people with essential skills. We ensure that our employees have the opportunity to develop their career within the company and that relevant know-how is retained by prioritizing internal candidates when recruiting for a new position.

Our various subsidiaries use skills development adapted to local needs and circumstances, and during the year time spent on training per employee averaged 23 hours. All Nolato employees should have an individual development plan, consisting of their own objectives and performance, to help them develop their professional capabilities and grow in their role. This work is monitored by the line manager, who coaches and guides the employee's development through individual follow-up discussions. During the year, 66% of Nolato's employees had a documented employee appraisal.

Through Nolato's own internal training, employees can also develop new skills, for example through our Molding Excellence course in the US and Europe, and our Medical Excellence Academy (find out more on page 62).

In addition to their own skills development, employees also have to attend several mandatory training courses, including on health and safety. For instance, employees must have attended the necessary safety training before handling machinery and equipment, carrying out potentially high-risk work or when new equipment is installed. There is also training in evacuation procedures and extinguishing fires, and the use of first-aid equipment. Where chemicals are handled, personnel need to also be familiar with the applicable safety procedures, which are also available in relevant languages.

TRAINING IN NOLATO'S MOLDING EXCELLENCE

Injection molding training is offered at different levels, including standard level with a basic course intended for process technicians. There is also a course, Introduction to Injection Molding, aimed at non-technical personnel.

In addition, there is also a multi-stage training program based on training material from RJG® with licensed trainers who have the authority to issue RJG® certificates.

The program comprises three levels:

- Introduction: Injection Molding Essentials
- Intermediary level: Fundamentals of Systematic Injections and DECOUPLED MOLDING® Workshop
- Advanced: Master Molder I and Master Molder II

"The setup course has been a real boost for process technicians and the whole department. It's given the process technicians a greater understanding of processes and materials, and I've noticed that the production adjustments we make are now easier and more efficient."

Andreas Persson, Production Manager at Nolato Cerbo

"I've gained a better understanding of both the machinery and materials, and of programming. The setup training course increased my knowledge in these areas and made it easier to troubleshoot faults."

Michael Johansson, Process Technician at Nolato Cerbo

Responsibility for product quality and safety
A key element of being a reliable partner is ensuring the quality of our products, most of which are used as components in our customers' products. In the medical field, for example, an end-product may be used inside a patient's body, so it is vital that the components we supply contribute to both the end-product's long-term functioning and safety.

Product safety is a continual focus that is closely associated with our innovation capacity, as we constantly try to improve not only the safety but also the performance and sustainability of our products. An example of this is our active efforts to phase out or replace hazardous chemicals or those that harm the environment.

In light of our position in the value chain, the safety aspect involves far-reaching efforts that largely involve ensuring that our suppliers conduct their business in line with our corporate culture, values and quality requirements. This means minimizing the risk of defects, complying with rigorous requirements on product testing and quality control, and meeting regulatory requirements, which are included in our Code of Conduct, which our suppliers also have to adhere to; find out more on page 62. Our longstanding, close cooperation and continual follow-up with reliable suppliers give us confidence in the quality and performance of the products we supply to our customers.

Active corporate citizen
Nolato's global business and presence mean we have a meaningful impact on people, the environment and society in numerous locations in many countries. A key aspect of our corporate culture is that Nolato should have a positive influence on local society. In the locations where we operate, we depend on the local business sector and labor market, and we therefore have an ethical and professional responsibility to contribute to and be part of its development.

Through our operations in Europe, Asia and North America, we are a significant employer, with 5,732 employees globally. As a supplier to many leading companies in sectors such as medtech, pharmaceuticals, telecom and automotive, our products and components also play an important role in many parts of society.

We also conduct a number of initiatives with universities, where several of our employees teach on a regular basis. Students are offered site visits and the opportunity to alternate their university studies and work at Nolato as part of their course. Our cooperation with various educational institutions is an investment in the future; we are part of shaping the skills and knowledge of the next generation, and it also enables us to attract future talent. We participate in career fairs and offer internships, degree project places and research projects for students.

In April 2023, the management team of Nolato Beijing and employee representative Frank Wang visited Zhenningpu Central Primary School in Hebei province in China.

Frank Wang is a senior Quality Engineer at Nolato Beijing and comes from the town where the school is located. He spoke to the pupils about his teenage years, when he thought how unfair it was to be born in a deprived area. But through education, guidance from his teachers and his own hard work, Frank was able to gain a university degree and start working for Nolato Beijing. Thanks to his efforts, he now has a job that he loves, a stable income and a good life, which both moved and motivated the pupils.

During the visit, Nolato Beijing awarded grants totaling RMB 9,400 to 11 pupils for their school results and grades. They also donated school materials and tote bags to the pupils.

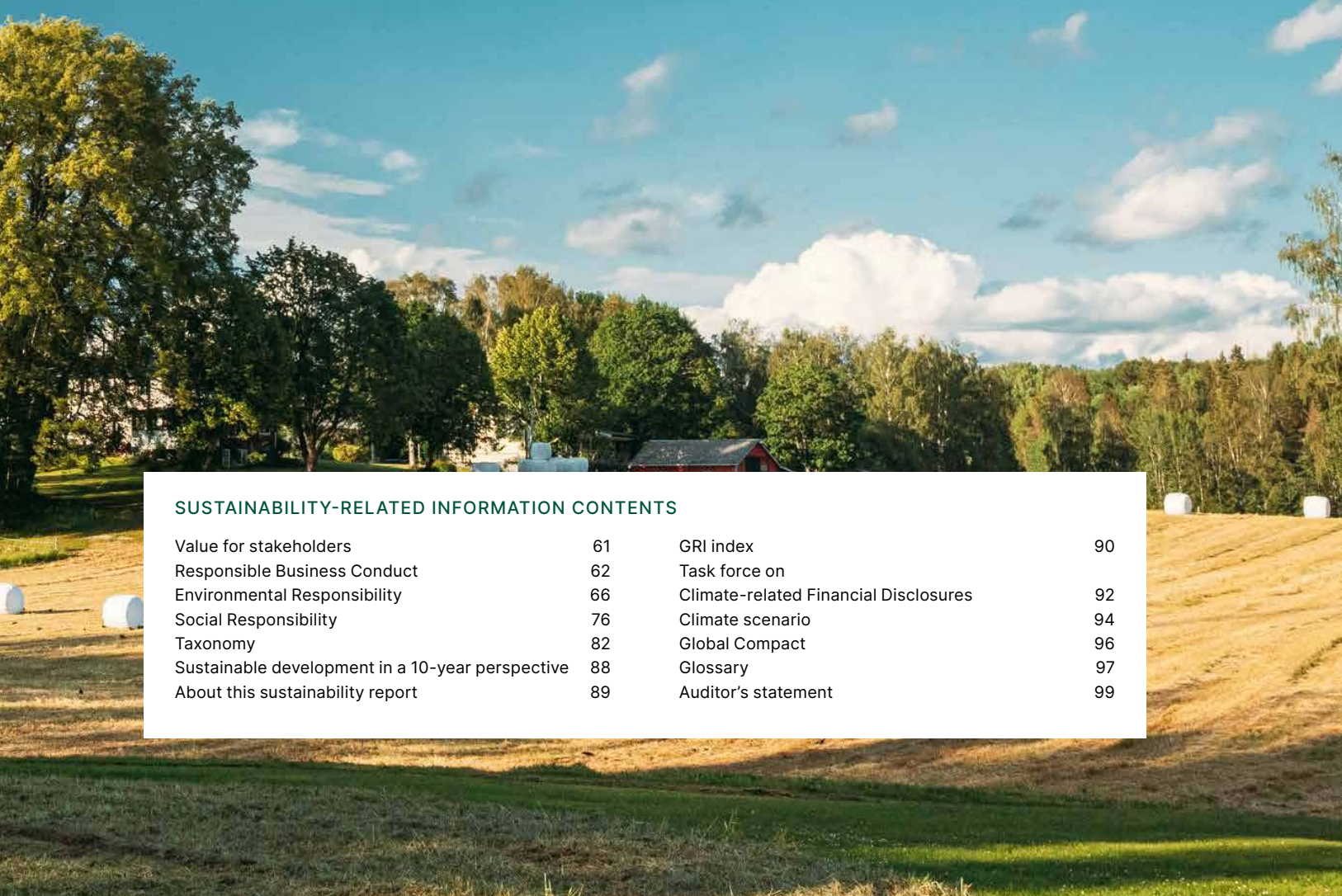
Since 2013, the subsidiary Nolato GW Bethel has been running the Manufacturing Technology Leadership Program in cooperation with the college Vermont Tech in the town of Randolph in the state of Vermont.

The program offers Nolato GW employees the opportunity to take courses in manufacturing processes, mathematics and engineering. The program runs for four years with one course every six months. At the end of their studies, each program participant gives a presentation identifying an operational challenge within their department and proposes a solution. Many of these proposals have been implemented in the business, leading to important improvements of internal processes and significant cost savings.

In 2023, two employees from Nolato GW graduated: Dylan Jacobs (Tool Shop Apprentice) and Joanna Colton (Advanced Quality Engineer).

Sustainability-related information

In this section, Nolato presents key performance indicators linked to our focus areas: Responsible Business Conduct, Environmental Responsibility and Social Responsibility. In addition, Nolato also reports the company's stakeholder engagement, its sustainable development over a 10-year period, a summary of the statutory sustainability report, its GRI Index, a TCFD disclosure, EU Taxonomy and a report under the UN Global Compact (Communication on Progress; COP).



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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. Stakeholder engagement is carried out in multiple ways and includes performance reviews with employees, customer satisfaction surveys, analyst meetings, discussions with investors and cooperation with customers, suppliers and contractors.

Particular focal areas in 2023 included:

- Management of climate issues – risks, opportunities and adaptation to a changing climate.
- Contributions to a circular economy – development of materials and products with a lower carbon footprint.
- The effects of sustainable development legislation – the EU directive on compulsory sustainability reporting (CSRD) has been highlighted by several stakeholders.

Nolato has identified the following stakeholders (see table) who show environmental interest, social interest and/or who are interested in how the Group and its individual companies manage and monitor sustainability work. There are also stakeholder groups that are potentially affected by our activities, products and business model. There is regular engagement and communication to ensure we can meaningfully discuss and address issues that concern us and our stakeholders. In addition, we also look at the results of ESG evaluations, as well as trends in the corporate sector, politics and society as a whole.

Stakeholder	Key issues, requirements and expectations	Examples of types of stakeholder engagement
Customers	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 and due diligence 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 climate impact has increased in significance as a result of the CSRD and due to a greater percentage of customers that have signed up to the SBTi. The Group's sustainability work is regularly evaluated by our customers, and Nolato notes that it has gained increasing importance in their evaluation.	Engagement relating to the purchase and use of our products. The Group's sustainability work is regularly evaluated by our customers via surveys and audits.
Employees	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.	• Employee surveys • Performance reviews and personal development plans • Relating to training courses • At departmental meetings • Coordination with trade unions
Suppliers	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.	• Supplier dialogue • Contract negotiations • Evaluations of suppliers (Global Supplier Management Guideline)
Shareholders	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.	• Shareholder meetings and AGM • Capital markets day • Board meetings • Dialogue with banks and investors • Responding to questionnaires from banks and investors
Society	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.	• Local community engagement • Contact with neighbors in connection with disruptions and complaints
Authorities	Satisfying legal obligations within the area of sustainable development is a basic requirement for Nolato's businesses.	Dialogue with supervisory authorities (environment, health and safety)
The environment	The environment is a 'silent' stakeholder; Nolato's sustainable development goals aim to minimize negative environmental impact.	

Responsible Business Conduct

Organization, responsibility and follow-up
Sustainability issues are managed in a methodical way and integrated into both strategic planning and our day-to-day operations. We have established long-term Group targets in key areas that support the UN's Sustainable Development Goals according to Agenda 2030, as well as follow-up indicators. These activities are followed up through dialogue with the companies' management, Board meetings, annual sustainability reporting by the Group's subsidiaries 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. From 2023, sustainability reporting requirements, which have significantly expanded due to the introduction of the CSRD (Corporate Sustainability Reporting Directive)*, come under the responsibility of the Audit Committee. Matters relating to strategy, risks, monitoring, sustainability reporting, sustainability risks associated with acquisitions and dialogue with investors are managed at Group level. Operational responsibility for sustainable development is delegated to the CEOs of the respective subsidiaries, 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. 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.

Systematic work based on management systems
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 health and safety (ISO 45001) and energy management (ISO 50001) standards. The ISO 26000 social responsibility standard provides guidance for our overarching sustainable development efforts.

The Group's aim is for all group companies to achieve ISO 14001 environmental management system certification. Acquired companies that are not certified to this standard have two years to achieve certification. This creates a systematic approach to managing and improving the environmental performance of the companies and, consequently, the Group. ISO 14001 forms the basis of our sustainability work, which means a sustainable approach is integrated into the business systems of the individual companies. For example, by each company having an environmental policy with quantifiable environmental targets, by having procedures to help identify and manage environmental impact, and by systematically planning initiatives.

Medical/Operational Excellence
Nolato's quality management program Medical/Operational Excellence integrates relevant quality standards with lean manufacturing. The program is based on eight aspects: Lean Culture, Employees, Quality, Just-in-Time, Sustainable Development, Safe Work Environment, Customer Focus and Continual Improvements. The program covers the majority of the Group's production plants.

Supplier inspections
All Nolato's strategic suppliers are expected to sign and adhere to the company's Code of Conduct. A separate Suppliers Code of Conduct will be implemented at the beginning of 2024 to further clarify and summarize the requirements demanded of the Group's suppliers.

The work of strategic suppliers is checked and assessed based a number of guidelines that are included in the group-wide Global Supplier Management Guidelines document. The document has been drawn up under the leadership of the Group's Procurement Director and will be evaluated annually by Nolato's President and CEO and Director of Sustainability to ensure it is up to date and in line with the company's values, objectives and applicable legislation. The document comprises the following guidelines:

- Sustainable Procurement Guideline
- Supply Chain Risk Assessment Guideline
- Supplier Classification Guideline
- Supplier ESG Due Diligence Guideline
- Kraljics Model Guideline
- Supplier On Site Audit Guideline
- Supplier Contracts Guideline
- Category Management Guideline

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 The Nolato Spirit and our Code of Conduct. Managers and employees in marketing, sales and

* According to the Swedish government's Legal Affairs Committee referral (February 15, 2024), the introduction of CSRD reporting requirements for companies of Nolato's size has been delayed until the 2025 financial year.

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, the Group 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 2023. The guidelines in Nolato's Code of Conduct also apply to suppliers and other business partners.

Nolato's whistleblower function
Nolato's whistleblower function adheres to the EU directive on the protection of persons who report breaches of union law (2019/1937), and relevant local legislation. All whistleblower reports are handled in a secure system by an independent person with a duty of confidentiality, which protects whistleblowers against the risk of being harassed or opposed because of the whistleblowing.

Nolato's employees are encouraged to report suspected breaches of the Code of Conduct or other suspected contraventions 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.

The right to use Nolato's whistleblower function is afforded to everyone who was employed by or applying for a job at Nolato, carried out work for Nolato or in some other way was active at Nolato when they received the information about inappropriate behavior, breach of law or serious breaches of the Code of Conduct. Information about the whistleblower function is available in Nolato's Code of conduct and on the company's website.

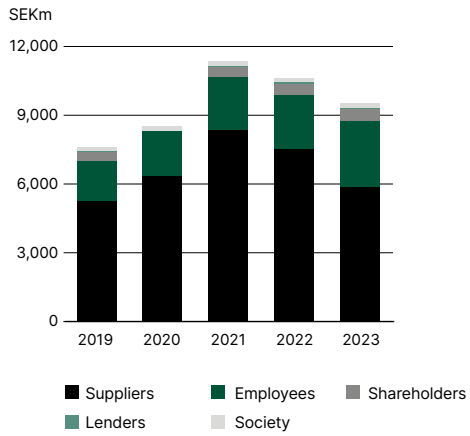
Nine reports were received in 2023, none of which satisfied the definition of whistleblowing as set out in the Swedish Whistleblowing Act (2021:890) or the EU's directive on the protection of persons who report breaches of Union law (2019/1937). The reports received were instead treated as local HR cases.

Nolato has opted to prepare the tables indicating Responsible Business Conduct outcomes according to the structure stipulated by ESRS (European Sustainability Reporting Standards). This is part of the Group's preparations for following the necessary disclosure requirements.

Responsible Business Conduct outcomes

Area	Background and outcomes for 2023
RESPONSIBLE BUSINESS CONDUCT (ESRS G1)	
Sound business ethics	**Goal: There should be no cases of bribery, corruption or cartel formation. Continued active information to employees.** 0 cases (0) of bribery, corruption or cartel formation were recorded in 2023.
Whistleblower cases	In 2023, 9 reports were received via these reporting channels. Of these, no reports (0) satisfied the criteria to be classified as whistleblowing according to the Swedish Whistleblowing Act (2021:890). All reports received were therefore handled by the whistleblower function as local HR cases, while retaining anonymity for the reporting employees. During the year, information about the whistleblower service was provided to employees at all units in conjunction with reviews of Nolato's expanded Code of Conduct.
Training initiatives	All of the Group's units have implemented Nolato's Code of Conduct and approximately 5,200 employees, 95% of which were newly employed in the year, took part in training on Nolato's Code of Conduct during the year. Several units undertook targeted training in the form of external courses on anti-corruption, competition law, contract management and other relevant topics. A total of 260 people took part.
Prevention of corruption and bribery	The managements of all production units undertook self-evaluation relating to anti-corruption using the UN Global Compact checklists. The results from 2023 indicate that the group companies: › Base their internal policy work on the commitments of the Code of Conduct. In addition to this, around 30% of the companies have introduced a more detailed local policy. › Specify zero tolerance of bribery. › Provide training and information on subjects that are relevant to combatting corruption and promoting good business ethics. › Have identified positions in which there may be a risk of corruption. › Have introduced procedures on payments, gifts and donations. › Require relevant employees to confirm in writing that they adhere to the principles on combatting corruption. Have introduced a sanctions system if non-compliance is noticed. › Have introduced procedures on following up anti-corruption measures. › 2,097 hours were spent on training on anti-corruption and prevention of bribery with the administrative personnel and management of subsidiaries. › Inform suppliers and impose requirements regarding the principles of combatting corruption and end contracts with suppliers if these principles are not followed.

Economic value distributed



Area	Background and outcomes for 2023
Political influence and lobbying	Political influence and lobbying are not permitted.
Payment methods	Nolato has various payment terms, depending on the business contracts entered into and on the relevant country, supplier and type of purchase. Nolato uses standard templates with terms for various types of purchased items.
Customers	**Goal: Nolato aims to maintain a leading position and be perceived as the customer's first choice within sustainable development.** 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.
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 2023, a total of SEK 9,495 million (10,601) was distributed.
Taxes	The effective tax rate was 29.4% (20.3).

Environmental Responsibility

Technologies and environmental aspects
The manufacture of products in polymer materials is generally associated with a number of significant environmental aspects. Some examples include the use of materials (plastics, silicone, 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.

Nolato can reduce its climate impact by boosting energy and resource efficiency, cutting the use of fossil energy sources and increasing the percentage of renewable electricity we use. Other measures that have a positive climate effect include increasing the percentage of renewable materials by reducing fossil-based materials in favor of recycled and bio-based raw materials in products. Within the Group, the ISO 14001 environmental management system is the most important tool in efforts to reduce our business' negative climate impact.

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 Group's commitments have been further underlined by its signing up to the Science Based Targets initiative (SBTi) in 2022, following which Nolato submitted its science-based climate targets for validation at the end of 2023.

The risks of the environmental impact throughout the value chain are assessed annually. Preventive measures, risk analyses and investment in new technology 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 2023, Nolato invested SEK 154.7 million (88.1) in measures that directly or indirectly help reduce environmental impact and improve health and safety. 52% related to measures concerning energy and climate, such as more energy-efficient production equipment and infrastructure, while 14% related to preventive health and safety measures.

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 plants and 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 and customer audits. 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.

Most of the Group's operations and products are subject to environmental legislation in the form of EU directives (REACH, RoHS, CLP, WEEE, energy efficiency, sustainability reporting), or other national or international legislation. About half of the units are covered by legislation concerning producer responsibility for packaging waste. In most cases, regular reports are submitted to the environmental authorities, and the supervisory authorities carry out inspections.

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 raw materials, 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, employee commuting to and from work, business travel and transport are also factors to consider in efforts to reduce our environmental impact.

Biodiversity
Protecting ecological values such as ecosystems, environmentally sensitive areas and vulnerable species has become even more important. The double materiality analysis conducted by Nolato in 2023 indicates, however, that the business has a low impact on biodiversity. Nolato's business is passive in the sense that it primarily melts and molds components in polymer materials, with the components subsequently assembled in some cases into subsystems and sometimes complete end-products. As no significant levels of noise, gas or fluids occur during production, Nolato's manufacturing process generates limited emissions, which results in Nolato generally having a very low negative impact on biodiversity.

The most significant measure that Nolato can take to minimize its impact on biodiversity is therefore to gradually increase the amount of recycled materials. Using recycled materials reduces the need for virgin materials, which results in the offsetting of new impacts on biotopes at source for the base material, regardless of the type of material.

Land use and physical intervention in the expansion of Nolato's production plants can impact local biotopes and species, as well as environmentally sensitive areas. When planning expansion or significant changes to operations, 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.

An impact on biodiversity may, however, occur due to emissions in other parts of the value chain. This is mostly indirectly via the raw material used and supply chain processes 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 aim in 2024 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. Where the impact is deemed to be significant, Nolato will establish a strategy, targets and activities to systematically identify, assess and manage nature-related dependencies, effects, risks and opportunities.

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.

Nolato foresees no direct consequence in the form of increased investment needs or higher insurance costs in light of climate-related risks (see also the risk section on pages 119–121 and the statement related to the TCFD on pages 92–95).

Risk prevention
The Group's units work preventively based on locally adapted continuity plans that reflect the risks that are relevant to each business. The risks mainly relate to physical factors, but also other factors such as the impact from business partners, IT systems, the internal work environment, pandemics and fire safety. Addressing the significant risk factors minimizes the risk of business interruption. However, in the event of an incident, 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.

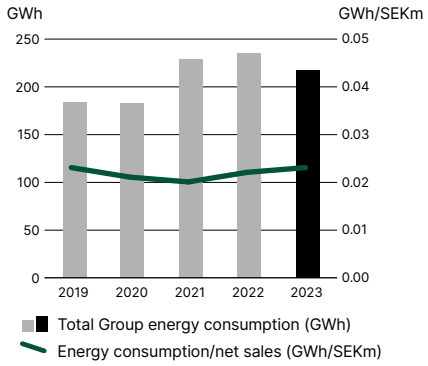
Increased management and reporting of climate change and its effects
Climate change will increasingly affect both society and companies, and their valuation. TCFD's recommendations for describing the financial impact of climate change on businesses is an initiative that offers investors additional opportunities to gain an insight into how companies are managing the climate issue; Nolato's TCFD-based analysis is presented on pages 92–95.

Nolato has opted to prepare the tables indicating Environmental Responsibility outcomes according to the structure stipulated by ESRS (European Sustainability Reporting Standards). This is part of the Group's preparations for following the necessary disclosure requirements.

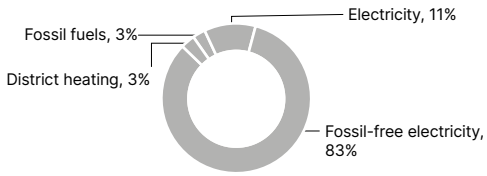
Environmental Responsibility outcomes

Area	Background and outcomes for 2023
CLIMATE CHANGE (ESRS E1) – NOTE 1	
Energy	**Goal: By 2025, the intention is to cut energy usage by 55% compared with the average for 2011–2012 (GWh/net sales).** Energy is used primarily for machinery and equipment in the production process, as well as for lighting, ventilation, cooling, transportation, compressed air, purification facilities, charging of electric vehicles and heating. In 2023 the Group's product mix changed because of a decrease in sales for the Integrated Solutions business area, which had a negative impact on this relative metric. The trend, however, is positive, and Nolato assesses that the target can be met.
Energy consumption	In 2023, energy consumption totaled 217 GWh (235). The key performance indicator, which is energy use in relation to sales, has shown a declining trend since the base year 2011.
Type of energy	Nolato mainly uses indirect energy in the form of purchased electricity (94%) and district heating (3%). Some units use fuel oil, natural gas or propane (3%) for heating and running purification equipment.
Fossil-free energy	Fossil fuels account for approximately 3% (5) and purchased fossil-free electricity for 83% (76) of total energy consumption. 89% (84) of electricity usage consists of fossil-free renewable electricity. Solar panels installed at 3 (2) subsidiaries and the PPA with the solar farm in southern Sweden generated a total of 7.72 (2.42) GWh.
Energy mix of fossil-free electricity	Purchased fossil-free electricity consisted of hydropower (59%), biogas and biofuel (13%), wind power (23%), solar energy (6%) and nuclear energy (0%).
Energy cost	The cost of energy was approximately SEK 330 million (309). The increase was primarily due to the continued volatile electricity market in Europe, with a rise in electricity prices in 2023.
Energy management systems	ISO 50001-certified energy management systems are in place at 3% of units. In addition, energy audits are conducted at many subsidiaries.
Climate impact	**Goal: Energy-related greenhouse gas emissions (Scope 1 and 2) are to be reduced by 80% by 2025, compared with the average for 2011–2012 (tons CO_2e/net sales).** Emissions of greenhouse gases, primarily carbon dioxide, occur as a result of energy consumption, the manufacture of products and transportation.
Incentive systems	A bonus system has been introduced, focus on the Group's emissions targets for Scope 1 and 2 emissions of greenhouse gases.
Internal pricing of carbon dioxide	Nolato does not use an internal pricing system for carbon dioxide emissions.

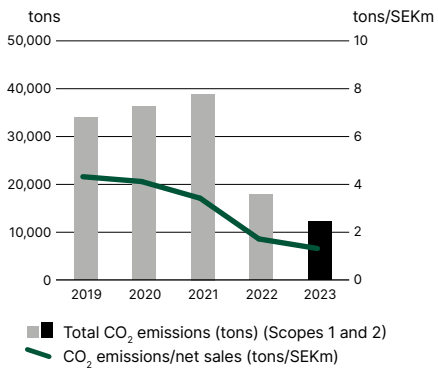
Energy consumption



Type of energy

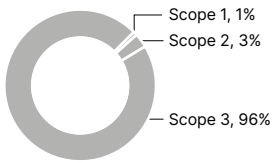


Carbon dioxide emissions

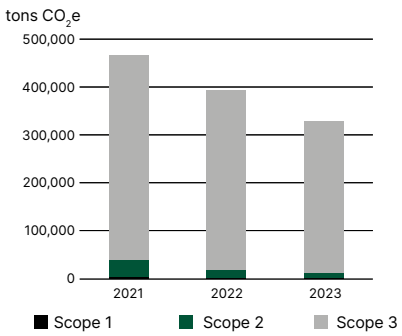


Area	Background and outcomes for 2023
GHG (greenhouse gases)	In 2023, Nolato's production plants emitted 12,200 tons (17,800) of CO_2e, 1,600 tons of which were from direct energy consumption (Scope 1), and 10,600 tons of which were indirect emissions from the production of electricity and district heating in the countries in which we operate (Scope 2). See table below.
Direct GHG emissions (Scope 1)	Direct greenhouse gas emissions in the organization and from company vehicles amounted to 1,585 tons (2,471) of CO_2e during the year.
Indirect GHG emissions, energy (Scope 2)	Indirect market-based greenhouse gas emissions amounted to 10,607 tons (15,358) of CO_2e, while location-based emissions totaled 40,039 tons (47,066) of CO_2e.
Other indirect GHG emissions (Scope 3)	Other indirect emissions include both upstream and downstream emissions. During 2023, Nolato established a Scope 3 emissions baseline and calculated these for 2021 and 2022 (see table below). Scope 3 emissions in 2023 amounted to 315,799 tons (374,263) of CO_2e.
Total GHG emissions	Total greenhouse gas emissions amounted to 327,991 tons (392,092) of CO_2e in 2023.
Climate change adaptation	We have identified physical risks and transition risks that require adaptation to climate change, particularly in the medium to long term. See climate-related risks and opportunities below for details.
Transportation	Nolato endeavors continually to reduce the environmental impact of the transportation of goods and business travel. Some of the activities carried out are detailed below.
POLLUTION (ESRS E2) – SEE NOTE 2	
Environmental legislation	No significant breaches (0) of environmental legislation were recorded in 2023.

Emissions by Scope

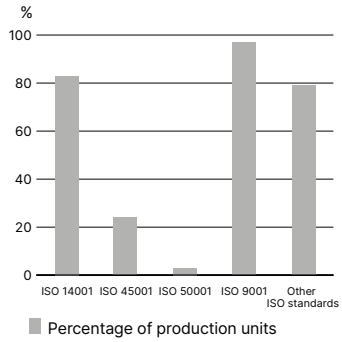


Total greenhouse gas emissions

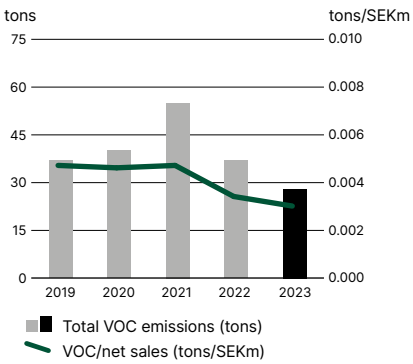


Area	Background and outcomes for 2023
Environmental management systems	**Goal: All units are to be ISO 14001-certified. Acquired companies that are not yet operating in line with ISO standards are expected to complete certification within two years.** ISO 14001 is the foundation of our sustainable development strategy and systematic approach, as the environmental audits and certification create confidence among the Group's stakeholders. There are other ISO standards that are also important to Nolato. › 83% (72) of our units are certified in accordance with ISO 14001. › 102 (73) internal environmental audits were conducted. › The plants were reviewed by external environmental auditors on 25 (21) occasions. › The Group has 142 trained and qualified environmental auditors. Activities are underway at the remaining companies that do not yet have ISO14001 certification, and the plan is for these to be certified in 2024.
Atmospheric emissions VOCs	The use of approximately 53 tons (530) of paints, varnish and solvents resulted in emissions of around 28 tons (37) of VOCs. The majority of VOC emissions occurred in the production of breathing bags at Nolato MediTor in Torekov, Sweden; this accounted for 19 tons (14) and consists of gaseous ethanol emitted to the atmosphere. Emissions are calculated based on site-specific use.
Other emissions	There are roughly 1.4 tons (1.6) 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, at less than 1.0 tons (1.5) during the year. Emissions of dust and malodorous substances are usually negligible; no complaints were received regarding emissions of malodorous substances.
Hazardous substances	**Goal: Hazardous chemical substances are to be phased out.** Use of such substances at Nolato is minimal, but there are a few candidates for risk reduction. Around 20 (30) different chemicals were either replaced or phased out in 2023.
Accidents and uncontrolled emissions	There were no cases of accidents or uncontrolled environmental emissions in 2023. One complaint from a local resident was recorded regarding noise levels.
Contaminated land	There are no known pollutants of land and groundwater at Nolato's plants.
Contaminated buildings	At four units, there is asbestos in the buildings' floors, ceilings or fixtures and fittings. The risks are assessed to be small and do not require any measures until refurbishment is required.

Certified management systems

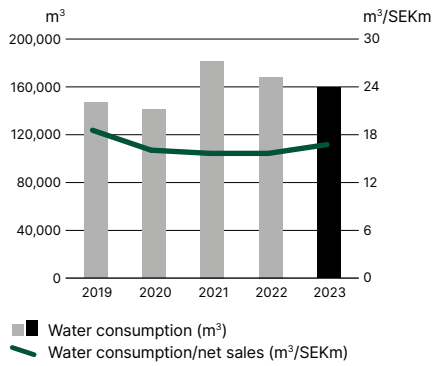


VOC emissions

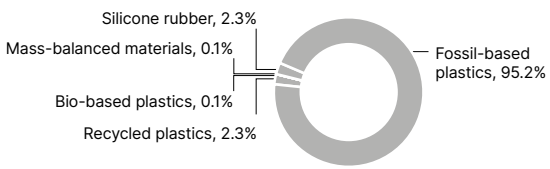


Area	Background and outcomes for 2023
Emissions to water	Emissions of pollutants to water are low under normal production conditions. ISO 14001 sets out procedures to prevent pollution and manage accidents, leaks, spills and other unplanned events. Approximately 30% of the units periodically measure any emissions to water, and during the year 1.45 tons of COD and 0.047 tons of nutrients such as nitrogen and phosphorus were emitted. These emissions do not represent all of the Group's operations, as only some facilities measure these emissions.
WATER AND MARINE RESOURCES (ESRS E3) – NOTE 3	
Water	Nolato's facilities use municipal water for purification equipment, some production processes, cleaning, sanitation and cooling. Resource-efficient use of water is one of the commitments in the Group's Code of Conduct.
Water consumption	In 2023, the company used 150,600 m^3 (164,100) of municipal water and 8,800 m^3 (4,000) of water from our own sources. Total water consumption amounted to 159,400 m^3 (168,100).
Cost of water	Water costs amounted to approximately SEK 4.5 million (3.4).
Reuse of water	Around two-thirds of production plants have closed cooling water recirculation systems, although most of these plants do not have metering to measure what volumes are recirculated. Around 1,600 m^3 of cooling water was recirculated during the year.
Supply chain risks	No known supply chain risks relating to water risks have been identified.
RESOURCE USE AND CIRCULAR ECONOMY (ESRS E5) – NOTE 4	
Raw materials and chemical products	Roughly 49,000 tons (50,200) of polymer materials were used in 2023. More than 95% (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 1,500 tons (2,000) per year, include paints, varnish, solvents and metals.
Bio-based and recycled raw materials	**Goal: To increase the use of renewable raw materials, thus reducing greenhouse gas emissions (Scope 3) by 5% over the 2020–2025 period (tons/net sales).** During the year, the amount of recycled plastic used totaled roughly 1,120 tons (682), and the use of bio-based plastics amounted to 25 tons (74). In addition to this, 54 tons of ISCC-certified mass-balanced materials were used.
Packaging materials	Purchasing of packaging materials amounted to 3,950 tons of cardboard, 98 tons of paper and 1,040 tons of plastics, totaling 5,090 tons of packaging materials.
Metals	Metals are used in some applications in the Group's business, such as for products in which metal components are overmolded with polymer materials. During the year, 1,470 tons of metal were used.

Water consumption

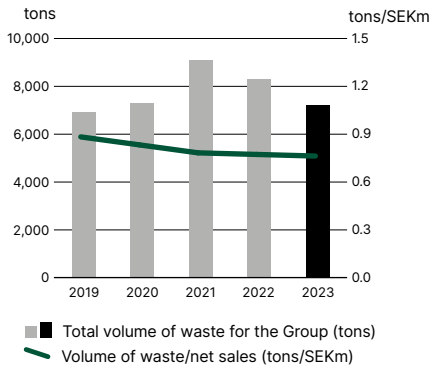


Polymer raw materials

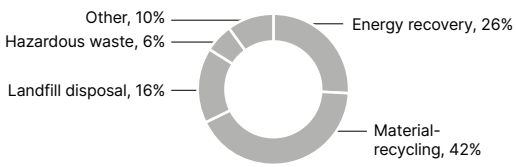


Area	Background and outcomes for 2023
Products	**Goal: The Group aims to be at the forefront of environmentally sustainable and low-carbon products.** There were lots of discussions with customers during the year about recycled and bio-based raw materials. Demand for recycled plastics continued to increase, and interest in mass-balanced materials is growing, particularly in the medical technology sector, and three subsidiaries have now achieved ISCC Plus certification.
Waste	Under the ISO 9001 and ISO 14001 framework, Nolato aims to reduce scrap and the amount of waste, guided by the targets and plans of the individual production units. In relation to sales, the volume of waste is indicating a downward trend over a 10-year perspective.
Waste volume	Approximately 7,200 tons (8,300) of waste was generated in 2023. The majority was recycled externally either as material or energy. The increase in the amount of waste in 2021 was due to the acquisition of GW Plastics in 2020, which led to a rise in the number of production units. These are mainly in the US, which makes greater use of landfill disposal, although there was a decrease in this in 2023.
Hazardous waste	The volume of hazardous waste fell to 410 tons (540), comprising 6% (6).
Cost of waste	External waste management costs amounted to SEK 10.1 million (10.0).

Waste volume



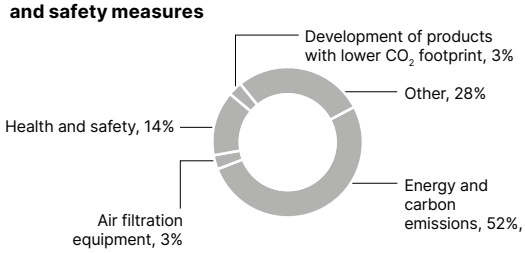
External waste management



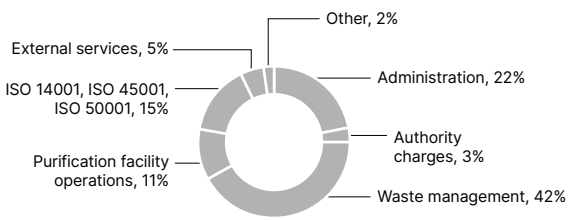
SUMMARY OF INVESTMENTS AND COSTS (ESRS E1–E5, S1)

Investments	In 2023, Nolato invested SEK 154.7 million (88.1) in measures that directly or indirectly help reduce environmental impact and improve health and safety. Roughly 52% (47) of these investments related to energy and climate measures, primarily more energy-efficient production equipment and infrastructure. Around 14% (9) went on preventive health and safety initiatives.
Costs	Environmental costs amounted to SEK 24.1 million (29.7) 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 7.2 million (2.0). Savings arose mainly from more efficient energy consumption.

Investments in environment and health and safety measures



Expenses for environment and health and safety measures



Environmental Responsibility outcomes

SCOPE 1 GHG EMISSIONS

	2023 (tons CO_2e)	2022 (tons CO_2e)	2021 (tons CO_2e)	Method
Scope 1 GHG emissions	1,585	2,471	2,700	-

SCOPE 2 GHG EMISSIONS

	2023 (tons CO_2e)	2022 (tons CO_2e)	2021 (tons CO_2e)	Method
Market-based Scope 2 GHG emissions	10,607	15,358	36,198	-
Location-based Scope 2 GHG emissions	40,039	47,066	Not calculated	-
Total Scope 1 and 2 GHG emissions (market-based)	**12,192**	**17,829***	**38,898**	**-**
Total Scope 1 and 2 GHG emissions (location-based)	**41,624**	**49,537**	**Not calculated**	**-**

SCOPE 3 GHG EMISSIONS

	2023 (tons CO_2e)	2022 (tons CO_2e)	2021 (tons CO_2e)	Method
3.1 Purchased goods and services	244,022	274,547	321,842	Average data for polymer materials, consumption data for other goods and services
3.2 Capital goods	10,465	22,510	26,844	Supplier-specific data, consumption data and average data
3.3 Fuel- and energy-related activities	3,065	3,435	3,643	Average data
3.4 Upstream transportation and distribution	5,253	6,679	6,226	Consumption data
3.5 Waste management	680	475	645	Specific types of waste and average data
3.6 Business travel	1,638	1,117	560	Consumption data and distance-based
3.7 Commuting	7,522	7,425	7,329	Average data
3.8 Upstream leased assets	1,131	1,068	948	Average data
3.9 Downstream transportation and distribution	32,255	41,028	38,247	Estimates
3.10 Processing of sold products	6,182	7,965	7,760	Average data
3.11 Use of sold products	395	3,294	6,850	Average data
3.12 End-of-life treatment of sold products	3,182	4,709	6,753	Scenario for specific types of waste
3.13 Leased assets	-	-	-	-
3.14 Franchise	-	-	-	-
3.15 Investments	10	10	10	Average data
Total Scope 3	**315,799**	**374,263**	**427,658**	

TOTAL GHG EMISSIONS

	2023 (tons CO_2e)	2022 (tons CO_2e)	2021 (tons CO_2e)	Method
Total GHG emissions (market-based)	327,991	392,092	466,556	-

* Corrected for residual emissions factors in the power grid for Ireland and Romania.

Notes: Environmental Responsibility
NOTE 1 – CLIMATE CHANGE (ESRS E1)
Customers and other business partners have ambitious emissions targets, focusing on cutting their carbon footprint from processes and products. These ambitions are largely driven by strong trends in society relating to climate policies, legislative changes and reporting systems. The business sector has been identified as a key partner in the transition to a society that is less dependent on fossil fuels and raw materials. A commitment in line with the Paris Agreement relating to climate impact is stated in Nolato's Code of Conduct.

Processes that help reduce carbon footprint
The aim of reducing carbon dioxide emissions (Scopes 1 and 2) is affected by the Group's long-term decisions and investments. Measures such as the phasing out of fossil fuels, greater use of biofuels, purchasing of certified fossil-free electricity, energy efficiency improvements, installation of solar panels and bonus systems to achieve emissions targets are all examples of decisions that reduce the Group's climate impact. The situation on the world's energy markets is difficult to assess, and access to fossil-free fuels and electricity may, in the short term, be limited, which could have a negative impact on carbon dioxide emissions.

Energy efficiency measures during the year
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 were performed at several units during the year. 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. Measures are underway to reduce pressure in compressed air systems at several of our subsidiaries; substantial potential energy savings have been identified. Oil burners have been replaced with heat pumps.
- 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.
- 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.
- 2023 saw the introduction of energy consumption and energy efficiency (kWh/kg manufactured product) into the financial close process, and both are included in the monthly CEO reports.
- An energy-saving team with participants from all the Swedish companies in the Group was launched, with the collective purpose of identifying and implementing various efficiency measures. As a result of this, several of the companies have started their own energy teams at local level to carry out continual improvements.
- Improvements to building insulation were made at a number of the plants to reduce the energy requirement for heating.
- The PPA with the solar farm in southern Sweden produced 7.7 GWh during the year.
- Nolato Poland installed solar panels during the year and generated 29 MWh; solar panels have now been installed at three of Nolato's plants.
- 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.

Carbon footprint reduction measures during the year
Countries such as China and some of the US states 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 and thus continuing with the gradual increase in the proportion of fossil-free electricity in China and North America, indirect carbon dioxide emissions are declining. The goal is to achieve an 80% reduction in emissions by the year 2025, based on this gradual increase continuing. In 2023, the proportion of fossil-free electricity being used in the Group increased to 89%. In China, purchases of fossil-free electricity rose to 33 GWh in 2023, which corresponds to almost 100% for the year, while the increase in the proportion of fossil-free electricity purchases continued in the US to 35 GWh, with the proportion for the full year in the US totaling 75%. Purchases were made via direct agreements with energy suppliers, or via various types of certificate system (REC, IREC, GoO, REGO).
- The use of district heating declined in China by around 5,400 MWh, which led to greenhouse gas emissions related to district heating consumption falling by 46% compared with 2022.
- Nolato Romania began purchasing fossil-free electricity during the year.
- The use of fossil fuels (light oil, natural gas and propane) decreased during the year by 36%, which is a reduction in the Group's Scope 1 emissions by 886 tons of CO_2e.
- 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.
- 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.
- In China, several of the units have engaged employees and focused on training to improve their understanding and awareness of carbon dioxide emissions.
- Other measures concern replacing equipment, reduced scrap, better waste management, the purchase of more fuel-efficient vehicles, increased use of teleconferences and improved logistics.
- An analysis of greenhouse gas emissions in the value chain according to Scope 3 in the GHG Protocol was carried out during the year, and a baseline for the years 2021 and 2022 was established. Nolato developed emissions targets according to the Science Based Targets initiative criteria, and an application was submitted towards the end of 2023 for validation of the targets.
- Emissions from the purchase of capital goods in Scope 3 saw a sharp decline in 2023, and the figure is predicted to fluctuate between years going forward. The accuracy of these figures is low, as emissions from this category are based on consumption data.
- Emissions from the purchase of goods and services, Scope 3 category 1, fell during the year by 11%, primarily due to a decline in the volume of raw material, a change in the raw material mix and the fact that the proportion of recycled material increased.
- The decline in production in Beijing, China, reduces emissions considerably from purchased electronics in category 1 and use of sold products, category 11.

In addition to the investments reported under energy measures, investments in climate-related measures amounted to approximately SEK 23 million. Investments and costs for the development of products that help reduce carbon footprint totaled roughly SEK 40 million.

TCFD (Task Force on Climate-related Financial Disclosures) guidelines are applied, and an overview is provided on page 93–95.

Transportation, business travel, commuting
Here are some examples of action taken in recent years:

- Group companies are harnessing opportunities for online video conferencing. These meetings have seen a significant increase since the pandemic, and have largely replaced face-to-face meetings. The consequences are both reduced business travel and more efficient use of time. Another remaining effect is that many employees have worked from home during the year to a far greater extent than previously, 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_2, NOx, SO_2 and other air pollutants.
- At several of our units, 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 hybrid 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, including through 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. The same trend is also happening when it comes to employees' own cars, which means a lower climate impact from journeys to and from work.
- Projects are underway with customers at a number of our subsidiaries to reduce the number of flights between Nolato and the customer's plants.
- Several of the companies have also launched various campaigns to encourage employees to lift-share, or use public transport.
- A number of our units have been encouraging employees to cycle to work more, both to reduce carbon footprint but also for health reasons. Nolato Cerbo offers employees the opportunity to purchase a company bicycle to increase the number of employees cycling to work, and the workplace also has a heated cycle room where you can charge electric bicycles during working hours.

Planned measures, expenditure and investments
Energy audits and installation of sensors to monitor energy consumption in detail will be carried out. Energy-efficient equipment, lighting and infrastructure will continue to be installed. Energy efficiency improvements and purchasing of biofuel will continue. A further increase in the purchasing of fossil-free electricity will be implemented according to plan. The percentage of units with their own solar generation of electricity will increase. Continued phasing out of fossil fuels. A reduction in emissions from district heating in China will carry on as the concentration of the business in southern China will continue in 2024, and the region's warmer climate means less district heating will be needed. Scope 3 emissions are to be reduced going forward through increased use of renewable raw materials and in coordination with strategic suppliers of direct materials that are subject to requirements to reduce emissions in the value chain.

NOTE 2 – POLLUTION (ESRS E2)

The standard for the reporting of pollution concerns the Group's business in various ways, including with regard to compliance with environmental legislation, environmental management systems, emissions to the atmosphere and water, soil contamination issues and the use of raw materials and chemical products. The commitments on pollutants and the use of chemical products can be found in the Nolato's Code of Conduct.

NOTE 3 – WATER AND MARINE RESOURCES (ESRS E3)

The standard for water and marine resources relates to the Group's activities to a limited extent, and only in connection with water consumption. Commitments on the economical use of natural resources can be found in Nolato's Code of Conduct.

Water resources
Access to water of good quality is important, and there are many good reasons to be careful about the amount of water we use. The majority of our units are situated in areas where there are no water shortages or aquatic ecosystems under threat. The exception is the plant in Beijing, China, where there is a water shortage and certain restrictions in place.

Measures during the year
Total consumption is affected by fluctuations in production volumes, as well as by temporary leakage and other disruptions. To reduce water consumption, various measures are implemented regularly, including technical solutions, leak detection, improved consumption metering systems, and reduced outdoor irrigation. In addition, training is also provided to raise awareness of water-related issues.

Production plants have systems in place to reduce water consumption, such as closed cooling water systems for injection molding machines and other equipment. Nolato Beijing has over one thousand employees, and this is reflected by the fact that the business accounts for around 17% (26) 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. The production plant reduced its water consumption by 15,900 m^3 in 2023 compared with the previous year. The vast majority of this production will be relocated in 2024, after which the remaining water consumption at Nolato's units in Beijing will be reduced by a further significant amount.

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 12% (13) of Nolato's total water usage. Since 2021, the plant in Torekov has cut its water consumption by around 28% – a reduction of 7,000 m^3 – and plans to continue cutting consumption via further measures. Investment in more resource-efficient equipment continued in the year, which reduced water consumption by 2,100 m^3 compared with 2022. 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, which 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.

NOTE 4 – RESOURCE USE AND CIRCULAR ECONOMY (ESRS E5)

The standard for resource use and circular economy relates to the Group's use of natural resources in the form of raw materials (including recycled raw materials), waste volumes and the development of products that contribute to sustainable development. Commitments regarding careful use of natural resources and the development of products that contribute to a circular economy can be found in our environmental policy, which is part of Nolato's Code of Conduct.

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 environmental impact. Nolato has an express target of increasing its use of renewable raw materials and recycled raw materials. In 2023, the share of bio-based and recycled plastic goods accounted for approximately 2.5% (1.5) of total use (mass-balanced materials included in this figure).

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 2023 around 20 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 elsewhere. 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 environment.

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. This trend was broken in 2023, and the amount of waste disposed of in landfill decreased by 8%, a reduction of 94 tons.

The amount of total waste decreased by 13%, which equated to a reduction of approximately 1,090 tons of waste compared with 2022.

Improvements in waste management were made at several plants during the year, such as Nolato Plastteknik, which increased the percentage of waste sent for recycling by 11% and cut the amount of waste sent for energy recovery by 45%. Several plants have also reduced their internal scrappage levels as part of their efficiency improvements.

Social Responsibility

The Nolato Spirit and the Code of Conduct
The Nolato Spirit and Nolato's Code of Conduct provide a summary of the Group's core values and policies, and explains how they relate to the company's business model. Both are based on applicable international conventions and guidelines, including the 10 principles of the UN's Global Compact, the OECD's guidelines for multinational enterprises, the ILO's (International Labor Organization) conventions, the UN's Universal Declaration of Human Rights and ISO 26000.

The group-wide document The Nolato Spirit brings together the Group's core business principles and values in terms of business mission, vision, how it achieve its vision and, of course, the company's Basic Principles. The document is available to download on Nolato's website.

Nolato's Code of Conduct is based on the Basic Principles (described in The Nolato Spirit) and contains binding guidelines for how the company's business principles and values should be put into practice. The Code is Nolato's ethical compass and business policy, which should be followed by all employees of the Group and by representatives that act on the company's behalf, including permanent and temporary employees, suppliers, consultants, senior managers and board members of Group companies.

The Code of Conduct is a key tool in Nolato's compliance with laws, international initiatives and other requirements. The President and CEO is ultimately responsible for the implementation and application of the Group policies and guidelines included in the Code of Conduct, and this responsibility is delegated to all managers within the Nolato Group. Irregularities that conflict with the Code of Conduct are reported to the executive management team or a senior manager or, if this is not appropriate, via the company's whistleblower function. Find out more on page 63.

The Code of Conduct is divided into the areas Social Responsibility, Environmental Responsibility and Responsible Business Conduct, and concerns the following matters.

Responsible Business Conduct	Combating anti-bribery and anti-corruption Conflicts of interest Fair competition Compliance with Trade compliance Responsibility for products and solutions Commitment to quality Company assets Information security and confidentiality Data security and professional secrecy Accounting policies and reporting principles Efficient and accurate tax management Honest and clear communication Requirements for suppliers Active corporate citizen
Environmental Responsibility	Continual improvements Legal requirements and other regulations Preventive principle Resource efficiency Climate change Waste, emissions and chemicals Products and services Research and development
Social Responsibility	Respecting human rights Health and safety: Working conditions Health and safety: Continual improvements Health and safety: Legal requirements and other regulations Health and safety: Preventive principle Health and safety: Chemicals Health and safety: Machinery and equipment Health and safety: Emergency planning Diversity and inclusion Zero tolerance of discrimination and harassment Labor practices and conditions Development opportunities

Safe work environment
Nolato puts safety first and targets the elimination of occupational injuries, which means no employee being injured at work. All employees are obliged to follow safety instructions and to take part in safety improvement measures and activities, and are offered appropriate training and guidance to ensure safe work.

To promote safety and prevent injuries, all machinery and equipment has the necessary safety functions, for which checks are conducted by authorized organizations in accordance with legal requirements or other provisions. Employees must receive appropriate and necessary safety training before the use of such equipment or before undertaking potentially high-risk tasks.

Education and practical training on safety takes place on an ongoing basis and is followed up regularly at Nolato's production facilities around the world.

All facilities are required to ensure safe workplaces in accordance with global standards on health and safety, and to ensure that a safety committee is set up to ensure legislation and requirements are complied with. Nolato's units operate in line with or are certified to the ISO 45001 standard. This means, among other things, that health and safety risks are identified and managed systematically, and that continual improvements are made in order to prevent accidents and to ensure systems are in place to manage and register near misses. A system for near misses had been established at 97% (97) of units by year-end 2023.

All facilities have first aid equipment available for employees during all shifts. Emergency plans for each facility are in place and implemented based on identified risks and established procedures for managing emergencies. All emergency plans contain risk scenarios, evacuation procedures and established areas of responsibility and role allocations in the event of an emergency. Emergency plan drills take place according to the intervals established for the facilities.

The Group's health and safety results are continually improving as a result of the implementation and monitoring of established targets, key performance indicators and action plans. 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.

Nolato reports the lost time accident rate, which is the number of accidents resulting in absence per million of hours worked. The LTAR was 6.4 (4.5) in 2023. The most common causes of occupational accidents were falls and slips, and injuries related to work using 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.

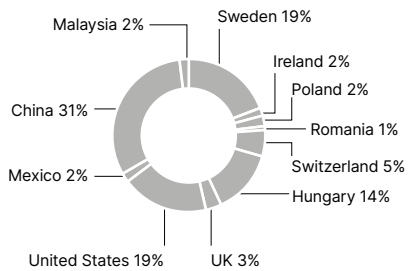
Training and skills development
The average time spent on training during the year was 23 hours per employee. Training initiatives during the year were undertaken in manufacturing processes, Nolato's Code of Conduct, sustainable development, forklift driving, fire safety training, CPR, health and safety and Six Sigma.

Nolato has opted to prepare the tables indicating social responsibility outcomes according to the structure stipulated by ESRS (European Sustainability Reporting Standards). This is part of the Group's preparations for following the necessary disclosure requirements.

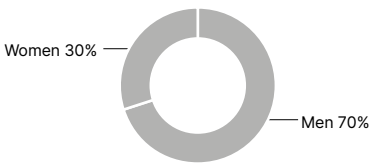
Social Responsibility outcomes

Area	Background and outcomes for 2023
OWN WORKFORCE (ESRS S1) – SEE NOTE 5	
Employees	The average number of employees at Nolato in 2023 was 5,732 (6,627) in 12 countries, 3,360 of which were men and 2,372 of which were women. The Parent Company had 12 employees (10). Nolato is a global group and 81% (84) of its employees are based outside Sweden.
Temporary employees	464 employees were on fixed-term contracts during the year, including 223 women and 241 men.
Non-guaranteed hours employees	759 individuals were employed on a standby basis during the year, including 422 women and 337 men.
Employee turnover	Employee turnover averaged 22% (17). This figure varied at individual units between 5% (2) and 69% (67). The higher employee turnover rate during the year is attributable to ongoing restructuring of the units in China. A total of 2,290 employees left the company during the year.
Description method	The number of employees is reported according to FTE and calculated via total number of hours worked divided by the average for one full-time employee in Sweden (1,800 hours).
Part-time employees	97 employees were part-time employees during the year.
Non-employees	The number of individuals working for the Group but not employed by the Group totaled 850 during the year.
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 Mexico 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. During the year, 45% of the Group's employees were covered by collective agreements (55%); within the EEA, 55% are covered by collective agreements and outside the EEA, 35% of our employees are covered by collective agreements.
Social dialogue	Around 38% of the Group's employees are represented by employee representatives.
Gender balance	**Goal: The proportion of women in management positions should increase at all levels of Nolato.** During the year, 41% (44) of Nolato's workforce was female. Of Nolato's Board members, 30% (30) are women, while the corresponding figure for Group management is 14% (14). Of the company's other senior executives, 55 (48) are women, which corresponds to 29% (28).

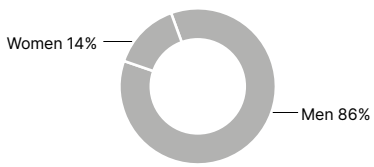
Employees by country



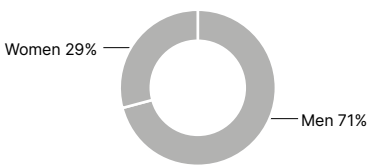
Gender balance, Board



Gender balance, Group management

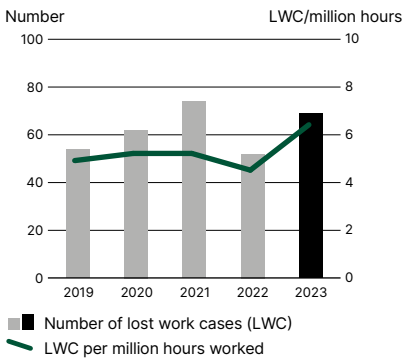


Gender balance, management teams in Group companies

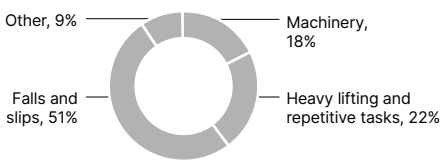


Area	Background and outcomes for 2023
Age distribution	Of our employees, 33% were aged under 30, 45% were aged between 31 and 50 and 22% were aged 51 and over. Age distribution shows a broad spread of generations among employees.
Adequate wages	All employees had salaries that exceeded the definitions of adequate wages as per ESRS S1.
Social security	Nolato's employees have social security for the following: Illness, unemployment that starts when an employee works for Nolato, occupational injuries, parental leave and pension. These types of leave exist according to the legislation in the respective country.
Employees with disabilities	42 employees had some form of disability, accounting for 0.73% of Nolato's workforce. Several subsidiaries do not collect this information due to GDPR.
Training and personal development	Training hours totaled 133,600 (199,000), of which 110,000 hours were spent by production personnel, 14,300 hours by SARs and 9,200 hours by managers. This corresponds to 23 hours (30) per employee, averaging 24.1 hours for women and 22.8 hours for men.
Performance reviews	In 2023, 3,761 (3,654) employees participated in performance reviews, career development or other assessments of their own work, of which 1,410 were women and 2,351 were men. The number of employee appraisals was the same as the number of appraisals planned by the local management teams.
Employee surveys	During the year, employee surveys were conducted at 21 units (16).
Health and safety	**Goal: The number of workplace accidents must be kept to a minimum, with the long-term goal of no injuries at work.** The most common causes of occupational accidents were falls and injuries from lifting and repetitive work. The rate was 6.4 accidents (4.5) resulting in absence per million hours worked. In an industrial perspective, this is low. However, since the outcome during the year was slightly higher relative to the incidence of occupational accidents, there needs to be a renewed focus and priority on this area in 2024.
Fatalities	There were 0 fatalities (0) in 2023.
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). 24% of subsidiaries, 7 (7) units, are currently certified and 2 units are planning certification within the next year.
Lost work cases (LWC)	In 2023, there were 69 (52) occupational accidents. 0 accidents (1) were recorded concerning contractors.
Lost work days (LWD)	Occupational accidents resulted in absence totaling 803 days (836).
Health and safety committees	Formal health and safety committees are in place at all our production plants.

Occupational accidents

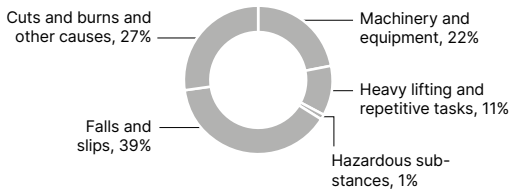


Causes of occupational accidents



Area	Background and outcomes for 2023
Near misses	Systems for recording near misses have been further developed and during the year, 870 (1,179) near misses were investigated and corrective and preventive action taken.
Inspections by health and safety authorities	With regard to health and safety, 8 (5) 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 2023.
Health and safety training	An average of 6.1 hours per male employee and 7.3 hours per female employee was 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.
Work-life balance	All Nolato's employees are entitled to parental leave as per collective agreements or the legislation in the respective country. During the year, 11,621 work days were taken in the form of parental leave, 8,584 of which were taken by women and 3,037 by men.
Wage differential	The wage differential between men and women averaged 7.2%. There was no wage differential in 48% of units, and the wage differential was less than 10% at 76% of units.
Wage gap between highest paid person/all employees	The annual total compensation ratio for the highest paid person in relation to the median value of total compensation for all employees amounted to 21.4.
Gender equality and combatting discrimination	**Goal: There should be no cases of infringements of human rights, discrimination or forced labor.** 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 (21), and during the year 22 units (18) introduced measures to promote equality, for example relating to recruitment and employment of people with disabilities. 3 (3) cases of discrimination were recorded during the year. Relevant action was taken.
Violence, harassment	3 incidents of violence and harassment were recorded during the year. Relevant action was taken.
Whistleblower cases	In 2023, 9 reports were received via these reporting channels. Of these, no reports (0) satisfied the criteria to be classified as whistleblowing according to the Swedish Whistleblowing Act (2021:890). All reports received were therefore handled by the whistleblower function as local HR cases, while retaining anonymity for the reporting employee. During the year, information about the whistleblower service was provided to employees at all units in conjunction with reviews of Nolato's expanded Code of Conduct.
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.
Child labor, forced labor	(0) cases of child labor or forced labor (0) were recorded. This extends to our suppliers as well.

Causes of registered incidents



Area	Background and outcomes for 2023
WORKERS IN THE VALUE CHAIN (ESRS S2) – NOTE 6	
Suppliers	**Goal: By 2025, all strategic suppliers will be assessed based on Nolato's guidelines for suppliers.** 68% of Nolato's strategic suppliers have accepted Nolato's Code of Conduct. During the year, 482 suppliers were assessed in relation to sustainability issues and 25 audits focusing on sustainability were carried out, all with approved results. 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.
AFFECTED COMMUNITIES (ESRS S3) – NOTE 7	
Community engagement	Nolato engages with those local communities where we have operations (see below).

Notes: Social Responsibility

NOTE 6 – WORKERS IN THE VALUE CHAIN (ESRS S2)

The Group's values and ambitions regarding safe work environments and human rights should be applied in the value chain. In Nolato's Code of Conduct, we undertake to work with suppliers who accept and adhere to the Group's Code of Conduct. We also undertake to evaluate suppliers' sustainability work.

Measures during the year

As part of internal data collection for the sustainability report, all group companies must consider issues relating to human rights in the supply chain. No anomalies were reported during the year.

A separate code of conduct for suppliers was produced during the year, and will be implemented in 2024.

NOTE 7 – AFFECTED COMMUNITIES (ESRS S3)

In Nolato's Code of Conduct we undertake to minimize impacts and disruptions in areas surrounding our production plants. Furthermore, the Group aims to be a good, committed corporate citizen and make a contribution to positive societal development in the locations where we operate.

Community engagement: measures during the year

We are active members of society, for example via partnerships with universities, educational visits from schools, open days for employees and their families, and financial support for health care, sports and culture. In 2023, we were involved in the following activities:

- Open days at eight plants, attracting around 750 visitors.
- 15 of the units carried out activities with local schools, including and exchange of knowledge and information about the business. Roughly 410 students and teachers took part in these activities.
- The Group provides financial support to local schools, health care, sporting and social activities. In many cases the commitment is long term, and something that engages the Group's employees.
- 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 nine 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. In 2023, Nolato awarded grants to 11 students at the school.
- Several of the units were in contact with schools and universities, including through study visits, degree projects, internships and research projects. Nolato was involved in several degree projects on the subject of sustainability during the year. Nolato also takes part in career fairs organized by schools and universities.
- Nolato has been a member of the Nordic Bioplastics Organisation for seven years. 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 2023, this led to three individuals being taken on after receiving training on safety, quality, production skills and lean principles.
- In Switzerland, Nolato Treff organizes an annual day in cooperation with the local university, offering students the opportunity to simulate various roles at an injection molding company.
- In Hungary, the employment of staff with different types of disability continued, with the figure increasing to 25 (22). 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, Poland, 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 interns from Alamo College under the 'Alamo on the job' program, and has a leadership program that identifies potential leaders and offers university credits while working.
- Nolato Contour has taken part in a volunteer program for employees that rescues pets; 412 dogs and 22 cats were rescued in 2023.
- Nolato Beijing planted 686 trees in the Huairou district north of Beijing.

Consumers and end-users (ESRS S4)

The Group's direct contact with consumers and end-users is highly limited.

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 turnover, capital expenditure 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 make a substantial contribution to at least one of the taxonomy's six 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, and this stage does not cover Nolato's activities.

Forthcoming activities
In June 2023, the EU Commission adopted technical screening criteria for the four remaining environmental objectives: water and marine resources, circular economy, pollution and biodiversity. Nolato's economic activities are being phased into the company's reporting for the 2023 financial year, while reporting in relation to taxonomy alignment will take place the following year.

The addition of the circular economy environmental objective means that Nolato's manufacture of plastic packaging is now also eligible. Consequently, Nolato will be reporting on the pharmaceutical packaging produced at two of Nolato's units; Nolato Cerbo (SE) and Nolato Jaycare (UK). In addition, several of Nolato's products and product groups also contribute to the circular economy, reduced climate impact and the Group's revenue, but are not eligible for the EU taxonomy.

Capital expenditure
Nolato's reporting of capital expenditure indicates the investments that have been made in capitalized intangible assets and property, plant and equipment. The capital expenditure for Nolato Cerbo has been calculated using the percentage of sales that is related to the plastic packaging product group, while Nolato Jaycare reports capital expenditure that is related to the product group.

Operating expenses
Operating expenses, according to the taxonomy's definition, mainly concern the Group's direct costs for research and development activities, building renovations, short-term leases and maintenance and repairs. When calculating operating expenses, adjustments have been made for indirect non-economic activities, in accordance with the taxonomy. The production of pharmaceutical packaging is fully integrated into the units, thus the percentage of turnover has been used when calculating operating expenses for Nolato Cerbo and Nolato Jaycare.

Nuclear power and fossil gas activities
Nolato is not eligible for the disclosures stipulated in articles 8.6 and 8.7 related to nuclear energy and fossil gas-related activities. This applies to turnover, capital expenditure and operating expenses.

Turnover 2023

Template: Proportion of turnover from products or services that are associated with economic activities that are aligned with or eligible for taxonomy requirements – disclosures for the year 2023.

2023 financial year	Year			Criteria for substantial contribution						Do No Significant Harm criteria (h) (DNSH)									
Economic activities (1)	Code (a) (2)	Absolute turnover (3)	Proportion of turnover year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion aligned with taxonomy requirements (A.1.) or that are eligible for taxonomy requirements (A.2.) Turnover, year 2022 (18)	Category enabling activities (19)	Category transitional activities (20)
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
Activity		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Turnover for the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional activities		0	0%							-	-	-	-	-	-	-	0%		T
A.2. Activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (g)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of plastic packaging	CE 1.1	687	7%	EL	EL	EL	EL	EL	EL								0%		
Turnover for activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		687	7%	-	-	-	-	7%	-								0%		
A. Turnover for activities that are eligible for the taxonomy (A.1 + A.2)		687	7%	-	-	-	-	7%	-								0%		
B. ACTIVITIES THAT ARE NOT ELIGIBLE FOR THE TAXONOMY																			
Turnover for activities that are not eligible for the taxonomy		8,859	93%																
TOTAL		9,546*	100%																

Proportion of turnover/total turnover		
	Taxonomy alignment per target	Targets eligible for taxonomy
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	7%
PPC	0%	0%
BIO	0%	0%

* Total turnover is taken from Nolato's income statement for 2023 on page 122.

Reduce
Reuse
Recycle

Capex 2023

Template: Proportion of capital expenditure from products or services that are associated with economic activities that are aligned with or eligible for taxonomy requirements – disclosures for the year 2023.

2023 financial year	Year			Criteria for substantial contribution						Do No Significant Harm criteria (h) (DNSH)									
Economic activities (1)	Code (a) (2)	Capital expenditure (3)	Proportion of capital expenditure year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion aligned with taxonomy requirements (A.1.) or that are eligible for taxonomy requirements (A.2.) capital expenditure, year 2022 (18)	Category enabling activities (19)	Category transitional activities (20)
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
Activity		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Capital expenditure for the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional activities		0	0%							-	-	-	-	-	-	-	0%		T
A.2. Activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (g)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of plastic packaging	CE 1.1	33	8%	EL	EL	EL	EL	EL	EL								0%		
Capital expenditure for activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		33	8%	-	-	-	-	8%	-								0%		
A. Capital expenditure for activities that are eligible for the taxonomy (A.1 + A.2)		33	8%	-	-	-	-	8%	-								0%		
B. ACTIVITIES THAT ARE NOT ELIGIBLE FOR THE TAXONOMY																			
Capital expenditure for activities that are not eligible for the taxonomy		397	92%																
TOTAL		430*	100%																

Proportion of capital expenditure/total capital expenditure		
	Taxonomy alignment per target	Targets eligible for taxonomy
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	8%
PPC	0%	0%
BIO	0%	0%

* Total capital expenditure for 2023 is taken from the gross investments in Nolato's cash flow statement on page 126.

Opex 2023

Template: Proportion of operating expenses from products or services that are associated with economic activities that are aligned with or eligible for taxonomy requirements – disclosures for the year 2023.

2023 financial year	Year			Criteria for substantial contribution						Do No Significant Harm criteria (h) (DNSH)									
Economic activities (1)	Code (a) (2)	Operating expenses (3)	Proportion of operating expenses, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion aligned with taxonomy requirements (A.1.) or that are eligible for taxonomy requirements (A.2.) Operating expenses, year 2022 (18)	Category enabling activities (19)	Category transitional activities (20)
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
Activity		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Operating expenses for the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling activities		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional activities		0	0%							-	-	-	-	-	-	-	0%		T
A.2. Activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (g)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of plastic packaging	CE 1.1	42	1%	EL	EL	EL	EL	EL	EL								0%		
Operating expenses for activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		42	1%	-	-	-	-	1%	-								0%		
A. Operating expenses for activities that are eligible for the taxonomy (A.1 + A.2)		42	1%	-	-	-	-	1%	-								0%		
B. ACTIVITIES THAT ARE NOT ELIGIBLE FOR THE TAXONOMY																			
Operating expenses for activities that are not eligible for the taxonomy		8,168	99%																
TOTAL		8,210*	100%																

Proportion of operating expenses/total operating expenses		
	Taxonomy alignment per target	Targets eligible for taxonomy
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	1%
PPC	0%	0%
BIO	0%	0%

* Total operating expenses for 2023 are taken from Nolato's 2023 income statement as the cost of goods sold on page 122.

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 positive, but there is still much to work on, primarily in terms of dependency on fossil-based raw materials.

Area	Key performance indicators	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ENVIRONMENTAL RESPONSIBILITY											
Compliance	Number of breaches of environmental legislation (fines, sanctions)	0	0	0	0	2	0	2	1	2	0
Energy	Energy consumption (GWh)	217	235	229	183	184	182	188	169	167	163
	Energy consumption/sales (GWh/SEKm)	0.023	0.022	0.020	0.021	0.023	0.022	0.028	0.038	0.035	0.038
	Purchased fossil-free electricity (% of total electricity use)	89	84	70	72	75	62	53	23	16	0
Carbon emissions	Greenhouse gas emissions from energy consumption, Scopes 1 and 2 (tons CO_2e)	12,200	17,800*	38,900	36,300	33,900	36,600	49,000	51,200	57,200	62,400
	Greenhouse gas emissions Scopes 1 and 2/sales (tons CO_2e/SEKm)	1.3	1.7*	3.4	4.1	4.3	4.5	7.3	11.5	12.1	14.7
Water	Water consumption (m^3 000s)	159.4	168.1*	181.4	141.0	146.7	146.3	177.9	163.7	179.3	170.8
	Water consumption/sales (m^3/SEKm)	16.7	15.6*	15.6	16.0	18.5	18.1	26.5	36.8	37.9	40.3
Waste	Waste volume (tons)	7,200	8,300	9,100	7,300	6,900	7,300	6,500	5,200	5,000	4,400
	Waste volume/sales (tons/SEKm)	0.76	0.77	0.78	0.83	0.88	0.90	0.97	1.16	1.05	1.04
Raw materials	Recycled/bio-based plastics (% of total consumption)	2	2	2	2	2	2	2	1	1	1
Management system	ISO 14001-certified plants (% of total)	83	72	72	91	100	95	95	91	95	100
SOCIAL RESPONSIBILITY											
Employees	Number of employees (average)	5,732	6,627	8,669	6,721	5,941	6,449	7,249	6,418	7,759	8,020
Compliance	Number of breaches of health and safety legislation (fines, sanctions)	0	0	0	0	0	0	0	0	0	1
Health and safety	Occupational accidents resulting in absence (number/million hours worked)	6.4	4.5	5.2	5.2	4.9	4.1	3.7	5.0	2.3	2.9
Diversity	Percentage of women on Group Board	30	30	22	33	30	30	30	22	30	22
	Percentage of women in local management teams	29	28	27	25	25	22	22	20	19	24
Education	Employee training (hours/employee)	23	33	37	36	26	24	47	53	39	29
Management system	ISO 45001-certified plants (% of total)	24	24	24	27	29	24	27	27	30	26
Code of Conduct	Reported human rights breaches (number)	0	0	0	0	0	0	0	0	0	0
RESPONSIBLE BUSINESS CONDUCT											
	Economic value distributed among stakeholders (SEKm)	9,495	10,601	11,368	8,526	7,592	7,993	6,530	4,434	4,407	3,610
	Tax paid (SEKm)	178	178	241	208	154	199	159	515	102	98

* The figure has been adjusted compared with the reported figure in the 2022 annual report according to the comment on page 89.

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 2023 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 2023 full year are included in the report. Data was contributed by a total of 29 (29) production facilities.

Accounting policies
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_2e), sulfur dioxide (SO_2) and nitrogen 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 carbonfootprint.com (2023). 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 tons CO_2/MWh is applied. The figure for greenhouse gas emissions in Scope 2 for 2022 has been revised upwards slightly. This is because of an error in reported emissions, as residual emissions factors had not been applied for Romania and Ireland's electricity consumption. The calculation method for Scope 3 is stated per category in the table for these emissions. The figure for water consumption has been corrected for 2022 due to a restatement error between gallons and liters at one of the 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 distribution of the energy mix for the purchased fossil-free electricity for electricity consumption in Sweden has been calculated based on the energy mix for 2022, as current figures for 2023 are not yet available.

The contact for the sustainability report is Glenn Svedberg (Group Sustainability & Technology 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	10
Policies, framework, stakeholders and material topics	61–63
Environmental Responsibility	47–53, 66–75
Working conditions and social responsibility	54–58, 76–81
Human rights	76–81
Anti-corruption	62–65
Risks and risk management	119–121
Diversity on the Board and in management	78, 112–113

Nolato uses Position Green's software tool for ESG and sustainability reporting, which strengthens conditions for sustainable enterprise via a data-driven approach.

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 2023.

Statement on application: Nolato reports according to GRI standards for the January 1, 2023, to December 31, 2023, 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
GRI 2: General disclosures 2021	2-1 Organizational details	116, 118, 168	
	2-2 Entities included in the organization's sustainability reporting	160	
	2-3 Reporting period, frequency and contact point	89	
	2-4 Restatements of information	Restatement of CO_2 emissions Scope 2 and water consumption for 2022; see pages 88 and 89.	
	2-5 External assurance	99	

2. ACTIVITIES AND WORKERS

GRI Standard/Other source	Disclosures	Page/comments	Omissions
GRI 2: General disclosures 2021	2-6 Activities, value chain and other business relationships	15, 21, 40–41	
	2-7 Employees	78	
	2-8 Workers who are not employees	78	

3. GOVERNANCE

GRI Standard/Other source	Disclosures	Page/comments	Omissions
GRI 2: General disclosures 2021	2-9 Governance structure and composition	102–107, 112–113	
	2-10 Nomination and selection of the highest governance body	102–104	
	2-11 Chair of the highest governance body	112	
	2-12 Role of the highest governance body and management in managing impacts on the environment, finances and people	62–63	
	2-13 Delegation of responsibility for managing impacts	62–63	
	2-14 Role of the highest governance body in sustainability reporting	62, 103	
	2-15 Conflicts of interest	110, 112–113	
	2-16 Communication of critical concerns to the highest governance body	104–107	
	2-17 Collective knowledge of the highest governance body	104, 112–113	
	2-18 Evaluation of the performance of the highest governance body	102–104	
	2-19 Remuneration policies	102–105, 109–110	
	2-20 Process to determine remuneration	102–105, 109–110	
	2-21 Annual total compensation ratio	80	

4. STRATEGY, POLICIES AND PRACTICES

GRI Standard/Other source	Disclosures	Page/comments	Omissions
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy	6–7	
	2-23 Policy commitments	45–46, 55, 62–64, 76	
	2-24 Embedding policy commitments	45–46, 55, 62–64, 76	
	2-25 Processes to remediate negative impacts	66–75	
	2-26 Mechanisms for seeking advice and raising concerns	46, 63–64	
	2-27 Compliance with laws and regulations	69, 80	
	2-28 Membership associations	81	

5. STAKEHOLDER ENGAGEMENT

GRI Standard/Other source	Disclosures	Page/comments	Omissions
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	61	
	2-30 Collective bargaining agreements	78	

6. MATERIAL TOPICS

GRI Standard/Other source	Disclosures	Page/comments	Omissions
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37–38, 61	
	3-2 List of material topics	38–39	
ENVIRONMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	38–59	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	50–52, 71–72, 75	
	301-2 Recycled input materials used	50–52, 71–72, 75	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	52, 68	
	302-3 Energy intensity	52, 68	
	302-4 Reduction of energy consumption	49, 52, 68, 74	
	302-5 Reductions in energy requirements of products and services	49, 52, 68, 74	
GRI 303: Water and effluents 2018	303-3 Water withdrawal	71	
	303-5 Water consumption	71, 75	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	67	
GRI 305: Emissions 2016	305-1 – 305-7 Emissions of greenhouse gases and other emissions	48–50, 66–70, 73–74	
GRI 306: Effluents and waste 2016	306-1 Emissions to water	70–71	
	306-2, 306-3, 306-4 Waste, significant spills and transportation of hazardous waste	41, 49, 72	
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	44–45, 81	
EMPLOYEES			
GRI 403: Occupational health and safety 2018	403-1, 403-2, 403-4, 403-6, 403-8, 403-9 Management systems, risk analyses, participation, training, work-related injuries	55, 70, 77–81	
GRI 404: Training and education 2016	404-1, 404-3 Training hours per employee, performance reviews	56–57, 79	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	78–80, 112–113	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	80	
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	78	
GRI 408: Child labor 2016	408-1 Risk of child labor	80	
GRI 409: Forced and compulsory labor 2016	409-1 Risk of forced and compulsory labor	80	
ECONOMY AND SOCIETY			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	64	
GRI 205: Anti-corruption 2016	205-2, 205-3 Communication and training Incidents and action taken	62–65	
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior	64	
GRI 413: Local communities 2016	413-1 Local community engagement	81	

Task Force on Climate-Related Financial Disclosures

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 and sustainability report.

Area	TCFD recommendations	References/pages
Governance	› Describe the board's oversight of climate-related risks and opportunities. › Describe management's role in assessing and managing climate-related risks and opportunities.	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. Sustainability-related reporting comes under the responsibility of the Reporting Committee. The bonus system for Group management includes the Group's emissions targets. Find out more about governance on pages 62–65, 102–107 and 109–110.
Strategy	› Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. › Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. › Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	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 38–41, 47–53 and 92–95.
Risk management	› Describe the organization's processes for identifying and assessing climate-related risks. › Describe the organization's processes for managing climate-related risks. › Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	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 94–95 and 119–121.
Metrics and targets	› Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. › Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	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. In 2023, an analysis was conducted of Scope 3 emissions that form the basis for the SBTi targets submitted for validation. As of this year, the Group's Scope 3 emissions will be reported annually. Find out more about metrics and targets on pages 47–53 and 66–75.

Climate scenario

Climate risks are worsening as global warming increases. According to UN reports published in 2022 and 2023, 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; Climate adaptation failure puts world at risk). It is noted that many countries have high ambitions, but that relevant measures are not being implemented fast enough. According to WMO, the UN's meteorological agency, the past eight years have been the hottest ever on record in the world, 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 enhanced requirements in terms of climate/ sustainability reporting.
Technology developments	Greater use of raw materials and processes with reduced climate impact. Greater 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 47–53 and 66–75.

Global Compact

10 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 24,000 companies and organizations in 167 different countries, more than 560 of which are in Sweden.

Through the Global Compact, Nolato endorses 10 fundamental principles in the areas of human rights, labor, the environment and anti-corruption. These 10 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.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

GLOBAL COMPACT	GRI INDICATORS
Human rights	
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
Labor	
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
Environment	
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
Anti-corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	2-23, 2-24

Sustainable development glossary

Carbon dioxide equivalent (CO_2e) The concept of carbon dioxide equivalents (CO_2e) is a way of expressing the total impact of various greenhouse gases (GHG) in terms of the amount of carbon dioxide (CO_2) with equivalent global warming potential. It is a unit of measurement that is used to compare the global emissions potential in emissions from various greenhouse gases over a specific period of time, usually 100 years. The existence of established third party-calculated data about various materials' CO_2e makes it possible to compare the carbon footprint of different materials.

CDP The Carbon Disclosure Project is a voluntary system for reporting the environmental impacts caused by businesses. 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.

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.

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.

CSDD Corporate Sustainability Due Diligence Directive is an EU directive under development that will impose requirements on companies to demonstrate due diligence within their own operations and throughout the value chain, in order to combat negative impacts on human rights, climate and the environment.

CSRD The Corporate Sustainability Reporting Directive is an EU directive that came into force as of the 2024 financial year (according to a referral by the Legal Affairs Committee, adoption of the directive is delayed until the year 2025). CSRD replaces the previous Non-Financial Reporting Directive (NFRD) and requires companies of a certain size to report on their sustainability work based on a broad number of disclosure requirements within areas such as the environment, social issues and governance, as stipulated in the directive's framework of standards ESRS (European Sustainability Reporting Standards).

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.

Energy consumption Nolato reports both direct energy consumption (usage of fuel in own energy facilities) and indirect consumption (purchased electricity and district heating).

Environmental aspects 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. The costs include administration, purchase of services externally, 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'.

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.

GHG Greenhouse gases. Nolato reports emissions of the greenhouse gas carbon dioxide (CO_2equivalents) from energy consumption, i.e. Scope 1 and Scope 2, as well as Scope 3 according to the GHG Protocol.

Global Compact A UN initiative for responsible business conduct. Participating organizations undertake to endorse ten 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 standards
- ISO 9001 International standard relating to quality management systems.
- ISO 14001 International standard relating to environmental management systems.
- ISO 26000 International standard that provides guidance for organizations on how to manage 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.
- ISO 50001 International standard relating to energy management systems.

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 Lost Work Case means occupational accidents causing at least one day's absence.

LTAR Lost Time Accident Rate is the number of lost working hours caused by accidents, divided by the total number of hours worked during the period. LTAR states lost working hours due to accidents per 1,000,000 hours worked.

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 (nitrogen 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_2 equivalents. Scope 1: Direct emissions arising from the combustion of fossil fuels (petrol, oil, natural gas, propane and coal), for example production in owned factories or direct emissions from owned and/or leased vehicles/machinery. Scope 2: Indirect emissions arising from production of the electricity, district heating and district cooling used by the business. Scope 3: Indirect emissions from the production of the goods and services that the business procures, for example logistics, flights, taxi journeys, hotel stays and materials.

SO_2 (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.

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.

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.

Sustainability report Under the EU's Non-Financial Reporting Directive (NFRD), the Swedish government has decided that as of 2017 it is mandatory for large companies to prepare a sustainability report. According to the Swedish Annual Accounts Act (ÅRL), 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, according to ÅRL. For Nolato, sustainability reporting is henceforth carried out according to CSRD and its framework of standards ESRS.

The 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.

TCFD The Task Force on Climate-related Financial Disclosures (TCFD) provides guidance on how to report climate-related financial risks and opportunities.

TNFD The Taskforce on Nature-related Financial Disclosures has developed a range of recommendations and guidelines for organizations to report and act on relating to variable dependencies, impacts, risks and opportunities related to nature.

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 2023 on pages 60-98, 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, April 10, 2024
Ernst & Young AB

Joakim Falck
Authorized Public Accountant

Shareholder information

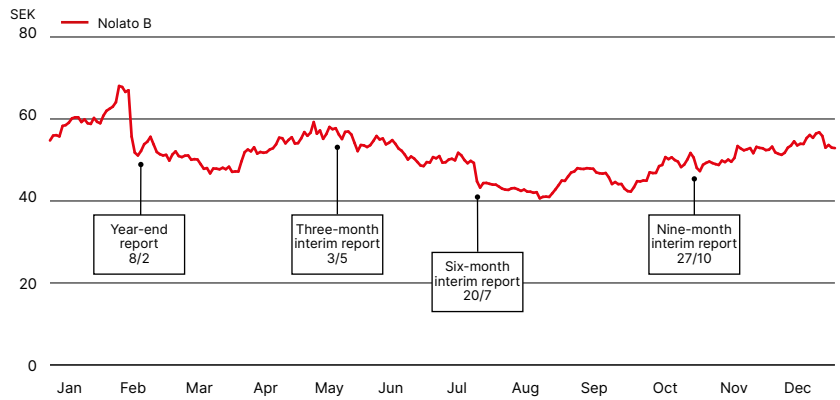
Listing
Nolato AB was listed on the Stockholm Stock Exchange in 1984, and its B shares are now listed on Nasdaq Stockholm. Nolato is a Large Cap company in the Industrials sector. The share symbol is STO:NOLA B and the ISIN code is SE0015962477.

Share price performance
Nolato's B shares fell by 3% (-49) during the year. The share price at the end of 2023 was SEK 52.90 (54.65). The highest closing price on Nasdaq Stockholm in 2023 was SEK 68.10 (Feb. 2, 2023) and the lowest closing price was SEK 40.60 (Aug. 17, 2023).

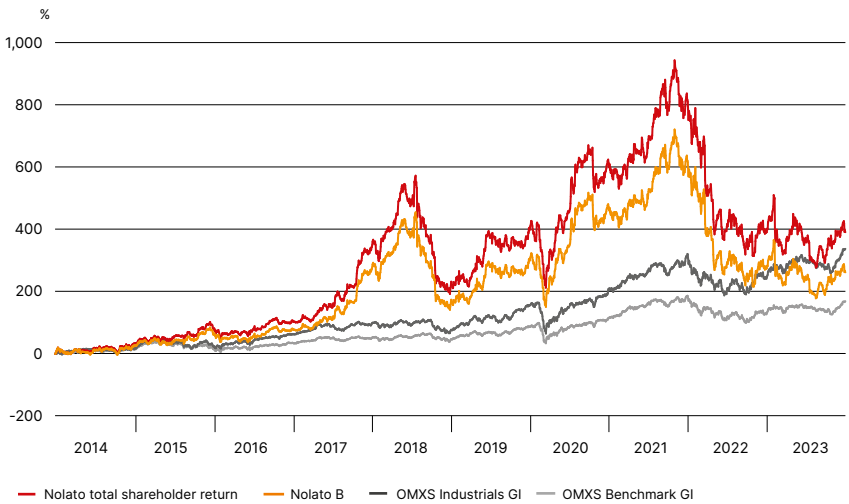
In 2023, 205.5 million Nolato class B shares were traded, 32% of which was in open exchange trading (lit + auction market) and 68% in other trading (dark, off-book, OTC and SI). Of total trade, 49% was on the primary Nasdaq Stockholm market, 40% on Cboe Global Markets, 6% on LSE Group, 2% on ITG, 2% on Aquis and 1% on other markets.

The turnover ratio of B shares, based on all markets and all trade, was 85%. There were 15,594 (17,142) shareholders at December 31.

Share price performance in 2023



Total shareholder return and share price performance 2014–2023



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 145.

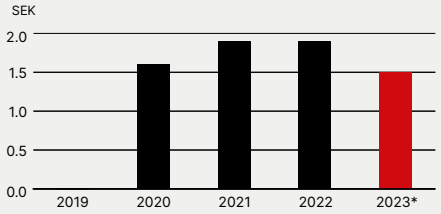
Dividend policy and dividend
Nolato's dividend policy is to propose a dividend that exceeds 50% of profit after tax, taking account of Nolato's long-term development opportunities, financial position and investment needs. The Board of Directors proposes a dividend for 2023 of SEK 1.50 (1.90), corresponding to SEK 404 million (512).

The pay-out ratio, i.e. the dividend in relation to profit after tax, is 74% (78), excluding non-recurring items. The dividend yield was 2.8% in relation to the share price at December 31, 2023. Over the last five years, the average dividend yield from Nolato's shares was 2.0%.

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

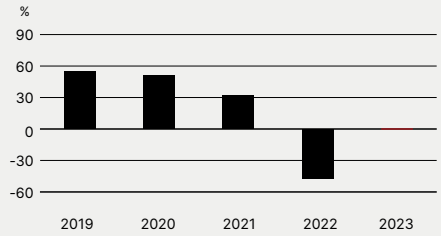
Financial information
Nolato's management works continually to develop and improve financial information, in order to provide the market with good conditions for determining the value of the company as fairly as possible. This includes participating actively when dealing with analysts, shareholders and 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. On the website you will also find all interim reports, annual reports and press releases dating back 10 years.

Dividend 2019–2023

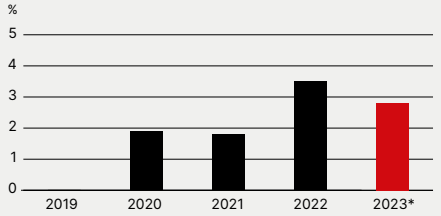


* 2023 proposal.

Annual total shareholder return 2019–2023



Dividend yield 2019–2023



* 2023 proposal.

Total shareholder return:

10 years	393% (yearly average 17%)
5 years	58% (yearly average 10%)
3 years	-31% (yearly average -11%)

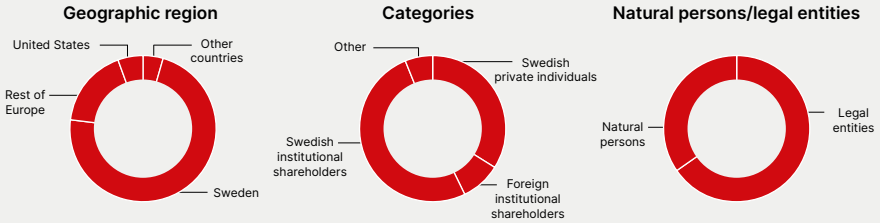
Definition of total shareholder return (not IFRS measure):
Total shareholder return shows the change in the share price, including reinvested dividends over the period.

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
- SEB – Karl Norén +46 8 692 7630

Breakdown of shareholders at December 31, 2023



The largest shareholders at December 31, 2023

Shareholders	% of capital Dec. 31, 2023	Change*	% of votes Dec. 31, 2023	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	0.0	19.0	0.0
First Swedish National Pension Fund (AP1)	9.2	2.4	4.8	1.3
Nordea Fonder	7.6	3.6	3.9	1.8
Lannebo Fonder	5.7	-0.3	3.0	-0.4
Second Swedish National Pension Fund (AP2)	4.3	0.5	2.2	0.2
SHB Fonder & Liv	3.8	2.6	2.0	1.4
Didner & Gerge Fonder	2.9	0.8	1.5	0.4
Vanguard	2.4	0.1	1.3	0.1
Highclere International Investors LLP	1.9	0.0	1.0	0.0
Norges Bank	1.7	0.1	0.9	0.1
Third Swedish National Pension Fund (AP3)	1.5	0.0	0.8	0.0
Öhman Fonder	1.4	0.0	0.7	0.0
Svolder	1.4	0.2	0.7	0.1
Total percentage for the 15 largest shareholders	**71.4**	**9.9**	**85.1**	**4.8**
Other shareholders	28.6	90.1	14.9	95.2

* Change (percentage points) in shareholdings compared with December 31, 2022.
Source: Modular Finance

Data per share

	2023	2022	2021	2020	2019
Diluted earnings per share after tax, SEK[1]	1.61	2.59	4.32	3.02	2.66
Shareholders' equity per share, after dilution, SEK[2]	19	20	18	14	11
Cash flow after investing activities excl. acquisitions and disposals per share, after dilution, SEK	1.66	0.03	1.66	3.40	3.02
Share price at December 31, SEK	52.90	54.65	107.90	83.20	55.00
Price/earnings ratio, times[3]	33	21	25	28	21
Turnover rate, %	85	98	70	63	68
Dividend (2023 proposal), SEK	1.50	1.90	1.90	1.60	0.00
Dividend yield (2023 proposal), %[4]	2.8	3.5	1.8	1.9	–
Dividend as a percentage of earnings per share (2023 proposal)	74	78	51	53	–
Average number of shares after dilution, million	269.4	269.4	268.8	266.6	264.3
Price/equity per share, times	2.8	2.7	6.0	6.0	4.9
Market capitalization at December 31, SEKm	14,250	14,721	29,066	22,251	14,601

Definitions
[1] Profit after tax divided by the average number of shares, IFRS measure.
[2] Shareholders' equity divided by the number of shares.
[3] Quoted share price at December 31 divided by earnings per share after tax.
[4] 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 105–107). 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, at which 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 101 and at nolato.com/en/ir.

2023 Annual General Meeting
The 2023 AGM took place on May 3, 2023. The meeting was attended by 293 shareholders, together representing 72.6% of the number of shares and 84.5% of the number of votes in the company.

The AGM re-elected Board members Fredrik Arp, Carina van den Berg, Tomas Blomquist, Sven Boström, Lovisa Hamrin, Åsa Hedin, Erik Lynge-Jorlén and Lars-Åke Rydh. Fredrik Arp was re-elected as Chairman of the Board. The members are presented in more detail on pages 112–113 and at 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 2022 financial year.

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

Nomination Committee
The 2023 AGM resolved that the Nomination Committee ahead of the 2024 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 2023.

In accordance with this decision, the Nomination Committee ahead of the 2024 AGM consists of

- Henrik Jorlén, chair, appointed by the Jorlén family
- Gun Boström, appointed by the Boström family
- Lovisa Hamrin, appointed by the Hamrin family
- Anna Magnusson, appointed by First Swedish National Pension Fund (AP1).
- Katarina Hammar, appointed by Nordea Fonder.

Since it was established and up until February 2024, the Nomination Committee has held three 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 or by ordinary mail: Nolato Nomination Committee, c/o Henrik Jorlén, Kommendörsgatan 4, 269 77 Torekov, Sweden.

Auditor
The 2023 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 Hexpol, 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 2023 year-end report on February 6, 2024.

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.

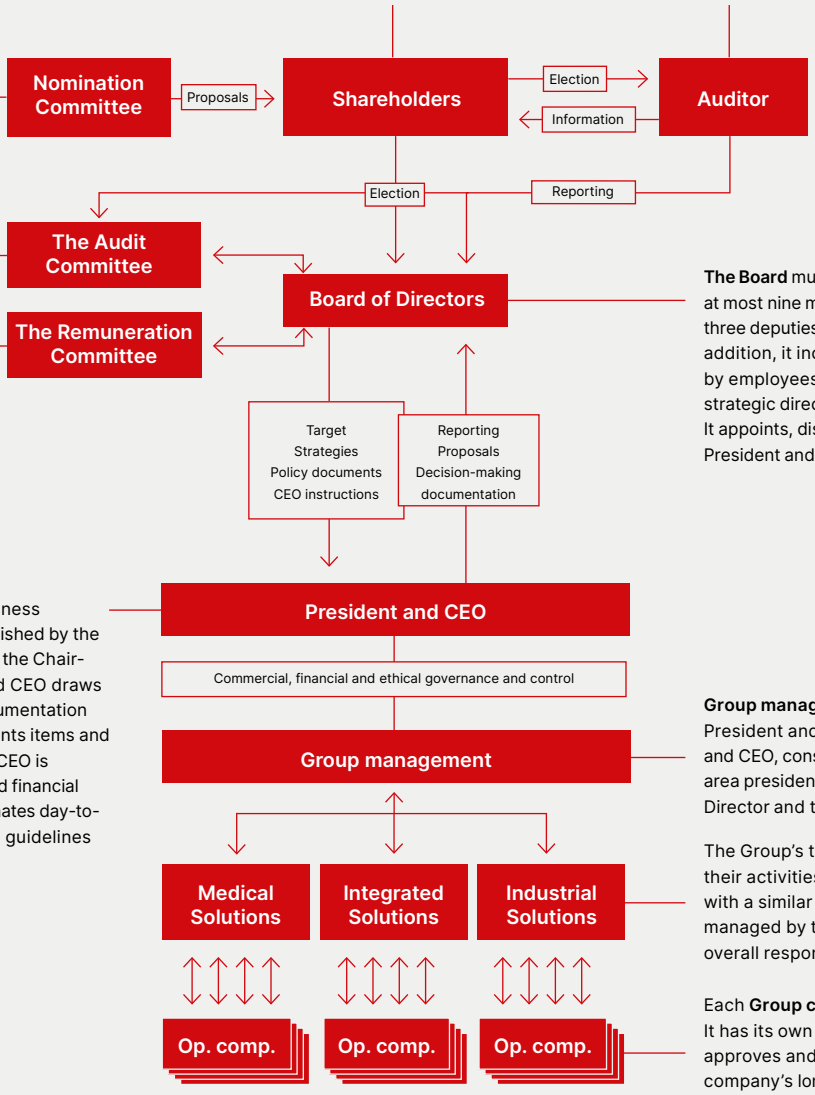
SCHEMATIC DESCRIPTION OF THE NOLATO GROUP'S CORPORATE GOVERNANCE

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 and 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.



The Audit Committee's task is to supervise the processes for accounting, financial and sustainability reporting, and internal auditing.

The Remuneration Committee is responsible for proposing to the Board all remuneration and benefits for the President and CEO and principles for remuneration of senior executives.

The Board must consist of at least of five and at most nine members, and a maximum of three deputies elected by the AGM. In addition, it includes two members elected by employees. The Board decides on the strategic direction of Nolato's operations. It appoints, dismisses and oversees the President and CEO.

The President and CEO manages business operations within the framework established by the Board of Directors. In consultation with the Chairperson of the Board, the President and CEO draws up the necessary information and documentation for the Board's decision-making, presents items and justifies proposals. The President and CEO is responsible for Nolato's commercial and financial performance, and manages and coordinates day-to-day operations in accordance with the guidelines and decisions of the Board.

Group management is appointed by the President and CEO and, besides the President and CEO, consists of the CFO, the business area presidents, the Group Procurement Director and the Head of Sustainability.

The Group's three **business areas** coordinate their activities in a number of Group companies with a similar focus. Each business area is managed by the business area president with overall responsibility for operations.

Each **Group company** has a managing director. It has its own board of directors, which approves and makes decisions on the company's long-term strategies and overall structural and organizational changes.

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. In 2023, the Board received training in the EU's Corporate Sustainability Reporting Directive (CSRD). 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 2023, 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 2023
Following the 2023 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 Lynge-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 Carina van den Berg, Tomas Blomquist, Åsa Hedin, Lars-Åke Rydh 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.

Further information about Nolato's Board members is presented on pages 112–113.

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

Board members' attendance in 2023

	Feb 8	May 3	Jun 15	July 20	Sep 11	Oct 26	Dec 5	**Total**
Fredrik Arp	1	1	1	1	1	1	1	**7**
Carina van den Berg	1	1	1	1	1	1	1	**7**
Tomas Blomquist	1	1	1	1	1	1	1	**7**
Sven Boström	1	1	1	1	1	1	1	**7**
Lovisa Hamrin	1	1	1	1	1	1	1	**7**
Åsa Hedin	1	1	1	1	1	1	1	**7**
Erik Lynge-Jorlén	1	1	1	1	1	1	1	**7**
Lars-Åke Rydh	1	1	1	1	1	1	1	**7**
Steven Gorial	1	1	1	1	1		1	**6**
Björn Jacobsson	1	1	1	1	1	1	1	**7**

branches within the company. Three out of eight members elected by the general meeting of the company are women.

Attendance in 2023
In 2023, the members of the Board attended Board meetings as detailed in the table on page 104.

The Board's work in 2023
In 2023, the Board held seven 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 Carina van den Berg (chair) 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 2023. The company's CFO and, at certain meetings, the company's auditors, have also participated in committee meetings. Minutes were taken at all meetings.

The Remuneration Committee
The members of the Remuneration Committee are Fredrik Arp (chair) and Lovisa Hamrin, both of whom were appointed by the Board. The committee met on two occasions in 2023.

The committee approved variable remuneration and other remuneration and benefits for the President and CEO and senior executives, which is detailed in the Remuneration Report.

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 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 2023

	Feb 8	May 3	Jun 8	Dec 5	**Total**
Carina van den Berg	1	1	1	1	**4**
Åsa Hedin	1	1	1	1	**4**
Lars-Åke Rydh	1	1			**2**

REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

See Note 27 on page 145 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 are 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 106. 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:

- **The Nolato Spirit:** Defines the platform of shared values for all Group operations.
- **Code of Conduct:** This sets out the ethical and human rights principles 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 employees 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 2023, the Group's management consisted of Christer Wahlquist (President and CEO), Per-Ola Holmström (CFO), Johan Iveberg (President of Medical Solutions), Anders Björklund (President of Industrial Solutions and Head of Consumer Electronics within Integrated Solutions), Anders Ericsson (Head of EMC within Integrated Solutions and Managing Director of Nolato Silikonteknik), Camilla Magnusson (Group Procurement Director) and Glenn Svedberg (Group Sustainability & Technology Director). Further information about the members of Group management is available on page 114.

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 24–35.

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, 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.

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 2023, 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, April 10, 2024
Ernst & Young AB

Joakim Falck
Authorized Public Accountant

Guidelines for the remuneration of senior executives

The 2023 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 2027 Annual General Meeting. Once adopted by the 2023 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.

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 (www.nolato.com).

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, the Annual General Meeting 2019 and the Annual General Meeting 2022 are further described in Note 27 in the Company's 2022 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 50% 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%
- Return on assets: 45%
- Environmental goal carbon dioxide: 10%

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 policies 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 Chairperson of the Board can chair 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.

Board of Directors

Name	Fredrik Arp	Carina van den Berg	Tomas Blomquist	Sven Boström	Lovisa Hamrin
Elected	2009 (also member 1998–1999)	2022	2021	2013	2017
Position	Chairman of the Board and chair of the Remuneration Committee.	Member of the Board and chair of the Audit Committee.	Board member.	Board member.	Board member and member of the Remuneration Committee.
Born	1953	1974	1970	1983	1973
Education	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).
Other assignments	Chairman of Bravida Holding AB and Gränges AB.	—	—	—	Chairman of Herenco AB and Hamrin Foundation. Board member of Jönköping International Business School and the Swedish Entrepreneurship Forum.
Background	CEO of Volvo Cars, Trelleborg, PLM.	Director Global Finance Sustainability and Operations, 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.
Attendance	7 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings
Remuneration[1]	1,080,000	485,000	310,000	310,000	350,000
Shareholding[2]	30,000 B (30,000 B)	3,000 B (2,000 B)	0 (0)	2,558,700 B (2,558,700 B)	8,192,000 A + 16,654,332 B (8,192,000 A + 14,060,191 B)
Dependence	Independent of the company and major shareholders.	Independent of the company and 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.

[1] For further information about remuneration, see Note 27 on pages 145–147.
[2] Shareholding in Nolato at Dec. 31, 2023 (Dec. 31, 2022) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at www.nolato.com/en/IR/The-Nolato-share.

Name	Åsa Hedin	Erik Lynge-Jorlén	Lars-Åke Rydh	Steven Gorial	Björn Jacobsson
Elected	2014	2020	2005	2022	2015 (also member 2000–2013) Deputy 2014
Position	Board member and member of the Audit Committee.	Board member and Board's representative for sustainability issues.	Board member.	Employee representative from PTK (Swedish Federation of Salaried Employees in Industry and Services).	Employee representative from LO (the Swedish Trade Union Confederation).
Born	1962	1979	1953	1983	1971
Education	Master of Science (Biophysics), Bachelor of Science (Physics).	Bachelor of Education.	Master of Science (Engineering).	KY Academy, NTI and other institutions.	Upper-secondary school.
Other assignments	Chairman of Tobii Dynavox AB, Artificial Solutions AB and QBTech AB. Board member of Biotage AB and Industri-fonden AB.	—	Chairman of Danfo AB, Olja ek. för., Schuchardt Maskin AB, Chiffonjén AB and Prototypen AB. Board member of Garo AB, Spectria Invest Fond AB, Söderbergsföretagen AB, Hjo Verktyg AB and Östrand o Hansen AB.	Board member of Nolato Plastteknik AB.	Board member of Nolato Gota AB.
Background	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.
Attendance	7 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings	6 out of 7 meetings	7 out of 7 meetings
Remuneration[1]	377,000	310,000	310,000	0	0
Shareholding[2]	0 (0)	2,000 A + 350,000 B (2,000 A + 350,000 B)	20,000 B (20,000 B)	0 (0)	0 (0)
Dependence	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).
[1] For further information about remuneration, see Note 27 on pages 145–147.
[2] Shareholding in Nolato at Dec. 31, 2023 (Dec. 31, 2022) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at www.nolato.com/en/IR/The-Nolato-share.

Nolato Group management

Name	Christer Wahlquist	Per-Ola Holmström	Johan Iveberg	Anders Björklund
Employed	1996	1995	2010	2023
Position	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 since 2023.
Born	1971	1964	1969	1970
Education	Master of Science (Engineering), MBA.	Bachelor of Science (Economics).	Master of Science (Engineering).	Master of Science (Materials).
Background	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.
Shareholding[1]	272,120 B (237,120 B)	180,840 B (180,840 B)	125,000 B (125,000 B)	0
Warrants	40,000 (Series 2021/2024) 280,000 (Series 2022/2026) 280,000 (Series 2023/2027)	20,000 (Series 2021/2024) 140,000 (Series 2022/2026) 140,000 (Series 2023/2027)	140,000 (Series 2022/2026) 140,000 (Series 2023/2027)	140,000 (Series 2022/2026) 140,000 (Series 2023/2027)

Name	Anders Ericsson	Camilla Magnusson	Glenn Svedberg
Employed	1999	2013	2007
Position	Managing Director of Nolato Silikonteknik since 2006, Head of EMC within Integrated Solutions.	Group Procurement Director since 2016.	Sustainability Director since 2021 and Technology Director since 2023.
Born	1964	1971	1965
Education	Master of Science (Mechanical Engineering), MBA.	Master of Science (Mechanical Engineering).	Master of Science (Engineering).
Background	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 Construction Equipment.
Shareholding[1]	9,500 B (16,500 B)	0	102,000 B (102,000 B)
Warrants	42,500 (Series 2021/2024) 140,000 (Series 2022/2026) 140,000 (Series 2023/2027)	7,000 (Series 2021/2024) 140,000 (Series 2022/2026) 10,000 (Series 2023/2027)	30,000 (Series 2021/2024) 120,000 (Series 2022/2026) 140,000 (Series 2023/2027)

[1] Shareholding in Nolato at Dec. 31, 2023 (Dec. 31, 2022) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at www.nolato.com/en/IR/The-Nolato-share.

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*The content of pages 115–162 has been audited.

Directors' report

Sales

Operating profit (EBITA)

EBITA margin

Diluted earnings per share

Operations in 2023

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 2023 financial year. Nolato is a Swedish publicly listed group with 5,732 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.

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.

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

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 24–35.

Financial summary

Consolidated sales declined by 11% in 2023, amounting to SEK 9,546 million (10,774). Adjusted for currency and acquisitions, sales decreased by 16%. Operating profit (EBITA) amounted to SEK 761 million (908), excluding a non-recurring item, giving an EBITA margin of 8.0% (8.4). A non-recurring item was recognized in the third quarter for SEK 60 million in costs relating to the concentration of the Chinese business, which did not affect the business areas' earnings.

Operating profit (EBIT) declined to SEK 717 million (867), excluding a non-recurring item. Including the non-recurring item, profit amounted to SEK 657 million (867). The EBIT margin was 6.9% (8.0).

For further financial information, see the five-year review on page 153.

Consolidated profit after tax amounted to SEK 545 million (656), excluding non-recurring items.

Sales, operating profit and EBITA margin by business area, 2021–2023

	Sales			Operating profit EBITA			EBITA margin (%)		
SEKm	2023	2022	2021	2023	2022	2021	2023	2022	2021
Medical Solutions	5,308	4,859	4,067	525	457	457	9.9	9.4	11.2
Integrated Solutions	1,379	3,311	5,226	47	334	671	3.4	10.1	12.8
Industrial Solutions	2,871	2,618	2,324	219	128	208	7.6	4.9	9.0
Intra-Group adj., Parent Co.	-12	-14	-7	-90	-11	33	—	—	—
Group total	**9,546**	**10,774**	**11,610**	**701**	**908**	**1,369**	**7.3**	**8.4**	**11.8**

Including non-recurring items, profit amounted to SEK 435 million (697). The lower profitability of the Chinese business has resulted in a need for impairment of a SEK 50 million deferred tax asset, which was recognized as a tax expense. Diluted earnings per share were SEK 2.02 (2.44), excluding non-recurring items. Including non-recurring items, diluted earnings per share were SEK 1.61 (2.59). Adjusted earnings per share after dilution, excluding amortization of intangible assets arising from acquisitions, amounted to SEK 2.15 (2.55), excluding non-recurring items. The effective tax rate was 29.4% (20.3). Excluding non-recurring items, the tax rate was 19.4% (21.3).

Medical Solutions

Medical Solutions sales totaled SEK 5,308 million (4,859); adjusted for currency and acquisitions, sales grew by 4%. Most product areas saw good growth, especially in the first half of the year. This did not, however, apply to in vitro diagnostics (IVD), whose sales were lower than in the previous year due to inventory adjustments in the value chain and a change in the customer mix in the second half of the year. The surgery area experienced lower volumes in the second half of the year.

Operating profit (EBITA) for Medical Solutions rose to SEK 525 million (457). The EBITA margin for Medical Solutions increased to 9.9% (9.4). A change in the sales mix, with a lower proportion from the surgery area, supported the margin.

Industrial Solutions

Industrial Solutions sales amounted to SEK 2,871 million (2,618); adjusted for currency, sales increased by 4%. Automotive volumes increased, while supply chain disruptions had less of an impact than previously. The charging on of cost increases has gradually contributed less to the increase in sales. Demand for products in the consumer discretionary sector was slightly lower, and this is expected to continue in the next quarter due to the weak economy and restrained consumer spending.

Operating profit (EBITA) rose sharply to SEK 219 million (128). The EBITA margin for Industrial Solutions increased to 7.6% (4.9). Good volumes in the automotive area, combined with less disruption in the supply chain, have boosted production efficiency, which has had a positive impact on the margin.

Integrated Solutions

Integrated Solutions sales amounted to SEK 1,379 million (3,311); adjusted for currency and acquisitions, sales decreased by some 60%. Most consumer electronics customers were affected by reduced demand from end-customers, but it was a change in the sourcing strategy of a previously significant customer that primarily resulted in lower volumes. EMC sales totaled SEK 674 million (673), SEK 17 million of which was attributable to acquisitions. Increased market share in automotive made a positive contribution to growth, while sluggish activity and inventory adjustments in 5G roll-out had a significant adverse impact on telecom. Nolato acquired UK-based P&P Technology in April. The company, which has annual sales equivalent to approximately SEK 25 million with good profitability, provides component- and materials-based electronics shielding solutions. The acquisition provides Nolato with complementary production technologies, an expanded customer base and a stronger presence in the UK.

Operating profit (EBITA) for Integrated Solutions was SEK 47 million (334). The EBITA margin for Integrated Solutions was 3.4% (10.1). Significantly lower volumes had a negative impact on 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 60–99. The reading guide is on page 89.

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 2023, Nolato had 15,594 (17,142) shareholders. The largest shareholders are the Jorlén family, the Boström family, the Hamrin family and Första AP-fonden with 9% each, Nordea Fonder with 8%, Lannebo Fonder with 6% and Andra AP-fonden with 4% of capital.

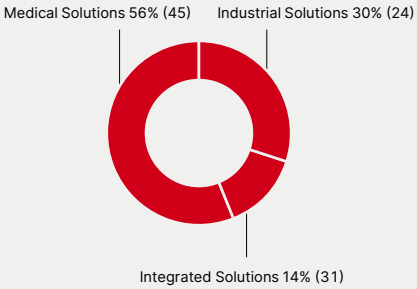
Nolato does not own any of its own shares. There are no restrictions as a result of legal provisions or the company's Articles of Association that affect the transferability of the shares.

Nolato's management have been offered the opportunity to acquire warrants for the pur-

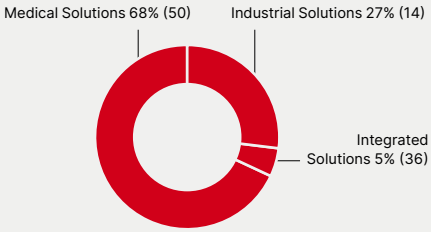
Cash flow after investments

Excluding acquisitions and disposals

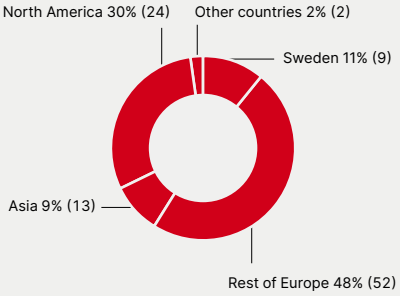
Share of sales



Share of operating profit (EBITA)



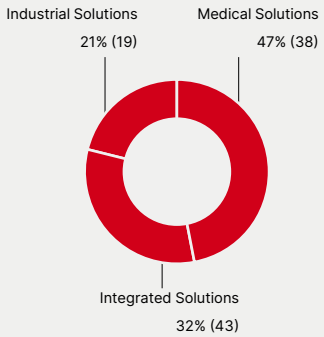
Sales by geographic markets



Average no. of employees

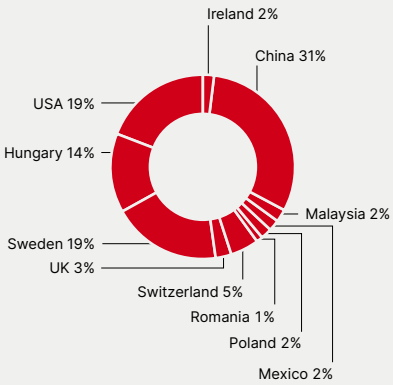
Employees by business area

Average



Employees by country

Average



chase 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 2021/2024 has redemptions from May 1, 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 at a subscription price of SEK 59.20 each, and Series 2024/2028 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 6,352,000 new B shares.

Further information about Nolato's shares can be found on pages 100–101. Up-to-date information about the share price and shareholders is always available at www.nolato.com.

Corporate governance

Basic information about the company's governance, Board of Directors and management can be found on pages 102–108 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 109–110, and summarized in Note 27 on pages 145–147. 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.

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 81 million (65). Earnings after financial items amounted to SEK -26 million (184) and were primarily affected by lower profit from investments in Group companies (dividends from subsidiaries).

Proposed appropriation of profits

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

Retained earnings	1,869
Profit for the year	296
Total	**2,165**

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

Dividend to shareholders of SEK 1.50 per share	404
To be carried forward	1,761
Total	**2,165**

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. We are also continuing to seek out potential acquisition candidates. 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.

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.

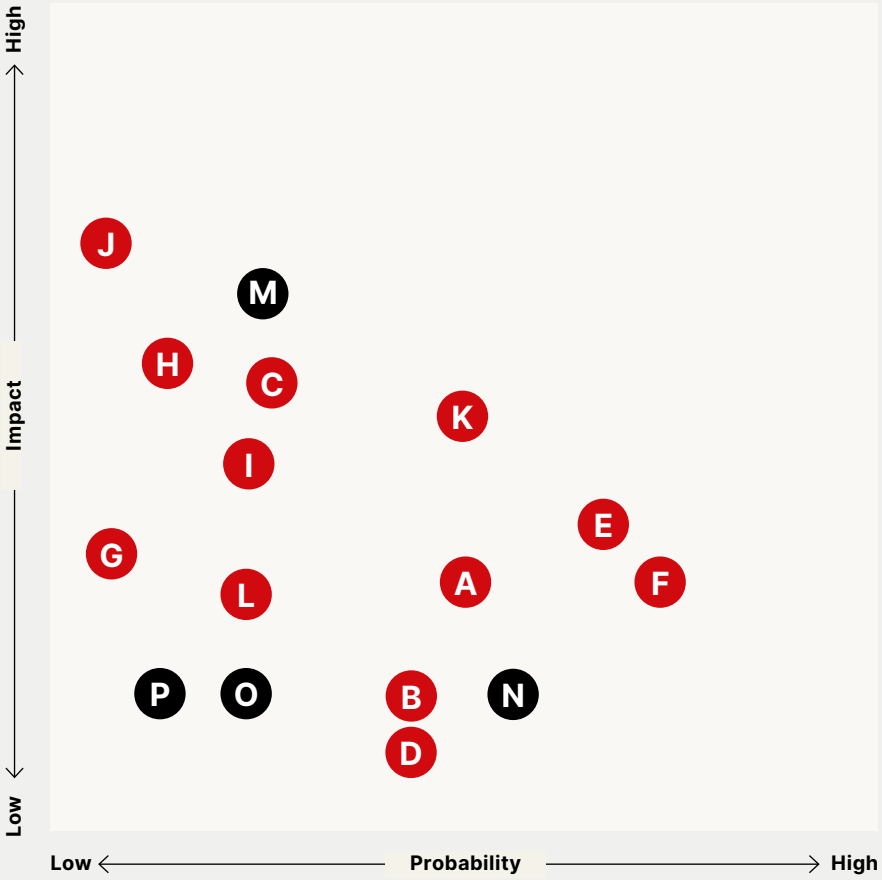
The positions we have on the market and the investments we have implemented within each business area should enable us to carry on developing Nolato. Building on current initiatives to strengthen our margins is a top priority.

From 2024, Nolato will report on Group's operations via two business areas – Medical Solutions and Engineered Solutions. The new Engineered Solutions business area includes the former Industrial, Consumer Electronics and EMC areas.

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
A **Business cycle risk** The risk that an economic downturn could have a significant impact on Nolato's performance and earnings.	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.
B **Subcontractor risk** The risk that changes at customers could have a significant negative impact on Nolato's performance and earnings.	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.
C **Customer dependence** The risk that changes at individual customers could have a significant negative impact on Nolato's performance and earnings.	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.
D **Supplier dependence** The risk of a supplier being unable to deliver to Nolato on time or at the right quality.	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.
E **Raw material price risk** 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.	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.
F **Energy cost risk** 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.	Nolato primarily uses electrical energy in production. Energy costs in 2023 totaled SEK 330 million, of which 98.6% 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.
G **Production risks** The risk of significant supply delays and/or quality issues.	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).
H **Property damage and disruptions** The risk of a negative impact on earnings and customer confidence as a result of a fire, explosion, natural disaster, damage to machinery, etc.	Significant 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.
I **Legal risks** The risk of significant disputes with different external stakeholders.	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.
J **Product liability risk** The risk of faults in a product manufactured by Nolato leading to significant financial claims on the Group.	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 are also certified in accordance with industry-specific standards such as ISO/TS 16949 (automotive) and ISO 13485 (medical technology).
K **Sustainable development risks** The risk of significant environmental damage, which could lead to costs or have a negative impact on Nolato's reputation.	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. Just over 80% 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 of the risk of ground contamination and other environmental damage in connection with company acquisitions.
The risk of climate change affecting the Group's operations.	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 (pages 92–95). Climate-related risks are taken into account when carrying out acquisitions and supplier assessments.

Operational risks	Risk exposure	Risk management
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.	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.	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. The Group implemented an ethics policy at the end of 2023, which introduced a fourth factor: (iv) ethical application of the product.
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.	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.	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 in 2023, the updated Code of Conduct was implemented via a training package throughout the Group's companies. A whistleblowing system is applied within the Group. Suppliers are regularly assessed via audits and questionnaires.
L **Pandemic** 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.	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.	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.

Financial risks*	Risk exposure	Risk management
M **Customer credit risk** The risk of a major customer becoming insolvent and being unable to pay for orders made.	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. The Group's maximum exposure of trade receivables amounted to SEK 1,525 million at year-end (all receivables from all customers).	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.
N **Foreign exchange risk** 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.	Estimated net flows in foreign currency amounted to SEK 346 million at year-end, 51% of which was hedged. This means that SEK 170 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. The Group has SEK 1,064 million in foreign net assets with translation exposure, mainly in China and Hungary. A ±5% change in the value of the Swedish krona would have an impact of ± SEK 53 million on the net assets in the Group.	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 149–151.
O **Interest rate risk** The risk that the Group's net interest expense will significantly increase in the event of changes to market interest rates.	Interest-bearing non-current liabilities to banks amounted to SEK 1,540 million at year-end. An increase in the interest rate by one percentage point would result in an increase of SEK 15 million in annual interest expense. At year-end, the Group's financial net liabilities amounted to SEK 895 million, excluding pension and lease liabilities.	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 **Financing and liquidity risk** The risk of the Group having problems accessing capital.	Total credit lines granted in the Group amount to SEK 3,213 million (3,263). Of this amount, SEK 1,653 million matures on August 06, 2025, SEK 450 million on April 25, 2026, and SEK 1,110 million on December 22, 2026.	In order to maintain financial flexibility and meet the Group's capital requirements, loan facilities are continually agreed.

*Financial risk management is described in detail in Note 30 on pages 149–151.

Consolidated income statement

SEKm	Note	2023	2022
Net sales	3, 4	9,546	10,774
Cost of goods sold	5, 6	-8,210	-9,346
Gross profit		**1,336**	**1,428**
Selling expenses	6	-227	-213
Administrative expenses	6	-462	-389
Other operating income and operating expenses, net	7	10	41
		-679	**-561**
Operating profit		**657**	**867**
Financial income	8	29	65
Financial expenses	8	-70	-57
		-41	**8**
Profit after financial income and expenses		**616**	**875**
Tax	9	-181	-178
Profit for the year attributable to Parent Company shareholders		**435**	**697**
Earnings per share, basic and diluted (SEK)	10	1.61	2.59

Consolidated comprehensive income

SEKm	2023	2022
Profit for the year attributable to Parent Company shareholders	**435**	**697**
Other comprehensive income		
Items that cannot be transferred to profit for the period		
Revaluations of defined benefit pension schemes	-57	102
Tax attributable to items that cannot be reversed to profit for the period	9	-17
	-48	**85**
Items transferred or that could be transferred to profit for the period		
Translation differences for the year on translation of foreign operations	-109	344
Changes in the fair value of cash flow hedges for the year	6	3
Tax attributable to changes in the fair value of cash flow hedges	-1	-1
	-104	**346**
Total other comprehensive income, net	**-152**	**431**
Comprehensive income for the year attributable to Parent Company shareholders	**283**	**1,128**

Comments on the consolidated income statement

Net sales

Consolidated sales totaled SEK 9,546 million (10,774), a decrease of 16% adjusted for currency and acquisitions.

Medical Solutions sales totaled SEK 5,308 million (4,859); adjusted for currency and acquisitions, sales grew by 4%. Most product areas saw good growth, especially in the first half of the year. This did not, however, apply to in vitro diagnostics (IVD), whose sales were lower than in the previous year due to inventory adjustments in the value chain and a change in the customer mix in the second half of the year. The surgery area experienced lower volumes in the second half of the year.

Industrial Solutions sales amounted to SEK 2,871 million (2,618); adjusted for currency, sales increased by 4%. Automotive volumes increased, while supply chain disruptions had less of an impact than previously. The charging on of cost increases has gradually contributed less to the increase in sales. Demand for products in the consumer discretionary sector was slightly lower, and this is expected to continue in the next quarter due to the weak economy and restrained consumer spending.

Integrated Solutions sales amounted to SEK 1,379 million (3,311); adjusted for currency and acquisitions, sales decreased by some 60%. Most consumer electronics customers were affected by reduced demand from end-customers, but it was a change in the sourcing strategy of a previously significant customer that primarily resulted in lower volumes.

Gross profit

Gross profit totaled SEK 1,336 million (1,428). The cost of goods sold consists of production costs for materials and manufacturing salaries, as well as other production expenses. The gross margin was 14.0% (13.3). Total depreciation/amortization increased and amounted to SEK 596 million (544). 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 548 million (496). 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

The net amount declined to income of SEK 10 million (41), which is mainly due to changes in net currency gains/losses, which were lower in 2023.

Operating profit

Operating profit totaled SEK 657 million (867). The decline in profit is largely due to a sharp drop in sales in the Integrated Solutions business area, along with a non-recurring item relating to costs for concentration of the Chinese business totaling SEK 60 million. This non-recurring item has been charged at Group level and is not included in the business areas' earnings. Excluding non-recurring items, operating profit decreased to SEK 717 million (867).

Net financial income/expense

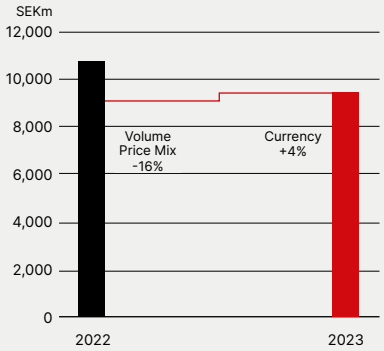
Net financial income/expenses amounted to SEK -41 million (8). The previous year included a positive non-recurring item of SEK 41 million, which arose from the revaluation of contingent consideration concerning the acquisition of GW Plastics. Excluding the previous year's non-recurring item, net financial income/expenses totaled SEK -33 million.

Profit after tax

Profit after tax was SEK 435 million (697). Concentration of the Chinese business has generated a non-recurring item in operating profit of SEK 60 million, and the lower profitability has generated a non-recurring item relating to impairment of a deferred tax asset of SEK 50 million. Profit after tax amounted to SEK 545 million (656), excluding non-recurring items. Including non-recurring items, diluted earnings per share were SEK 1.61 (2.59). The effective tax rate was 29.4% (20.3), including non-recurring items. Excluding non-recurring items, the tax rate was 19.4% (21.3).

Sales

Change in sales



Operating profit (EBIT)

Consolidated balance sheet

SEKm	Note	2023	2022
Assets			
Non-current assets			
Non-current intangible assets	11	2,401	2,472
Property, plant and equipment	12	2,812	2,869
Rights of use	13	282	305
Non-current financial assets	14	2	2
Other non-current receivables		1	1
Deferred tax assets	9	14	87
Total non-current assets		**5,512**	**5,736**
Current assets			
Inventories	15	1,196	1,283
Trade receivables	14	1,525	1,522
Current tax assets		74	68
Other current assets	16	292	383
Other current financial assets	14	13	4
Cash and cash equivalents	14	688	1,011
Total current assets		**3,788**	**4,271**
Total assets		**9,300**	**10,007**
Shareholders' equity and liabilities			
Equity attributable to Parent Company shareholders	17		
Share capital		135	135
Other capital contributed		488	488
Other reserves	18	455	559
Retained earnings, (incl. profit for the year)		4,093	4,210
Total shareholders' equity		**5,171**	**5,392**
Non-current liabilities			
Provisions for pensions and similar obligations	20	228	173
Non-current financial liabilities	13, 19	1,757	1,710
Deferred tax liabilities	9	237	294
Other provisions	21	71	62
Total non-current liabilities		**2,293**	**2,239**
Current liabilities			
Trade payables	19	620	779
Current tax liabilities		85	70
Other current financial liabilities	13, 19	124	334
Other current liabilities	22	1,007	1,193
Total current liabilities		**1,836**	**2,376**
Total liabilities		**4,129**	**4,615**
Total liabilities and shareholders' equity		**9,300**	**10,007**

Comments on the consolidated balance sheet

Assets
Non-current assets decreased to SEK 5,512 million (5,736), which is primarily the result of a reduced deferred tax asset and the fact that depreciation exceeded investments. For non-current intangible assets and goodwill, the currency effect amounts to SEK -33 million (239), while for property, plant and equipment the currency effect is SEK -13 million (247).

Current assets declined by SEK 483 million. Inventories declined by SEK 87 million and other current assets by SEK 91 million, mainly contract assets relating to development work. Cash and cash equivalents decreased by SEK 323 million to total SEK 688 million (1,011), which is mainly due to an increase in net amortization of loans, as well as paid dividends.

Shareholders' equity
Shareholders' equity increased as a result of comprehensive income for the year of SEK 283 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 8.1% (13.6) and the decline was due to lower post-tax earnings and slightly higher shareholders' equity.

Liabilities
Non-interest-bearing liabilities and provisions decreased, amounting to SEK 2,025 million (2,409), 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 13.0% (7.4). The return on capital employed amounted to 9.0% (12.8) and the lower return is due to lower earnings and higher capital employed.

Interest-bearing liabilities and provisions declined to SEK 2,104 million (2,206), mainly through increased net amortization. Interest-bearing assets amounted to SEK 688 million (1,011), which means that net financial debt totaled SEK 1,416 million (1,195) including pension and lease liabilities.

Return

%

Capital employed
Total capital
Shareholders' equity

Equity/assets ratio

%

Changes in consolidated shareholders' equity

	Attributable to Parent Company shareholders					
SEKm	Share capital	Other capital contributed	Hedging reserves	Translation reserves	Retained earnings	Total share-holders' equity
Opening balance, January 1, 2022	**135**	**488**	**-1**	**214**	**3,932**	**4,768**
Profit for the year					697	697
Other comprehensive income for the year			2	344	85	431
Comprehensive income for the year			**2**	**344**	**782**	**1,128**
Warrants included in incentive program					8	8
Dividend for 2021					-512	-512
Closing balance, December 31, 2022	**135**	**488**	**1**	**558**	**4,210**	**5,392**
Opening balance, January 1, 2023	**135**	**488**	**1**	**558**	**4,210**	**5,392**
Profit for the year					435	435
Other comprehensive income for the year			5	-109	-48	-152
Comprehensive income for the year			**5**	**-109**	**387**	**283**
Warrants included in incentive program					8	8
Dividend for 2022					-512	-512
Closing balance, December 31, 2023	**135**	**488**	**6**	**449**	**4,093**	**5,171**

Consolidated cash flow statement

SEKm	Note	2023	2022
	25		
Operating activities			
Operating profit		657	867
Adjustments for items not included in cash flow:			
Depreciation/amortization and impairment		512	465
Amortization of right-of-use assets		84	79
Provisions		12	—
Capital gain from sale of property, plant and equipment		-3	-2
Unrealized exchange rate differences		-19	-87
Other items		-3	-9
Pension payments		-6	-6
Provisions paid		-18	—
Interest received		14	22
Interest paid		-69	-56
Realized exchange rate differences		-1	-13
Income tax paid		-151	-239
Cash flow from operating activities before changes in working capital		**1,009**	**1,021**
Cash flow from changes in working capital			
Changes in inventories		81	176
Changes in trade receivables		-20	181
Changes in trade payables		-137	-788
Other changes in working capital		-152	-184
		-228	**-615**
Cash flow from operating activities		**781**	**406**
Investing activities			
Acquisition of non-current intangible assets		-4	-4
Acquisition of property, plant and equipment		-426	-451
Business combinations, excluding cash and cash equivalents	31	-19	—
Sale of property, plant and equipment		5	4
Cash flow from investing activities		**-444**	**-451**
Cash flow before financing activities		**337**	**-45**
Financing activities			
Borrowings	25	56	121
Amortization of loans, including lease liabilities	25	-183	-103
Warrants paid for in incentive program		8	8
Other		—	-1
Dividend paid		-512	-512
Cash flow from financing activities		**-631**	**-487**
Cash flow for the year		**-294**	**-532**
Cash and cash equivalents, opening balance		**1,011**	**1,448**
Exchange rate difference in cash and cash equivalents		-29	95
Cash and cash equivalents, closing balance		**688**	**1,011**

Comments on the consolidated cash flow statement

Cash flow from operating activities

Cash flow before investments amounted to SEK 781 million (406). Changes in working capital had an impact of SEK -228 million (-615) on cash flow. The improvement in cash flow is primarily due to a less negative change in working capital.

Cash flow from investing activities

Net investments affecting cash flow, excluding acquisitions and disposals, totaled SEK 425 million (451). 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 306 million (354) for Medical Solutions, SEK 71 million (58) for Industrial Solutions and SEK 48 million (39) for Integrated 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)	2023	2022
Non-current intangible assets	4	3
Buildings and land	6	16
Machinery and equipment	121	130
Construction in progress	294	302
Total investments	**425**	**451**

Affecting cash flow, excluding acquisitions and disposals.

Cash flow after investing activities

Cash flow after investments was SEK 446 million (8), excluding acquisitions and disposals. Including acquisitions and disposals, cash flow amounted to SEK 337 million (-45).

Cash flow from financing activities

Financing activities describe the Group's financing and dividends to shareholders, and totaled a net amount of SEK -631 million (-487). This consists of net amortized borrowings of SEK -127 million (18 million net of raised borrowings), dividends paid totaling SEK -512 million (-512) and warrants paid for under the incentive program of SEK 8 million (8).

Cash flow after investments

Excluding acquisitions and disposals

Investments

Affecting cash flow, excluding acquisitions and disposals

Net financial liabilities (–)/ net financial assets (+)

SEKm

Excluding pension and lease liabilities

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 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 and relevant provisions in the Swedish Annual Accounts Act (1995:1554) have 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

The following accounting policies have been applied consistently to all periods presented in the Group's financial statements.

In order to make the text clearer and easier to read, most of the accounting policies and estimates and judgments can also be found at the beginning of each note.

Apart from IAS 1 Presentation of Financial Statements, no new standards have entered into force that have affected the company's accounting for the 2023 financial year. The change to IAS 1 has led to a review of the description of accounting policies and valuation principles, the most pertinent information to disclose and the best way to present the information in the annual accounts.

New IFRS standards and interpretations which have not yet been applied

New or amended standards for future use are not applied in advance.

On January 1, 2024, a change to IAS 1 Presentation of Financial Statements entered into force, which clarifies the classification of liabilities as current or non-current and introduces new disclosure requirements. The Nolato Group's classification of loan liabilities is not expected to be affected, but more disclosures will be submitted regarding the Group's covenants.

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.

Estimates and judgments

Preparing the financial statements requires company management to make estimates and judgments that affect 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. In cases where company management has made significant estimates and judgments, additional information is provided under the respective note.

Consolidation principles

Subsidiaries are companies in which Nolato AB has a controlling interest. The Group has control via 100% ownership in all its subsidiaries; see Parent Company's financial statements and Note 13 Investments in Group companies.

Translation of foreign currencies

When preparing the financial statements, transactions in foreign currencies are translated at the exchange rates that apply on the respective transaction date. At the end of each reporting period, monetary assets and liabilities in foreign currencies are converted at the closing day rate. Exchange rate differences relating to operating receivables and operating liabilities are recognized in operating profit/loss, while exchange rate differences attributable to financial assets and liabilities are recognized as financial items. Exchange rate differences arising in the translation of foreign operations are recognized as translation differences for the year under 'Other comprehensive income – translation reserves', and cash flow hedges are recognized under 'Other comprehensive income – hedging reserves'.

The earnings and financial position of all Group companies' functional currencies are translated into the Group's reporting currency (SEK) 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.

Note 3 Operating segments

Accounting policies

The Group's internal reporting covers three segments: Medical Solutions, Industrial Solutions and Integrated Solutions. Nolato's Group management is responsible for determining how resources are to be allocated between the different segments, and for making regular assessments of earnings. Directly attributable items and items that could be distributed among the segments in a reasonable and reliable manner have been included in the segments' profit, assets and liabilities.

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, restructuring costs, financial income, financial expenses and tax expenses.

Information on operating segments

Medical Solutions develops and manufactures complex product systems and components for medical devices, the pharmaceutical industry and diagnostics. A more detailed presentation of the business area can be found on pages 24–27.

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. A more detailed presentation of the business area can be found on pages 28–31.

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 electromagnetic compatibility and heat dissipation of electronics. A more detailed presentation of the business area can be found on pages 32–35.

	Medical Solutions		Industrial Solutions		Integrated Solutions		Group adjustment, Parent Company		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External sales	5,308	4,855	2,871	2,618	1,367	3,301			9,546	10,774
Internal sales	—	4	—	—	12	10	-12	-14		
Net sales	**5,308**	**4,859**	**2,871**	**2,618**	**1,379**	**3,311**	**-12**	**-14**	**9,546**	**10,774**
Profit										
Operating profit (EBITA)	525	457	219	128	47	334	-90	-11	701	908
Amort. of intang. assets arising from acq.	-31	-30	-11	-10	-2	-1			-44	-41
Operating profit	**494**	**427**	**208**	**118**	**45**	**333**	**-90**	**-11**	**657**	**867**
Financial income									29	65
Financial expenses									-70	-57
Tax expenses for the year									-181	-178
Profit for the year									**435**	**697**
Receivables and liabilities										
Segments' assets	5,916	6,015	2,324	2,420	1,125	1,163	-782	-705	8,583	8,893
Unallocated assets									717	1,114
Total assets	**5,916**	**6,015**	**2,324**	**2,420**	**1,125**	**1,163**	**-782**	**-705**	**9,300**	**10,007**
Segments' liabilities	1,038	1,029	505	472	769	1,111	-592	-461	1,720	2,151
Unallocated liabilities									2,409	2,464
Total liabilities	**1,038**	**1,029**	**505**	**472**	**769**	**1,111**	**-592**	**-461**	**4,129**	**4,615**
Other information										
Investments (capitalized)	294	411	80	64	148	80	—	—	522	555
Depreciation/amortization and impairment	356	309	166	178	64	54	—	1	586	542
Significant items, other than depr./amort./impairment with no offsetting payments, impairment and provisions	13	-3	6	-2	-1	-4			18	-9

Cash flow from operations, allocated by segment

	2023				2022			
	Medical Solutions	Industrial Solutions	Integrated Solutions	Total	Medical Solutions	Industrial Solutions	Integrated Solutions	Total
Cash flow from operating activities before changes in working capital	849	377	115	1,341	736	292	394	1,422
Changes in working capital	-5	58	-239	-186	-183	-138	-210	-531
Cash flow from operating activities	**844**	**435**	**-124**	**1,155**	**553**	**154**	**184**	**891**
Unallocated items[1]				-374				-485
Total cash flow from operations				**781**				**406**

Cash flow from investing activities, allocated by segment

	2023				2022			
	Medical Solutions	Industrial Solutions	Integrated Solutions	Total	Medical Solutions	Industrial Solutions	Integrated Solutions	Total
Acquisition of non-current assets[2]	-307	-71	-52	-430	-357	-58	-40	-455
Sale of non-current assets	1	—	4	5	3	—	1	4
Business combinations, excl. cash and cash equivalents				-19				
Cash flow from investing activities	**-306**	**-71**	**-48**	**-444**	**-354**	**-58**	**-39**	**-451**

[1] For the year 2023, the Group's change in working capital was SEK -228 million (-615) and, allocated by business area according to the above, was SEK -186 million (-531). The difference of SEK 42 million (84) is included in the amount of SEK -374 million (-485). Other unallocated items consist chiefly of operating earnings of SEK -89 million (-11), with the Parent Company accounting for the majority, unrealized exchange rate differences of SEK -19 million (-87), income tax paid at SEK -150 million (-239), and other items such as pension payments, other provisions paid, interest received/paid, including certain parts of the items not affecting cash flow.

[2] Paid investments for the year in non-current assets, i.e. after adjustment for outstanding supplier invoices on the balance sheet date of SEK -18 million (9).

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External sales	1,039	957	281	265	4,292	5,392	2,826	2,622	916	1,365	192	173	9,546	10,774
Assets	1,678	1,837			2,942	2,719	3,755	3,850	925	1,601			9,300	10,007
Average no. of employees	1,103	1,074			1,564	1,522	1,163	1,059	1,902	2,972			5,732	6,627
Investments (capitalized)	111	128			175	195	137	171	99	61			522	555

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. 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 2023, 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 client. 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

	2023				2022			
	Total	Medical Solutions	Industrial Solutions	Integrated Solutions	**Total**	Medical Solutions	Industrial Solutions	Integrated Solutions
Sweden	**1,044**	152	857	35	**963**	138	790	35
Rest of Europe	**4,573**	2,614	1,470	489	**5,657**	2,317	1,387	1,953
North America	**2,827**	2,200	451	176	**2,622**	2,085	359	178
Asia	**922**	171	77	674	**1,371**	166	68	1,137
Other countries	**192**	171	16	5	**175**	153	14	8
Elimination internal sale	**-12**				**-14**			
Total revenue from contracts with customers	**9,546**	**5,308**	**2,871**	**1,379**	**10,774**	**4,859**	**2,618**	**3,311**

The above table essentially covers products transferred following delivery.
For 2023, the Group has a reduced provision for anticipated credit losses on trade receivables and contract assets, with SEK 10 million recognized in the cost of goods sold; see also Note 14.

Contract balances

	2023	2022
Trade receivables	1,525	1,522
Opening balance for contract assets relating to development work and development of production tooling	**163**	**208**
Recognized in income during the year	-354	-194
Additional during the year	287	155
Reclassification to contract liabilities	37	-16
Currency effects	-16	10
Closing balance for contract assets relating to development work and development of production tooling (see also Note 16)	**117**	**163**
Opening balance for contract liabilities relating to development work and development of production tooling	**311**	**338**
Recognized in income during the year	-468	-316
Additional during the year	433	275
Reclassification to contract assets	9	-19
Currency effects	-2	33
Closing balance for contract liabilities relating to development work and development of production tooling (see also Note 22)	**283**	**311**

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

	2023	2022
Development expenditure for customer-specific products	546	676

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.

Note 6 Expenses allocated by type of cost

	2023	2022
Material costs	3,312	4,553
Employee benefits	2,411	2,053
Social security contributions	307	288
Employee pensions	150	154
Energy costs	330	309
Other costs	1,793	2,047
Depreciation/amortization and impairment	596	544
Total	**8,899**	**9,948**
Depreciation/amortization and impairment is included in operating expenses as follows:	2023	2022
Software	5	6
Customer relationships	44	41
Buildings and land improvements	150	133
Machinery and other technical facilities	363	334
Equipment, tools, fixtures and fittings	34	30
Total non-current assets	**596**	**544**
Trade receivables (- reduced provision/+ increased provision) for anticipated bad debt losses	-10	-2
Total	**586**	**542**
Depreciation/amortization has been allocated as follows:	2023	2022
Cost of goods sold	538	494
Selling expenses	44	42
Administrative expenses	4	6
Total	**586**	**542**

Note 7 Other operating income and operating expenses

Other operating income	2023	2022
Effect of exchange rate on operating receivables/liabilities	—	27
Capital gain from sale of property, plant and equipment	4	2
State subsidy received in China	3	6
Other contributions	—	2
Other	10	4
Total	**17**	**41**
Other operating expenses		
Effect of exchange rate on operating receivables/liabilities	-6	—
Acquisition expenses	-1	—
Total	**-7**	**—**
Other operating income and operating expenses, net	**10**	**41**

Note 8 Financial income and expenses

Accounting policies
Financial income consists of interest income on bank deposits measured at amortized cost. 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.

	2023	2022
Interest income	14	22
Interest expenses	-57	-35
Foreign exchange gains and losses, net	5	1
Other financial income	10	41
Other financial expenses	-13	-21
Net financial income/expense	**-41**	**8**
Recognized as:		
Financial income	29	65
Financial expenses	-70	-57
Net financial income/expense	**-41**	**8**

Total net financial income/expense per category of financial instrument

	2023				2022			
	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			1				—	
Bank deposits	14				22			
PRI pension liability		-5				-3		
Borrowings and lease liabilities		-52				-32		
Revaluation of previous provision for liability for contingent consideration on acquisition in the US				10				41
Supplier financial agreements		-4				-12		
Other financial assets/liabilities		-9	4			-9	1	
Total	**14**	**-70**	**5**	**10**	**22**	**-56**	**1**	**41**

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.

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 that arises 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.

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.

Current and deferred tax is calculated based on the tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period, and that for deferred tax are expected to apply for the period in which the related deferred tax receivable or tax liability is settled.

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.

Recognized in the income statement

	2023	2022
Current tax expenses		
Tax expenses for the period	-162	-192
Adjustment for tax attributable to previous years	4	3
	-158	**-189**
Deferred tax in relation to temporary differences	-23	11
Total recognized tax expense	**-181**	**-178**

Reconciliation of effective tax

	2023	2022
Profit before tax	**616**	**875**
Tax according to applicable Parent Company tax rate	-127	-180
Effect of other tax rates for foreign Group companies	2	-5
Non-deductible expenses	-16	-15
Non-taxable income	38	25
Tax attributable to previous years	4	—
Effect of change in tax rates	—	-4
Effect of non-capitalized deficits arising during the year	-81	2
Standard interest on tax allocation reserve	-1	-1
Recognized effective tax	**-181**	**-178**

Swedish corporation tax amounted to 20.6% (20.6) and the effective tax rate was 29.4% (20.3). Excluding non-recurring items, the effective tax rate was 19.4% (21.3).

Recognized in the balance sheet

	Deferred tax assets		Deferred tax liabilities		Net	
	2023	2022	2023	2022	2023	2022
Non-current intangible assets			80	88	-80	-88
Property, plant and equipment	37	36	205	203	-168	-167
Right-of-use assets	3	3			3	3
Inventories	18	19	10	11	8	8
Trade receivables	—	2			—	2
Provisions for pensions	30	19	6	4	24	15
Tax allocation reserves			62	52	-62	-52
Other	110	101	61	32	49	69
Loss carry-forwards	3	3			3	3
Tax assets/liabilities	**201**	**183**	**424**	**390**	**-223**	**-207**
Offsetting	-187	-96	-187	-96	—	—
Tax assets/liabilities, net	**14**	**87**	**237**	**294**	**-223**	**-207**

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in the Group in relation to loss carry-forwards for the business in China totaling SEK 180 million (17), and can be utilized for a period of five years. 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, 2022	Recognized in profit for the year	Recognized in other comp. income	Business acquisitions	Balance at Dec. 31, 2022
Non-current intangible assets	-82	-6			-88
Property, plant and equipment	-105	-62			-167
Right-of-use assets	2	1			3
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
Total	**-185**	**-4**	**-18**		**-207**

	Balance at Jan. 1, 2023	Recognized in profit for the year	Recognized in other comp. income	Business acquisitions	Balance at Dec. 31, 2023
Non-current intangible assets	-88	7		1	-80
Property, plant and equipment	-167	-1			-168
Right-of-use assets	3				3
Inventories	8				8
Trade receivables	2	-2			—
Provisions for pensions	15		9		24
Tax allocation reserves	-52	-10			-62
Other	69	-19	-1		49
Loss carry-forwards	3				3
Total	**-207**	**-25**	**8**	**1**	**-223**

Tax attributable to other comprehensive income

	2023	2022
Deferred tax attributable to provisions for pensions (PRI)	9	-17
Deferred tax on currency forwards	-1	-1
Total	**8**	**-18**

Global minimum tax Pillar Two (additional tax)

Legislation on Pillar Two has been adopted or essentially adopted in some of the jurisdictions in which the Group conducts operations. The legislation will enter into force for the Group's financial year beginning January 1, 2024. The Group is subject to the adopted or essentially adopted legislation and has carried out an assessment of the Group's potential exposure to income taxes from Pillar Two.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax declarations, country-by-country reporting and financial statements for the units that are part of the Group. Based on the assessment, the effective tax rate for Pillar Two in most of the jurisdictions in which the Group operates is above 15%. However, there is a limited number of jurisdictions where the transitional safe harbor rules do not apply, and the effective tax rate for Pillar Two is close to 15%. The Group does not anticipate any significant exposure to income taxes from Pillar Two in these jurisdictions.

According to article 88A of the accounting standard IAS 12 Income Taxes, which was introduced in May 2023, deferred items relating to additional tax are not recognized. This is an exception to otherwise applicable principles for recognizing deferred tax, and applies until further notice. The Group will apply this exception and thus not recognize deferred items relating to additional tax, to the extent that such items may arise.

Note 10 Earnings per share

	2023	2022
Profit for the year attributable to Parent Company shareholders	435	697
Average number of ordinary shares outstanding	269,377,080	269,377,080
Earnings per share in kronor, basic and diluted (SEK)	**1.61**	**2.59**
Non-recurring items*	110	-41
Profit for the year attributable to Parent Company shareholders after adjustment for non-recurring items	545	656
Earnings per share in kronor excluding non-recurring items, basic and diluted (SEK)	**2.02**	**2.44**

*2023: Non-recurring item relating to costs for concentration of the Chinese business of SEK 60 million, which impacted operating profit and post-tax profit. This non-recurring item has been charged at Group level and is not included in the business areas' earnings. The lower profitability in China has resulted in a need for impairment of a SEK 50 million deferred tax asset, which was recognized as a non-recurring item in tax expense.

*2022: Non-recurring item for the revaluation of a provision for the liability for contingent consideration for an 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.

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 2019/2024
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 1,750,000) 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.

Customer relationships
The Group's capitalized customer relationships pertain to assets acquired as a result of acquisitions. Straight-line depreciation is applied over the expected useful life, i.e. six to ten years.

Goodwill
Goodwill from the acquisition of businesses is recognized as an intangible asset. Goodwill is not amortized but tested annually, or when there is an indication that an impairment requirement exists, and is then recognized at cost less accumulated impairment losses.

Goodwill impairment testing
Goodwill is impairment-tested annually and when there is an indication of an impairment requirement. 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.

An impairment is recognized if the carrying amount exceeds the recoverable amount. The recoverable amount is determined based on calculations of value in use using discounted cash flow calculations. Calculations of recoverable amounts are all based on assessments from company management, which management deems reasonable given the best information available.

The discounted cash flow model includes forecasting future cash flow from operations including assessments 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, 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[1]	Goodwill	Total
ACQUISITION COST					
At January 1, 2022	**42**	**4**	**491**	**1,924**	**2,461**
Investments	3				3
Scrapping	-2				-2
Translation effects	1		60	239	300
At January 1, 2023	**44**	**4**	**551**	**2,163**	**2,762**
Investments	3				3
Acquisitions			4	10	14
Reclassifications	1				1
Translation effects			-8	-33	-41
At December 31, 2023	**48**	**4**	**547**	**2,140**	**2,739**
ACCUMULATED DEPRECIATION/AMORTIZATION					
At January 1, 2022	**-27**	**-3**	**-197**		**-227**
Depreciation/amortization for the year	-6		-41		-47
Scrapping	2				2
Translation effects	-1		-17		-18
At January 1, 2023	**-32**	**-3**	**-255**		**-290**
Depreciation/amortization for the year	-5		-44		-49
Translation effects			1		1
At December 31, 2023	**-37**	**-3**	**-298**		**-338**
Carrying amount at December 31, 2022	**12**	**1**	**296**	**2,163**	**2,472**
Carrying amount at December 31, 2023	**11**	**1**	**249**	**2,140**	**2,401**

[1] Consists of acquired surplus values. Amortization of customer relationships is included in Group selling expenses.

Goodwill is allocated to Group segments as follows:

	2023	2022
Medical Solutions	1,632	1,669
Industrial Solutions	460	454
Integrated Solutions		
EMC & Thermal	48	40
Total	**2,140**	**2,163**

Assumptions in impairment testing

	Medical Solutions		Industrial Solutions		EMC & Thermal	
	2023	2022	2023	2022	2023	2022
Risk-free rate, %	3.43	3.49	3.95	2.77	2.38	2.29
Tax rate, %	19.2	18.2	18.1	16.1	21.6	20.6
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	12.1	13.7	12.1	12.3	12.1

Note 12 Property, plant and equipment

Accounting policies

Property, plant and equipment are recognized within the Group at cost after accumulated depreciation according to plan and any impairment.

The principle of componentization is applied for the depreciation of property, plant and equipment. 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. Depreciation is not applied to land and otherwise is applied on a straight-line basis based on the assets' original acquisition cost.

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.

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.

Useful lives for:	
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

	Buildings and land	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	Construction in progress and advance payments	Total
ACQUISITION COST					
At January 1, 2022	**1,177**	**3,851**	**400**	**454**	**5,882**
Investments	16	111	23	312	462
Sales/disposals		-29	-6		-35
Reclassifications	228	323	27	-578	0
Translation effects	112	237	20	38	407
At January 1, 2023	**1,533**	**4,493**	**464**	**226**	**6,716**
Investments	6	115	13	281	415
In new companies on acquisition		6			6
Sales/disposals		-188	-5		-193
Reclassifications	8	184	18	-211	-1
Translation effects	-6	-40	1	-7	-52
At December 31, 2023	**1,541**	**4,570**	**491**	**289**	**6,891**
ACCUMULTED DEPRECIATION AND IMPAIRMENT					
At January 1, 2022	**-449**	**-2,563**	**-289**		**-3,301**
Depreciation/amortization for the year	-57	-334	-28		-419
Sales/disposals		28	5		33
Translation effects	-24	-123	-13		-160
At January 1, 2023	**-530**	**-2,992**	**-325**		**-3,847**
Depreciation/amortization for the year	-69	-363	-31		-463
Sales/disposals		187	5		192
Translation effects	3	36			39
At December 31, 2023	**-596**	**-3,132**	**-351**		**-4,079**
Carrying amount at December 31, 2022	**1,003**	**1,501**	**139**	**226**	**2,869**
Carrying amount at December 31, 2023	**945**	**1,438**	**140**	**289**	**2,812**

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, and mainly consists of rental contracts for production premises, primarily in China, the UK and Sweden.

Carrying amounts per asset class in rights of use

	Buildings	Leasehold	Other equipment	Total
ACQUISITION COST				
At January 1, 2022	**459**	**15**	**11**	**485**
Additional lease liabilities for the year	85		6	91
Other revaluations of IFRS 16 lease liabilities	-120			-120
Translation effects	22			22
At January 1, 2023	**446**	**15**	**17**	**478**
Additional lease liabilities for the year	85		1	86
In new companies on acquisition	5			5
Other revaluations of IFRS 16 lease liabilities	-81	-12	-4	-97
Translation effects	-9			-9
At December 31, 2023	**446**	**3**	**14**	**463**
ACCUMULATED DEPRECIATION/AMORTIZATION				
At January 1, 2022	**-194**		**-4**	**-198**
Depreciation/amortization for the year	-76		-2	-78
Other revaluations of IFRS 16 lease liabilities	101			101
Translation effects	2			2
At January 1, 2023	**-167**		**-6**	**-173**
Depreciation/amortization for the year	-81		-3	-84
Other revaluations of IFRS 16 lease liabilities	69	-2	4	71
Translation effects	5			5
At December 31, 2023	**-174**	**-2**	**-5**	**-181**
Carrying amount at December 31, 2022	**279**	**15**	**11**	**305**
Carrying amount at December 31, 2023	**272**	**1**	**9**	**282**

Carrying amounts in the consolidated balance sheet for lease liabilities and changes during the year

	2023	2022
Opening balance	314	295
Other revaluations of IFRS 16 lease liabilities	-26	-19
Additional IFRS 16 lease liabilities for the year	91	91
Repayments	-82	-65
Translation effects	-4	12
At December 31	**293**	**314**
Long-term financial lease liability	213	253
Short-term financial lease liability	80	61
Total financial lease liability	**293**	**314**

Maturity structure for lease liabilities

	2023	2022
Matures 2023		61
Matures 2024	80	56
Matures 2025	43	31
Matures 2026	30	21
Matures 2027	24	
Matures 2028 (2027) and after	116	145
Total financial lease liability	**293**	**314**

Carrying amounts for leases in the consolidated income statement

	2023	2022
Amortization of rights of use	-84	-78
Interest expenses on lease liabilities	-10	-9
Lease expenses for short-term leases	-3	-3
Lease expenses for low-value assets	-1	-1
Total in consolidated income statement	**-98**	**-91**

Effects of IFRS 16 on consolidated income statement

	2023	2022
Cost of goods sold	93	86
EBITDA (increase in performance indicator)	**93**	**86**
Depreciation in cost of goods sold	-84	-78
EBITA/EBIT (increase in performance indicator)	**9**	**8**
Interest expenses	-10	-9
Profit after financial income and expenses (reduction in performance indicator)	**-1**	**-1**
Tax	—	—
Profit after tax (reduction in performance indicator)	**-1**	**-1**
Effect on basic earnings per share (SEK)	—	—

Effects of IFRS 16 on consolidated cash flow statement

	2023	2022
Operating profit	9	8
Adjustments for items not included in cash flow:		
Depreciation	84	78
Interest paid	-10	-9
Cash flow from operating activities before changes in working capital	**83**	**77**
Other changes in working capital	—	—
Cash flow from operating activities	**83**	**77**
Cash flow from financing activities	-83	-77
Cash flow for the period	**—**	**—**

Note 14 Financial assets

Accounting policies
Financial assets are initially recognized at fair value, which normally corresponds to the acquisition cost. Common purchases and sales of financial assets are recognized on the settlement date. For cash and cash equivalents, the carrying amount is considered to correspond to fair value. Derivatives are categorized as held for trading, unless they are intended for hedge accounting, and are measured at fair value via profit or loss. Derivatives intended for hedge accounting are measured at fair value via other comprehensive income.

Financial assets per category 2023

	Amortized cost	Fair value via other comprehensive income	Derivatives – identified for hedge accounting	Derivatives at fair value via profit or loss	2023 Total
Non-current financial assets[1]		2			2
Trade receivables	1,525				1,525
Other current financial assets (see Note 30)			10	3	13
Cash and cash equivalents	688				688
Carrying amount	**2,213**	**2**	**10**	**3**	**2,228**
Fair value	**2,213**	**2**	**10**	**3**	**2,228**

[1] The holding concerns 20,000 shares in Arenabolaget i Ängelholm AB (Catena Arena). The value relates to the original transaction price (new share issue).

Cash and cash equivalents and credit rating

	Amortized cost
Moody's: A1	26
Standard & Poor's: AAA	126
Standard & Poor's: AA	76
Standard & Poor's: A-	379
Standard & Poor's: A	4
Standard & Poor's: BBB+	75
Other (credit rating not available)	2
	688

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[1]		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
Carrying amount	**2,533**	**2**	**4**	**—**	**2,539**
Fair value	**2,533**	**2**	**4**	**—**	**2,539**

[1] 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.

	2023	2022
Trade receivables	1,533	1,540
Deduction: Provision for expected credit losses	-8	-18
Carrying amount	**1,525**	**1,522**

The average period of credit in 2023 was 58 days (52). Trade receivables as a percentage of sales amounted to 16.0% (14.1%). During the year, the Group reversed SEK 12 million (8) of provisions for expected credit losses at the start of the year. Provisions for the year totaled SEK 2 million (6). 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	1,533	1,186	179	60	37	71
Expected credit losses	-8	-1	-1	—	-2	-4
December 31, 2023	**1,525**	**1,185**	**178**	**60**	**35**	**67**
Expected gross amount	1,540	1,184	170	63	51	72
Expected credit losses	-18	-7	-1	—	—	-10
December 31, 2022	**1,522**	**1,177**	**169**	**63**	**51**	**62**

Note 15 Inventories

Accounting policies
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.

The acquisition cost of inventories may need to be adjusted if the acquisition cost exceeds the net market value. Adjustments to the net market value include estimates of technical and commercial obsolescence, which are conducted individually for each subsidiary. When estimating commercial obsolescence, risk factors include turnover rate and age.

	2023	2022
Raw materials and supplies	613	719
Products in manufacturing	88	82
Finished goods and goods for resale	495	482
Total	**1,196**	**1,283**

During the year, the Group impaired inventories by SEK 50 million (63). 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 34 million (63). 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

	2023	2022
Other receivables	81	138
Prepaid expenses	80	68
Accrued income	14	14
Contract assets relating to development work and development of production tools (see also Note 4)	117	163
Closing balance	**292**	**383**

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.:

	2023	2022
Share capital	135	135
Other capital contributed	488	488
Translation reserve	449	558
Hedging reserves	6	1
Retained earnings, incl. profit for the year	4,093	4,210
Total capital attributable to Parent Company shareholders	**5,171**	**5,392**

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 6,352,000 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 2023 is shown below.

	2023		2022	
	Financial targets	Outcome	Financial targets	Outcome
EBITA margin	>10%	7.3%	>10%	8.4%
Cash conversion	>75%	65.0%	>75%	1.0%
Equity/assets ratio	>35%	56.0%	>35%	54.0%

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 2023, the Board proposes a dividend of SEK 1.50 per share (1.90), corresponding to SEK 404 million (512). The pay-out ratio is 74% (78), excluding non-recurring items.

Note 18 Other reserves

	Hedging reserves	Translation reserves	Total
Opening balance, January 1, 2022	**-1**	**214**	**213**
Cash flow hedges:			
Gain from fair value measurement during the year	3		3
Tax from fair value measurement	-1		-1
Translation differences		344	344
Closing balance, December 31, 2022	**1**	**558**	**559**
Opening balance, January 1, 2023	**1**	**558**	**559**
Cash flow hedges:			
Gain from fair value measurement during the year	6		6
Tax from fair value measurement	-1		-1
Translation differences		-109	-109
Closing balance, December 31, 2023	**6**	**449**	**455**

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 initially recognized at fair value, which normally corresponds to the acquisition cost. Contingent considerations on business acquisitions are recognized at fair value through profit or loss. Loans and other financial liabilities, apart from derivatives, are measured at amortized cost, which is calculated using the effective interest method. 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.

		2023		2022	
	Year of maturity	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial liabilities					
Bank loan in CHF (variable rate)[1]	2026	240	[3]	226	[3]
Bank loan in CHF (variable rate)[1]	2025	406	[3]	395	[3]
Bank loan in USD (fixed rate)[2]	2025	753	690	783	682
Bank loan in USD (variable rate)	2025	141	[3]	52	[3]
Contingent consideration P&P Technology Ltd (GBP)	2025	4	4		
Other (non-interest-bearing)	2025	—	—	1	1
Lease liabilities (see Note 13)		213	213	253	253
Subtotal of non-current financial liabilities		**1,757**		**1,710**	
Current financial liabilities					
Trade payables	2023–2024	620	620	779	779
Bank loan in CHF (fixed rate)	< 12 months	—	—	6	6
Bank loan in USD (variable rate)	< 12 months	—	—	105	105
Bank loan in SEK (variable rate)	< 3 months	37	37	52	52
Contingent consideration GW Plastics Inc. (USD)	< 12 months	—	—	100	100
Contingent consideration P&P Technology Ltd (GBP)	< 12 months	2	2		
Derivatives identified for hedge accounting, at fair value via other comprehensive income (see Note 30)		5	5	8	8
Derivatives at fair value via profit or loss		—	—	2	2
Lease liabilities (see Note 13)		80	80	61	61
Subtotal of current financial liabilities		**744**		**1,113**	
Total		**2,501**		**2,823**	

[1] 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.
[2] 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.
[3] 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 1,583 million (1,719).

Terms and repayment periods
Total credit lines granted in the Group amount to SEK 3,213 million (3,263). Of this amount, SEK 1,653 million matures on August 6, 2025, SEK 450 million on April 25, 2026, and SEK 1,110 million on December 22, 2026. Credit facilities totaling SEK 3,213 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. 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, such as discount rate and inflation, calculations are always carried out on an annual and quarterly basis. Independent actuaries are used for these calculations and the estimation of obligations and costs involving assumptions.

Assumptions are made when calculating 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.

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.

Commitments regarding retirement pensions and family pensions for salaried employees in Sweden are secured through a policy with Alecta. The ITP pension scheme (supplementary pensions for salaried employees) is insured by Alecta and recognized as a defined contribution scheme.

	2023	2022
Net present value of defined benefit pension schemes in Sweden	133	121
Net present value of pension scheme in Switzerland	92	50
Other provisions for pensions	3	2
Total	**228**	**173**

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:

	2023	2022
Opening balance	171	247
Benefits vested during the period in Sweden	2	5
Change in scheme provision in Switzerland	-4	2
Interest expenses	5	3
Benefits redeemed	—	—
Pension payments	-6	-6
Exchange rate effect	3	13
Actuarial gain (–)/loss (+)	54	-93
Total	**225**	**171**

Amounts recognized in the balance sheet for the pension scheme in Switzerland:

	2023	2022
Net present value of pension commitments, funded pension scheme	491	411
Fair value of pension assets	-399	-361
Net debt, funded pension scheme*	**92**	**50**

* The net present value of expected net debt for 2024 is SEK 92 million (balance sheet date rate at Dec. 31, 2023).

Categories of pension assets for pension scheme in Switzerland (Level 1):

	2023	2022
Cash and cash equivalents	0.0%	1.1%
Shares	29.4%	27.4%
Bonds	48.0%	47.0%
Property funds	19.9%	21.8%
Other investments	2.7%	2.8%

The amounts recognized in the income statement during the year for pension schemes are as follows:

	2023	2022
Expenses related to service during the financial year in Sweden	2	5
Change in scheme provision in Switzerland	-4	2
Expense for special employer's contribution in Sweden	1	2
Total pension expenses in operating earnings from defined benefit schemes	**-1**	**9**
Interest expense	5	3
Total expenses from defined benefit pension schemes	**4**	**12**
Expense for defined contribution schemes	133	131
Expense for special employer's contribution	13	11
Total pension expenses	**150**	**154**

Costs relating to defined benefit pension schemes are recognized in other comprehensive income as follows:

	2023	2022
Actuarial gains (+)/losses (–)	-54	93
Special employer's contribution	-3	9
Deferred income tax	9	-17
Total	**-48**	**85**

Key actuarial assumptions on the balance sheet date for defined benefit pension schemes in Sweden (weighted average):

	2023	2022
Discount rate	3.20%	3.70%
Inflation	1.60%	2.00%
Future annual salary increases	2.70%	3.10%
Employee turnover	5.00%	5.00%
Lifespan	DUS23	DUS21
Duration regarding pension commitments (years)	15.0	17.0

Key actuarial assumptions on the balance sheet date for pension scheme in Switzerland:

	2023	2022
Discount rate	1.50%	2.20%
Interest on pension credits	1.75%	1.50%
Inflation	1.50%	1.50%
Future annual salary increases	2.00%	2.00%
Future annual pension increases	0.00%	0.00%
Duration regarding pension commitments (years)	14.9	14.1

Sensitivity analysis (net present value of pension commitment in balance sheet):

	Sweden 2023	Switzerland 2023
Discount rate +0.5%	-9	-33
Discount rate -0.5%	10	37
Inflation +0.5%	8	5
Inflation -0.5%	-7	-4
Salary increase +0.5%	3	6
Salary increase -0.5%	-2	-6

Pension commitments within Alecta in Sweden
Charges for the year for pension insurance policies held with Alecta totaled SEK 7 million (7). Alecta's surplus can be allocated to policyholders and/or insured parties. At December 31, 2023, Alecta's surplus, in the form of the collective funding ratio, amounted to 158% (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
Provisions for product guarantees and customer claims represent management's best estimation of future cash flows required to settle the obligations. 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:

	2023	2022
Special employer's contribution acc. to IAS 19 for PRI pension liability	10	7
Special employer's contribution regarding endowment insurance	7	4
Product guarantees and customer claims	52	50
Other	2	1
Amount at year-end	**71**	**62**

Note 22 Other current liabilities

	2023	2022
Customer advances relating to products	15	38
Contract liabilities relating to development work and development of production tooling (see also Note 4)	283	311
Other current liabilities	126	125
Accrued expenses and deferred income		
Salary liabilities	199	181
Social security contributions	75	70
Deliveries of goods received, not invoiced	30	80
Energy costs	22	31
Claims	30	138
Maintenance	19	35
Tooling	5	1
Machinery and spare parts	25	37
Other items	178	146
Subtotal of accrued expenses and deferred income	**583**	**719**
Total	**1,007**	**1,193**

Note 23 Pledged assets and contingent liabilities

Pledged assets*

	2023	2022
Property mortgages in Switzerland	—	62
Company mortgage	3	3

* Pledged assets for liabilities to credit institutions.

Contingent liabilities

	2023	2022
Guarantee commitment, FPG/PRI	2	2
Guarantee commitment, EU subsidy	45	—

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:

	2023	2022
Cash and bank balances	685	1,005
Credit balance on Group account in Parent Company	3	6
Total cash and cash equivalents reported in the cash flow statement	**688**	**1,011**

Unutilized credit
At the balance sheet date, unutilized credit within the Group stood at SEK 1,636 million (1,644).

Acquisition of businesses, excluding cash and cash equivalents
In 2023, Nolato acquired UK-based P&P Technology Ltd and Swedish company Be-Må Tools AB. The purchase price paid totaled SEK 19 million and cash and cash equivalents acquired totaled SEK 0 million.

Reconciliation of liabilities attributable to financing activities

	2023	2022
Opening balance for non-current and current financial liabilities	2,044	1,799
Changes affecting cash flow		
Borrowings	56	121
Repayment of loans	-183	-103
Changes not affecting cash flow		
Translation effects	-86	189
Other revaluations and additional IFRS 16 lease liabilities for the year, see Note 13	65	72
Revaluation of contingent consideration GW Plastics Inc. acquisition	-10	-41
Change in derivatives	-5	7
Closing balance for non-current and current financial liabilities	**1,881**	**2,044**

Note 26 Events after the end of the financial year

No significant events have occurred since the end of the period, but high inflation and geopolitical tensions 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 2023, Group management comprised six individuals, in addition to the President and CEO. These individuals were CFO Per-Ola Holmström, President of Medical Solutions Johan Iveberg, President of Industrial Solutions and Head of Consumer Electronics within Integrated Solutions Anders Björklund, Head of EMC within Integrated Solutions and President of Nolato Silikonteknik Anders Ericsson, Group Procurement Director Camilla Magnusson and Group Sustainability & Technology Director Glenn Svedberg. For further information, see page 114.

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 30–50% for other senior executives. At the same time, the relevant profit center must report positive earnings. In 2023, the outcome for the CEO was 23% of base salary (5) and for senior executives it was 10–23% of base salary (3–5).

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 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 thus entitles the holder to subscribe for one (1) new B share. The warrants were transferred to some 20 individuals within Nolato's management on market terms at a price established based on a calculated market value of the warrants using the Black & Scholes options 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 was SEK 92.88. The warrants could be exercised to subscribe for shares as of May 1, 2023, up to and including December 15, 2023. No warrants have been exercised to subscribe for shares during the subscription period.

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 employees within Nolato's management 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.

Incentive Program 2022/2028 – Series 2023/2027
Total subscribed warrants amounted to 1,750,000 and the price per warrant was SEK 4.77. The subscription price for a B share is SEK 59.20. The warrants can be exercised to subscribe for shares as of December 15, 2026, up to and including June 15, 2027.

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 2023, the average pension premium was 31% of base salary (30). 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

	2023		2022	
	Men	Women	Men	Women
Parent Company Board including CEO	8	3	8	3
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[1]	Variable remuneration[2]	Other benefits[3]	Pension premiums	Other remuneration[4]	Total
Remuneration and other benefits in 2023						
Chairman of the Board, Fredrik Arp	1,080					1,080
Board member, Carina van den Berg	485					485
Board member, Tomas Blomquist	310					310
Board member, Sven Boström	310					310
Board member, Lovisa Hamrin	350					350
Board member, Åsa Hedin	377					377
Board member, Erik Lynge-Jorlén	310					310
Board member, Lars-Åke Rydh	310					310
President and CEO, Christer Wahlquist	6,132	2,167	110	2,134	591	11,134
Vice President, Per-Ola Holmström	3,420	1,035	92	1,199	121	5,867
Other senior executives in Group management (5 people)	11,820	3,864	361	3,565	693	20,303
Total	**24,904**	**7,066**	**563**	**6,898**	**1,405**	**40,836**

SEK thousand	Base salary/ Director's fee[1]	Variable remuneration[2]	Other benefits[3]	Pension premiums	Other remuneration[4]	Total
Remuneration and other benefits in 2022						
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)	9,085	554	228	2,571	788	13,226
Total	**21,361**	**1,547**	**418**	**5,694**	**1,189**	**30,209**

[1] Including remuneration for committee work. According to AGM decision regardless of payment period.
[2] 'Variable remuneration' pertains to expensed remuneration for the financial year, payable in the following year.
[3] 'Other benefits' primarily pertains to company cars.
[4] 'Other remuneration' relates to the President and CEO and other senior executives regarding previous holiday entitlements paid, and other remuneration.

Note 28 Information on remuneration of auditors

The company's auditing firm received remuneration as follows:

SEK thousand	2023	2022
EY		
Auditing	8,337	6,063
Tax assignments	168	468
Other assignments	959	281
Total	**9,464**	**6,812**

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 1,555 thousand (2,163).

Note 29 Average no. of employees

	2023		2022	
	Number	Of which men	Number	Of which men
Parent Company in Sweden				
Nolato AB, Torekov	12	75%	10	70%
Subsidiaries in Sweden				
Be-Må Molds AB, Värnamo	4	50%	—	—
Nolato Cerbo AB, Trollhättan	170	68%	159	69%
Nolato Gota AB, Götene	206	76%	213	75%
Nolato Lövepac AB, Skånes Fagerhult	54	65%	38	42%
Nolato MediTech AB, Hörby	259	66%	279	66%
Nolato MediTor AB, Torekov	118	51%	106	55%
Nolato Plastteknik AB, Gothenburg	113	67%	101	75%
Nolato Polymer AB, Torekov	82	80%	86	80%
Nolato Silikonteknik AB, Hallsberg	85	66%	82	65%
	1,091	**68%**	**1,064**	**68%**
Subsidiaries abroad				
Avenue Mould Solutions Ltd, Ireland	99	79%	83	81%
Cerbo France Sarl, France	1	0%	1	0%
GW Plastics (Dongguan) Ltd, China	251	53%	242	54%
GW Plastics Hong Kong Ltd, China	2	100%	3	100%
GW Plastics Mexicana, S. de R.L de C.V., Mexico	109	67%	109	65%
GW Plastics San Antonio, Inc., United States	132	71%	112	71%
GW Plastics Tucson, Inc., United States	211	60%	164	60%
GW Silicones, Inc., United States	48	75%	38	29%
Lövepac Converting Ltd, China	36	53%	49	55%
Lövepac Technology (Shenzhen) Co., Ltd, China	118	40%	148	39%
Nolato Contour, Inc., United States	279	65%	308	66%
Nolato EMC Kft, Hungary	37	38%	39	36%
Nolato GW, Inc., United States	305	68%	256	68%
Nolato Hungary Kft, Hungary	757	50%	736	46%
Nolato Jabar LLC, United States	79	67%	72	72%
Nolato Jaycare Ltd, United Kingdom	170	79%	160	76%
Nolato (Malaysia) SDN BHD	108	54%	90	46%
Nolato Medical Device Co. Ltd, China	60	47%	55	55%
Nolato Mobile Comm. Polymers (Beijing) Ltd, China	972	54%	1,865	49%
Nolato PPT Ltd, United Kingdom	14	71%	—	—
Nolato Romania Srl, Romania	50	40%	49	41%
Nolato Silikonteknik (Beijing) Co., Ltd, China	214	55%	206	56%
Nolato Stargard Sp.zo.o., Poland	132	22%	121	25%
Nolato Technology (Dongguan) Co., Ltd, China	81	41%	66	47%
Nolato Technology (Suzhou) Co., Ltd, China	60	43%	248	46%
Nolato Treff AG, Switzerland	304	63%	333	62%
	4,629	**57%**	**5,553**	**53%**
	5,732	**59%**	**6,627**	**56%**

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 shall 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 2023, Nolato's sales to countries outside Sweden accounted for 89% (91) of total sales. The largest flow currencies for the Swedish units were EUR and 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 shall hedge 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 counter value exceeding SEK 3 million.

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.

At the end of 2023, the Group had currency hedges in relation to anticipated payment flows in 2024 in CHF, EUR, GBP, PLN and USD. The derivatives used are forwards and currency swaps. The volume and scope of the contracts are stated below.

Currency forward contracts

	2023					2022				
SEKm	Nominal value	Fair value	Average rate	Recognized in profit	Recognized in other comp. income	Nominal value	Fair value	Average rate	Recognized in profit	Recognized in other comp. income
Hedging for intra-group loans										
CHF sold for SEK (Q4)	128	128	12.2092		5	183	188	11.2387		-4
EUR sold for SEK (Q4)	12	12	11.2754	1		50	51	10.9311	-1	
GBP sold for SEK (Q4)	91	89	12.9642	-1	4	73	73	12.4858	2	
PLN sold for SEK (Q4)	32	31	2.5432	1						
USD bought (sold) for SEK (Q4)	134	129	10.2983		-5	20	21	10.1107		-1
Total	**397**	**389**		**1**	**4**	**326**	**333**		**1**	**-5**
Cash flow hedges EUR										
EUR sold for SEK (Q1)	27	26	11.6154			—	—			
EUR sold for SEK (Q2)	17	16	11.8479			17	18	10.8838		
EUR sold for SEK (Q3)	12	11	11.5971			10	10	10.9627		
EUR sold for SEK (Q4)	5	5	11.3377			6	6	10.9767		
Total	**61**	**58**		**1**	**3**	**33**	**34**		**—**	**-1**
Cash flow hedges USD										
USD sold for SEK (Q1)	45	42	10.6590			46	47	10.2893		
USD sold for SEK (Q2)	34	31	10.8232			35	34	10.6472		
USD sold for SEK (Q3)	25	23	10.7274			27	26	10.7048		
USD sold for SEK (Q4)	11	10	10.3297			13	13	10.2952		
Total	**115**	**106**		**2**	**3**	**121**	**120**		**1**	**4**

Gains and losses in other comprehensive income in relation to currency forward contracts at December 31, 2023 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	117	61	52%	11.6538
USD	229	115	50%	10.6909
Total	**346**	**176**	**51%**	

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.

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	114	+/-5%	+/-6
Total	**170**		**+/-9**

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 Hungary, EUR	710	-36
Nolato Mobile Comm. Polymers (Beijing), CNY	210	-11
Nolato Technology (Suzhou), CNY	68	-3
Nolato (Malaysia), SDN, BHD, USD	35	-2
Nolato Silikonteknik (Beijing), CNY	27	-1
Nolato Stargard, PLN	22	-1
Nolato Romania, RON	15	-1
Nolato EMC Hungary, EUR	3	—
Nolato Medical Device (Beijing), CNY	-1	—
Lövepac Converting, CNY	-1	—
Nolato Technology (Dongguan), CNY	-11	1
Lövepac Technology (Shenzhen), CNY	-13	1
Total	**1,064**	**-53**

The Group has no exposure in the net assets of Nolato Treff AG, the companies in the US and the companies in the UK, as any translation effects are evened out by loans in the Parent Company.

Interest rate risk
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.

Liquidity risk
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. See Note 19 Financial liabilities for further information.

Net debt at year-end (excluding lease liabilities)

	Carrying amount 2023 (SEKm)	Future interest expense year 2024	year 2025	year 2026	Maturity date	Interest sensitivity in case of +1%
Interest-bearing liabilities (non-current)						
Bank loans, USD (fixed rate)	753	13	8		Aug. 6, 2025	8
Bank loans, USD (variable rate)[1]	141	8	5		Aug. 6, 2025	1
Bank loans, CHF (variable rate)[1]	406	10	6		Aug. 6, 2025	4
Bank loans, CHF (variable rate)[1]	240	5	5	5	Dec. 22, 2026	2
Contingent consideration P&P Technology Ltd, GBP	4					
Subtotal	**1,544**	**36**	**24**	**5**		**15**
Interest-bearing liabilities (current)						
Bank loans, SEK (variable rate)	37					
Contingent consideration P&P Technology Ltd, GBP	2					
Subtotal	**39**					
Pension liabilities						
Pension liability, SEK[2]	136	4				
Pension liability, CHF[2]	92	1				
Subtotal	**228**	**5**				
Total liabilities	**1,811**					
Interest-bearing assets						
Cash and cash equivalents	688					
Net financial liabilities	**1,123**					

[1] The future variable interest is based on the interest charge in 2023 and will vary in subsequent years.
[2] As per forecast.

At year-end the Group's financial liabilities stood at SEK 2,729 million (2,996). Non-interest-bearing liabilities are attributable primarily to trade payables, with the term outstanding shown in the table below.

Maturity	< 1 month	1–3 months	4–12 months	> 1 year	Total
Trade payables	408	203	8	1	**620**

Credit risk
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 2,228 million (2,539) at the balance sheet date. The exposure comprises the carrying amount of all financial assets.

Credit risk (SEKm)

	2023	2022
Trade receivables	1,525	1,522
Other receivables	2	2
Derivatives	13	4
Cash and cash equivalents	688	1,011
Total	**2,228**	**2,539**

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.

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 and hedging of net investments in foreign operations, based 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 into the Parent Company's functional currency in Nolato Treff AG, operations in the US and operations in the UK. 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.

Note 31 Acquisitions

Acquisition of P&P Technology Ltd

Description of P&P Technology Ltd

Nolato has acquired UK-based P&P Technology. The company, which has annual sales equivalent to approximately SEK 25 million with good profitability, provides component- and materials-based electronics shielding solutions for electromagnetic compatibility (EMC). The acquisition provides Nolato with complementary production technologies, an expanded customer base and a stronger presence in the UK. P&P Technology, which was established in 2014, employs around 20 people at its facility northeast of London, and has a diversified customer base within the aviation, automotive and other industries.

Description of the acquisition

Nolato has acquired 100% of the shares in P&P Technology Ltd, and obtained controlling influence. The company was acquired on April 27 and subsequently consolidated into Nolato. The acquisition was reported using the acquisition method, with the total purchase price being allocated among the assets acquired and liabilities assumed based on their fair values. Fair value was determined using generally accepted principles and methods. The acquisition price for the company, which is debt-free, amounts to approximately SEK 18 million, including a contingent consideration estimated by Nolato at SEK 6 million. The contingent consideration is based on actual earnings for the 2023–2025 period. The purchase price comprises a cash payment. The acquisition contributed SEK 17 million to the Nolato Group's revenue in 2023 and has not had any significant impact on the Group's earnings per share. The acquisition analysis of the company has been established and is thus definitive.

Acquisition value, goodwill and cash flow effects

Acquisition value

Acquisition value	18
Less fair value of acquired net assets	-9
Goodwill	**9**

Goodwill arising in connection with the transaction consists of synergies that are expected to be achieved primarily as a result of increased sales volumes for the Nolato Group to customers in the EMC business unit, which is part of Integrated Solutions. The goodwill is not tax-deductible according to UK tax rules.

Net assets

	Balance sheet at time of acquisition	Adjustment to fair value	Fair value
Non-current intangible assets	0	4	4
Property, plant and equipment	3	—	3
Rights of use	2	—	2
Current assets	6	—	6
Cash and cash equivalents	0	—	0
Other non-current financial liabilities	-1	—	-1
Deferred tax liabilities	-1	-1	-2
Other current financial liabilities	-1	—	-1
Other current liabilities	-2	—	-2
Net assets acquired	**6**	**3**	**9**

Non-current intangible assets in the form of customer relationships are estimated to amount to SEK 4 million and will be amortized for accounting purposes over a period of 10 years. Gross value, fair value and the value expected to be settled for the balance sheet item 'Trade receivables' are all SEK 3 million. Acquisition expenses of SEK 1 million were expensed as other operating expenses.

Cash flow effects

Cash paid, acquisition value	12
Less acquired cash and cash equivalents	0
Net cash flow from acquisition	**12**

Acquisition of Be-Må Tools AB

Nolato has acquired Be-Må Tools AB, a small company based in Sweden. The acquisition boosts our capacity in manufacturing and servicing molds for polymer production. A newly formed company has carried out an asset acquisition of Be-Må AB's net assets. The acquisition was completed on August 7 and consolidated as of the same date. The purchase price for the asset acquisition, excluding cash and cash equivalents, amounts to SEK 7 million. No goodwill or customer relationships have been assigned. Had the acquisition taken place on January 1, 2023, it would have contributed SEK 7 million to Group revenue; full-year sales are estimated at approximately SEK 10 million. The acquisition has no material impact on consolidated earnings per share, and acquisition costs are also not material. The acquisition analysis of the company has been established and is thus definitive.

Five-year review: key performance indicators

	2023	2022	2021	2020	2019
Performance indicators according to IFRS[1]					
Operating profit (EBIT) (SEKm)	657	867	1,333	1,048	887
Diluted earnings per share after tax (SEK)*	1.61	2.59	4.32	3.02	2.66
Performance indicators (alternative performance measures)[1]					
Reversal of amortization of intangible assets arising in connection with acquisitions	44	41	36	18	8
Operating profit (EBITA) (SEKm)	701	908	1,369	1,066	895
Performance indicators per share (alternative performance measures)[1]					
Profit after tax for the year (SEKm)	435	697	1,160	806	703
Reversal of amortization of intangible assets arising in connection with acquisitions	44	41	36	18	8
Tax on reversal of amortization of intangible assets arising in connection with acquisitions	-10	-9	-7	-4	-2
Adjusted profit after tax (SEKm)	469	729	1,189	820	709
Average number of shares after dilution*	269,377,080	269,377,080	268,779,516	266,560,960	264,320,010
Adjusted diluted earnings per share after tax (SEK)*	1.74	2.70	4.42	3.08	2.68
Sales and profit (alternative performance measures)[1]					
Net sales (SEKm)	9,546	10,774	11,610	9,359	7,919
Sales growth (%)	-11	-7	24	18	-2
Profit after financial income and expenses (SEKm)	616	875	1,401	1,014	857
Profit for the year (SEKm)	435	697	1,160	806	703
Cash flow (alternative performance measures)[1]					
Cash flow from operations (SEKm)	781	406	1,228	1,164	1,160
Investing activities (SEKm)	-444	-451	-782	-1,695	-453
Cash flow after investing activities (SEKm)	337	-45	446	-531	707
Cash flow from operating activities per share, before dilution (SEK)*	2.90	1.51	4.58	4.37	4.38
Cash flow after investing activities excluding acquisitions and disposals per share, before dilution, (SEK)*	1.66	0.03	1.66	3.40	3.02
Cash conversion (%)	65	1	35	87	88
Financial position (alternative performance measures)[1]					
Total assets (SEKm)	9,300	10,007	10,055	8,684	6,134
Shareholders' equity (SEKm)	5,171	5,392	4,768	3,699	2,966
Interest-bearing liabilities and provisions (SEKm)	-2,104	-2,206	-2,041	-2,417	-1,219
Financial net debt (–)/net assets (+), excluding pension and lease liabilities (SEKm)	-895	-708	-51	-298	666
KPIs (alternative performance measures)[1]					
Return on total capital before tax (%)	6.9	9.1	15.7	14.3	15.6
Return on capital employed before tax (%)	9.0	12.8	22.8	20.7	23.1
Return on operating capital before tax (%)	9.7	14.4	27.1	29.2	31.0
Return on net shareholders' equity (%)	8.1	13.6	28.0	23.9	25.5
EBITA margin (%)	7.3	8.4	11.8	11.4	11.3
Profit margin (%)	6.5	8.1	12.1	10.8	10.8
Equity/assets ratio (%)	56	54	47	43	48
Debt/equity ratio (times)	0.4	0.4	0.4	0.7	0.4
Interest coverage ratio (times)	10	17	34	28	25
Average number of employees	5,732	6,627	8,669	6,721	5,941

[1] 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 with 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 155.

* 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	2023	2022
Operating profit (EBITDA)	1,253	1,411
Non-recurring items	60	—
Adjusted operating profit (EBITDA)	**1,313**	**1,411**
Operating profit (EBIT)	657	867
Reversal of amortization of intangible assets arising in connection with acquisitions	44	41
Operating profit (EBITA)	701	908
Non-recurring items	60	—
Adjusted operating profit (EBITA)	**761**	**908**
EBITA margin (%)	7.3	8.4
Adjusted EBITA margin (%)	**8.0**	**8.4**
Profit after financial income and expenses	616	875
Non-recurring items	60	-41
Adjusted profit after financial income and expenses	**676**	**834**
Profit margin (%)	6.5	8.1
Adjusted profit margin (%)	**7.1**	**7.7**
Profit after tax	435	697
Non-recurring items	110	-41
Adjusted profit after tax	**545**	**656**
Cash flow after investments, excluding acquisitions and disposals	446	8
Non-recurring items (affecting cash flow)	18	—
Adjusted cash flow after investments, excluding acquisitions and disposals	464	8
Operating profit (EBIT)	657	867
Non-recurring items	60	—
Adjusted operating profit (EBIT)	717	867
Cash conversion (%)	**65**	**1**

Including a non-recurring item of SEK -60 million in operating profit and SEK -50 million in post-tax profit 2023. 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 profit after financial items and post-tax profit of SEK 41 million in 2022. This non-recurring item has been recognized at Group level and has consequently not affected the profit of the business areas.

SEKm unless otherwise specified	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Profit after financial income and expenses, rolling 12 mths	616	652	748	797	875				
Financial expenses, rolling 12 mths	70	66	64	59	56				
Adjusted profit after financial exp., rolling 12 mths	686	718	812	856	931				
Total capital at end of period	9,300	9,924	10,211	10,147	10,007	10,635	10,220	9,984	10,056
Average total capital, past five quarters	9,918	10,185	10,244	10,199	10,180				
Return on total capital (%)	**6.9**	**7.0**	**7.9**	**8.4**	**9.1**				
Adjusted profit after financial exp., rolling 12 mths	686	718	812	856	931				
Capital employed at end of period	7,275	7,581	7,826	7,726	7,597	7,659	7,220	7,074	6,809
Average capital employed, past five quarters	7,601	7,678	7,606	7,455	7,272				
Return on capital employed (%)	**9.0**	**9.4**	**10.7**	**11.5**	**12.8**				
Operating profit (EBIT), rolling 12 mths	657	643	726	791	867				
Capital employed at end of period	7,275	7,581	7,826	7,726	7,597	7,659	7,220	7,074	6,809
Cash and bank balances at end of period	-688	-720	-815	-932	-1,011	-1,193	-1,115	-1,408	-1,448
Operating capital at end of period	6,587	6,861	7,011	6,794	6,586	6,466	6,105	5,666	5,361
Average operating capital, past five quarters	6,768	6,744	6,592	6,323	6,037				
Return on operating capital (%)	**9.7**	**9.5**	**11.0**	**12.5**	**14.4**				
Profit after tax, rolling 12 mths	435	506	597	632	696				
Shareholders' equity at end of period	5,171	5,382	5,349	5,534	5,392	5,398	4,998	5,010	4,768
Average shareholders' equity, past five quarters	5,366	5,411	5,334	5,266	5,113				
Return on shareholders' equity (%)	**8.1**	**9.4**	**11.2**	**12.0**	**13.6**				

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 warrantprogram is added if they are in the money, but only in so far 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

Polymer materials
Materials such as plastic, silicone, rubber and thermoplastic elastomers (TPEs).

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 .

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.

Extrusion
This is a method for continuously manufacturing products in strands, such as medical tubing.

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.

Haptic technology/haptics
Designing a surface so that a function or cosmetic effect can be felt.

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.

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	2023	2022
Net sales	2	81	65
Selling expenses	6, 12	-6	-7
Administrative expenses	3, 6, 12	-74	-57
Other operating income	4	6	5
Other operating expenses	5	-50	-61
	12	**-124**	**-120**
Operating profit		**-43**	**-55**
Revenue from investments in Group companies	7	42	282
Financial income	8	54	60
Financial expenses	9	-79	-103
		17	**239**
Profit after financial income and expenses		**-26**	**184**
Appropriations	10	390	266
Tax	11	-68	-42
Profit for the year		**296**	**408**

Parent Company comprehensive income

SEKm	2023	2022
Comprehensive income for the year	**296**	**408**

Parent Company balance sheet

SEKm	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment		1	1
Non-current financial assets			
Investments in Group companies	13	3,424	3,104
Receivables from Group companies	16	810	955
Deferred tax assets	11	5	—
Other non-current receivables		2	2
Total non-current financial assets		**4,241**	**4,061**
Total non-current assets		**4,242**	**4,062**
Current assets			
Receivables from Group companies		660	869
Other receivables		7	6
Prepaid expenses and accrued income		23	15
Total current assets		**690**	**890**
Cash and bank balances		3	6
Total assets		**4,935**	**4,958**
Shareholders' equity and liabilities			
Shareholders' equity			
Restricted equity			
Share capital (269,377,080 shares)	14	135	135
Statutory reserve		488	488
Total restricted equity		**623**	**623**
Unrestricted equity			
Retained earnings		1,869	1,973
Profit for the year		296	408
Total unrestricted equity		**2,165**	**2,381**
Total shareholders' equity		**2,788**	**3,004**
Untaxed reserves	**19**	**296**	**247**
Provisions			
Deferred tax liabilities	11	—	1
Other provisions	17	7	4
Total provisions		**7**	**5**
Non-current liabilities			
Liabilities to credit institutions	15	1,399	1,456
Liabilities to Group companies	16	55	55
Total non-current liabilities		**1,454**	**1,511**
Current liabilities			
Trade payables		15	2
Liabilities to credit institutions	15	—	30
Liabilities to Group companies		310	126
Current tax liabilities		32	—
Other liabilities		17	19
Accrued expenses and deferred income	18	16	14
Total current liabilities		**390**	**191**
Total liabilities and shareholders' equity		**4,935**	**4,958**

Parent Company changes in shareholders' equity

	Restricted equity		Unrestricted equity		
SEKm	Share capital	Statutory reserve	Translation reserve	Retained earnings	Total shareholders' equity
Opening balance, Jan. 1, 2022	**135**	**488**	**—**	**2,485**	**3,108**
Profit for the year				408	408
Other comprehensive income for the year			—		—
Comprehensive income for the year			**—**	**408**	**408**
Dividend for 2021				-512	-512
Closing balance, Dec. 31, 2022	**135**	**488**	**—**	**2,381**	**3,004**
Opening balance, Jan. 1, 2023	**135**	**488**	**—**	**2,381**	**3,004**
Profit for the year				296	296
Other comprehensive income for the year			—		—
Comprehensive income for the year			**—**	**296**	**296**
Dividend for 2022				-512	-512
Closing balance, Dec. 31, 2023	**135**	**488**	**—**	**2,165**	**2,788**

Parent Company cash flow statement

SEKm	Note	2023	2022
Operating activities			
Operating profit		-43	-55
Adjustments for items not included in cash flow		3	14
Dividends from subsidiaries		33	166
Interest received		54	60
Interest paid		-46	-28
Realized exchange rate differences		-11	-30
Income tax paid		-40	-86
Cash flow from operating activities before changes in working capital		**-50**	**41**
Changes in working capital			
Changes in operating receivables and operating liabilities		615	226
Cash flow from operating activities		**565**	**267**
Investing activities			
Shareholders' contribution		-320	-1,110
Cash flow from investing activities		**-320**	**-1,110**
Cash flow before financing activities		**245**	**-843**
Financing activities			
Borrowings	15	—	48
Repayment of loans	15	-94	-20
Change in long-term intra-group transactions		128	1,002
Dividend paid		-512	-512
Group contribution received		230	271
Cash flow from financing activities		**-248**	**789**
Cash flow for the year		**-3**	**-54**
Cash and cash equivalents, opening balance		**6**	**60**
Cash and cash equivalents, closing balance*		**3**	**6**

* 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 783 thousand (697). Over the next three years, lease payments will amount to a total of approx. SEK 1,053 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, 2023, 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 239 thousand (345). 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

	2023	2022
Sales of services to subsidiaries	81	65
Purchase of services from subsidiaries	29	22

Note 3 Information on remuneration of auditors

The company's auditing firm received remuneration as follows:

SEK thousand	2023	2022
EY		
Auditing	1,339	806
Tax assignments	168	37
Other assignments	929	278
Total	**2,436**	**1,121**

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

	2023	2022
Effect of exchange rate on operating receivables/liabilities	6	5

Note 5 Other operating expenses

	2023	2022
Effect of exchange rate on operating receivables/liabilities	13	27
Costs for personnel who are not employed by the Parent Company and their overheads	37	34
Total	**50**	**61**

Note 6 Personnel

Average no. of employees

	2023		2022	
	Number	Of which men	Number	Of which men
Nolato AB, Torekov	12	75%	10	70%

Employee benefits expense

	2023	2022
Salaries and remuneration	34	26
Pension expenses, defined contribution schemes	7	6
Social security contributions	13	9
Total	**54**	**41**

Expensed remuneration and benefits for Board members and the CEO at the Parent Company during the year totaled SEK 13 million (10), of which SEK 2 million (1) relates to bonuses. Social security contributions to Board members and the CEO amounted to SEK 4 million (3). 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

	2023		2022	
	Men	Women	Men	Women
Board members	7	3	7	3
President and CEO	1		1	
Other senior executives	5	1	5	1

Note 7 Revenue from investments in Group companies

	2023	2022
Dividend received from Group companies	33	166
Anticipated dividend from Group companies	9	116
Total	**42**	**282**

Note 8 Financial income

	2023	2022
Interest income, Group companies	51	60
Interest income, credit institutions	3	—
Total	**54**	**60**

All interest income is attributable to financial assets, which are measured at amortized cost.

Note 9 Financial expenses

	2023	2022
Interest expenses, Group companies	6	—
Interest expenses, credit institutions	34	21
Other financial expenses	6	7
Exchange rate differences	33	75
Total	**79**	**103**

All interest expenses are attributable to financial liabilities, which are measured at amortized cost.

Note 10 Appropriations

	2023	2022
Group contributions received	439	230
Reversal of tax allocation reserve	46	84
Provision for tax allocation reserve	-95	-48
Total	**390**	**266**

Note 11 Tax

Recognized in the income statement

	2023	2022
Current tax expense (–)/income (+)		
Tax expenses for the period	-74	-58
	-74	**-58**
Deferred tax expense (–)/income (+)		
Deferred tax in relation to temporary differences	6	16
Total recognized tax expense	**-68**	**-42**

Reconciliation of effective tax
The tax rate applicable for income tax is 20.6% (20.6%).

	2023	2022
Profit before tax	**364**	**450**
Tax according to applicable Parent Company tax rate	-75	-93
Coupon tax on anticipated dividends	-1	-6
Non-deductible expenses	-1	-1
Non-taxable income	9	58
Recognized effective tax	**-68**	**-42**

Deferred tax recognized in the balance sheet	2023	2022
Other provisions	1	1
Other	4	-2
Total	**5**	**-1**

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

	Balance at Jan. 1, 2022	Recognized in profit for the year	Balance at Dec. 31, 2022
Other provisions	1	—	1
Other	-18	16	-2
Total	**-17**	**16**	**-1**

	Balance at Jan. 1, 2023	Recognized in profit for the year	Balance at Dec. 31, 2023
Other provisions	1	—	1
Other	-2	6	4
Total	**-1**	**6**	**5**

Note 12 Expenses allocated by type of cost

	2023	2022
Employee benefits expense	-54	-41
Consulting expenses	-10	-7
Travel expenses	-4	-3
Advertising and PR	-5	-5
Effect of exchange rate on operating receivables/ liabilities, net	-7	-22
Costs for personnel who are not employed by the Parent Company and their overheads (charged on)	-37	-34
Other costs	-7	-8
Total	**-124**	**-120**

Note 13 Investments in Group companies

	2023	2022
Opening acquisition cost	3,471	2,361
Shareholders' contribution	320	1,110
Closing accumulated acquisition cost	**3,791**	**3,471**
Closing accumulated impairment losses	**-367**	**-367**
Carrying amount	**3,424**	**3,104**

	Participating interest		Carrying amount	
	2023	2022	2023	2022
AB Cerbo Group, Trollhättan, Sweden	100%	100%	268	268
Nolato Cerbo AB, Trollhättan, Sweden*	100%	100%		
Cerbo France Sarl, France	100%	100%		
Be-Må Molds AB, Sweden**	100%		7	
Injection Moulding Solutions Europe AB, Sweden	100%	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%	24	9
Nolato Holding USA Inc., United States	100%	100%	1,973	1,675
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, United Kingdom	100%	100%	70	70
C A Portsmouth Ltd, United Kingdom	100%	100%		
Nolato Jaycare Ltd, United Kingdom*	100%	100%		
Nolato PPT Ltd, United Kingdom**	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*	100%	100%		
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	27
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
Carrying amount			**3,424**	**3,104**

* All operating units are included in the sustainability report, which has been reported as 29 units in total.
** These units were acquired during the year and are not included in the sustainability report for 2023.

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, 2022	269,377,080	SEK 0.50	SEK 134,689 thousand
Share capital, Dec. 31, 2023	269,377,080	SEK 0.50	SEK 134,689 thousand

Note 15 Borrowings

	Maturity date	2023	2022
Short-term bank loan in SEK (variable rate)	< 3 months	—	30
Long-term bank loan in CHF (variable rate)	2026	240	226
Long-term bank loan in CHF (variable rate)	2025	406	395
Long-term bank loan in USD (fixed rate)	2025	753	783
Long-term bank loan in USD (variable rate)	2025	—	52
Total		**1,399**	**1,486**

Reconciliation of liabilities attributable to financing activities

	2023	2022
Opening balance for non-current and current financial liabilities	1,486	1,270
Changes affecting cash flow		
Borrowings	—	48
Repayment of loans	-94	-20
Changes not affecting cash flow		
Translation effects	7	188
Closing balance for non-current and current financial liabilities	**1,399**	**1,486**

Note 16 Receivables and liabilities, Group companies

Receivables from Group companies	
At January 1, 2022	1,825
Change	-870
At January 1, 2023	955
Change	-145
At December 31, 2023	**810**

Liabilities to Group companies	
At January 1, 2022	55
At January 1, 2023	55
At December 31, 2023	**55**

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

	2023	2022
Amount at start of year	4	6
Provisions for the year	3	—
Amounts claimed	—	-2
Amount at year-end	**7**	**4**

Relates to future salary tax for endowment insurance.

Note 18 Accrued expenses and deferred income

	2023	2022
Salary liabilities	9	6
Social security contributions	5	6
Other items	2	2
Total	**16**	**14**

Note 19 Untaxed reserves

	2023	2022
Provision for tax allocation reserve (taxation year 2018)		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	48
Provision for tax allocation reserve (taxation year 2023)	95	
Total	**296**	**247**

Note 20 Contingent liabilities

	2023	2022
Guarantees on behalf of subsidiaries	265	315

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 81 million (65), 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 51 million (60) and interest expenses of SEK 6 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 810 million (955) and liabilities to Group companies amount to SEK 55 million (55).

During the year, the Parent Company received dividends from subsidiaries totaling SEK 42 million (282), of which SEK 9 million (116) refers to anticipated dividends.

Note 22 Appropriation of profit

Proposed allocation of earnings

	2023	2022
The Board proposes that unappropriated funds:		
Retained earnings	1,869	1,973
Profit for the year	296	408
	2,165	**2,381**
be allocated as follows:		
Dividend to the shareholders	404	512
To be carried forward	1,761	1,869
	2,165	**2,381**

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 April 3, 2024. 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 6, 2024.

Our auditor's report was submitted on April 10, 2024.
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 2023. The annual accounts and consolidated accounts of the company are included on pages 115-162 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 December 31, 2023, 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 December 31, 2023, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit 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 2,140 million and investments in Group companies are recognised at SEK 3,424 million at 31 December 2023. 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 2023 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 1-114. 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 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.

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 (publ) for the financial year 2023.

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 (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with 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 ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual 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 the 3 May 2023 and has been the company's auditor since the 29 April 2015.

Torekov April 10, 2024

Ernst & Young AB

Joakim Falck
Authorized Public Accountant

NOLATO
Skridskoskydd
Handtag
Ventilgummi
NOLATO
Hopper
NOLATO
Lekseker
NORDISKA FABRIKEN

Nolato AB

Nolatovägen 32
SE-269 78 Torekov, Sweden
Phone: +46 431 442290
Email: info@nolato.com

Avenue

Finisklin Business Park
Sligo, Ireland, F91 AK63
Phone: +353 71 916 9510

Nolato Beijing

402 Longsheng Industrial Park
7 Rong Chang Road East
Beijing Development Area
Beijing 100176, China
Phone: +86 10 6787 2200

Nolato Beijing Medical
402 Longsheng Industrial Park
7 Rong Chang Road East
Beijing Development Area
Beijing 100176, China
Phone: +86 10 6787 2200

Kristianstad, Sweden
Krinova Incubator & Science Park
Nolato AB 2022:210
Stridsvagnsvägen 14
SE-291 39 Kristianstad, Sweden
Phone: +46 708 74 41 70

San Diego, USA
16208 Palomino Mesa Ct
San Diego, CA 92127, USA
Phone: +1 858 859 5270

Nolato Cerbo

Box 905, SE-461 29 Trollhättan, Sweden
Street address:
Verkmästarevägen 1–3
Phone: +46 520 409900

Paris, France
15 Rue Vignon
FR-75008 Paris, France
Phone: +33 1 47 975284

Nolato Contour

660 VandeBerg Street
Baldwin, WI 54002, USA
Phone: +1 715 684 4614

Nolato Gota

Box 29, SE-533 21 Götene, Sweden
Street address: Alsborgsgatan 2
Phone: +46 511 342100

Nolato GW Bethel

239 Pleasant Street
Bethel, VT 05032, USA
Phone: +1 802 234 9941

Nolato GW Dongguan

Building B10 An-Li High-Tech Park
Zhen An Road Changan
Dongguan City, Guangdong, China
523870
Phone: +86 769 8166 5788

Nolato GW Querétaro

Circuito del Marques Norte 23A
Parque Industrial El Marques
CP 76246 El Marques, QRO, Mexico
Phone: +52 442 256 11 00

Nolato GW Royalton

272 Waterman Road
Royalton, VT 05068, USA
Phone: +1 802 763 2194

Nolato GW San Antonio

901 Paulsun Street
San Antonio, TX 78219, USA
Phone: +1 210 225 1516

Nolato GW Silicones

272 Waterman Road
Royalton, VT 05068, USA
Phone: +1 802 763 2194

Nolato GW Tucson

2901 East Valencia Road
Tucson, AZ 85706, USA
Phone: +1 520 294 9400

Nolato Hungary

Jánossomorjai út 3
HU-9200 Mosonmagyaróvár, Hungary
Phone: +36 96 578770

Negoiesti, Romania
PWP Industrial Park, Building SE 1
Comuna Aricestii Rahtivani,
Str. Londra nr. 11, 107025

Nolato Jaycare

New York Way, New York Ind. Park
Newcastle upon Tyne NE27 0QF, UK
Phone: +44 191 296 0303

Lövepac Converting

Beijing, China
Unit 1006, Building 3,
No. 16 Zhonghe Road, BDA
Beijing, 100176, China
Phone: +86 10 6780 5580

Shenzhen, China
Lövepac Technology (Shenzhen) Co., Ltd
1st Floor, Building No. 3, No.1 Lirong Rd
Changyi Industrial Area,
Xinshi Community,
Dalang St. Longhua District
Shenzhen 518109, China
Phone: +86 755 8610 6065

Penang, Malaysia
Nolato (Malaysia) Sdn. Bhd
Plot 368, Lorong Perindustrian Bukit
Minyak 21, Penang Science Park,
14100 Simpang Ampat
Penang, Malaysia
Phone: +604 50 57 830

Nolato Lövepac

Ringvägen 5
SE-286 73 Skånes Fagerhult, Sweden
Phone: +46 433 32300

Nolato MediTech

Box 93, SE-242 21 Hörby, Sweden
Street address: Medicingatan 4
Phone: +46 415 19700

Lomma, Sweden
Box 28, SE-234 21 Lomma, Sweden
Street address: Koppargatan 13
Phone: +46 415 19700

Nolato MediTor

Nolatovägen 32
SE-269 78 Torekov, Sweden
Phone: +46 431 442260

Värnamo, Sweden
Be-Må Molds
Västbovägen 52
SE-331 53 Värnamo, Sweden
Phone: +46 370 301725

Nolato Plastteknik

Box 4123, SE-422 04 Hisings Backa, Sweden
Street address: Exportgatan 59
Phone: +46 31 588400

Nolato Polymer

Nolatovägen 32
SE-269 78 Torekov, Sweden
Phone: +46 431 442200

Ängelholm, Sweden
Framtidsgatan 6
SE-262 73 Ängelholm, Sweden
Phone: +46 431 442200

Nolato Silikonteknik

Box 62, SE-694 22 Hallsberg, Sweden
Street address: Bergsmansvägen 4
Phone: +46 582 88900

Beijing, China
Nolato Silikonteknik (Beijing) Co. Ltd
Room 207, 2nd Floor, Building 208, 7#
East Rongchang Road,
Beijing Development Area
Beijing 100176, China
Phone: +86 10 6787 2200

Suzhou, China
Nolato Electronic Technology (Suzhou) Co.Ltd.
Room 01
No. 299 Fumin Middle Road
Tangqiao Town
Zhangjiagang City
Suzhuo 215617, China
Phone: +86 512 6939 0380

New Jersey, USA
Nolato Jabar
P.O. Box 1249
Andover, NJ 07821, USA
Street address: 252 Brighton Road
Phone: +1 973 786 5000

Penang, Malaysia
Nolato (Malaysia) Sdn. Bhd
Plot 368, Lorong Perindustrian Bukit
Minyak 21, Penang Science Park,
14100 Simpang Ampat
Penang, Malaysia
Phone: +604 50 57 830

Maldon, UK
Nolato PPT
Unit 12 Maldon Trade Park,
The Causeway, Maldon,
Essex, CM9 4LJ, UK
Phone: +44 1376 550 525

Mosonmagyaróvár, Hungary
Nolato EMC Ltd.
Jánossomorjai út 3
HU-9200 Mosonmagyaróvár, Hungary
Phone: +36 96 57 87 70

Nolato Stargard

ul. Uslugowa 1
73-110 Stargard, Poland
Phone: +48 91 573 6362

Nolato Treff

Taastrasse 16, 9113 Degersheim, Switzerland
Phone: +41 71 372 55 55

www.nolato.com

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 Nolato Hertila is sold.

2019
Integrated Solutions acquires US-based Ja-Bar Silicone Corporation.

2020
Nolato acquires US-based GW Plastics.

2023
UK-based P&P Technology Ltd and Sweden-based Be-Må Molds are acquired.

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