

INTERIM REPORT

2021

January - June



Strong increase in sales and profit

Second quarter of 2021 in brief

- Sales increased to SEK 2,786 million (2,307)
- Operating profit (EBITA) rose to SEK 336 million (269), excl. a positive non-recurring item of SEK 50 million*
- EBITA margin of 12.1% (11.7), excl. the non-recurring item
- Profit after tax was SEK 291 million (207)
- Diluted earnings per share increased to SEK 0.90 (0.78), excl. the non-recurring item
- Diluted earnings per share increased to SEK 1.08 (0.78)
- Cash flow after investments was SEK 346 million (685)

First six months of 2021 in brief

- Sales increased to SEK 5,431 million (4,372)
- Operating profit (EBITA) rose to SEK 644 million (496), excl. a positive non-recurring item of SEK 50 million*
- Diluted earnings per share increased to SEK 1.93 (1.45)
- Cash flow after investments amounted to SEK 417 million (612)
- Sustained strong financial position

* Remitted loan by US authorities in connection with the pandemic.

Comments from the President and CEO - Strong increase in sales and profit

All our business areas showed continued growth in the second quarter, resulting in the Group's net sales rising by 11%, adjusted for currency and acquisitions. To some extent, we have seen, and continue to see, effects from the ongoing pandemic in the form of lower demand for surgical equipment, a shortage of semiconductors and delays to the industrialization of new customer projects as a result of travel restrictions. Despite some cost inflation and a component shortage, our focus on efficiency and productivity has generated the desired effect. Adjusted for a positive non-recurring item, operating profit measured as EBITA was SEK 336 million (269) for the quarter. This is our highest ever quarterly profit, with a strong margin of 12.1% (11.7).



Christer Wahlquist, President and CEO, Nolato AB

Medical Solutions sales for the quarter totaled SEK 1,021 million (700), corresponding to organic growth of 2%. Demand has been good in most areas, but growth in diagnostics has been limited by available capacity. Volumes in the surgery area have continued to be adversely affected by postponed operations, although demand increased quarter on quarter. US business GW Plastics, which was acquired in the autumn, saw relatively strong performance over the quarter. Operating profit (EBITA) for the business area rose by 24% to SEK 124 million. The EBITA margin was 12.1% (14.3) and was in line with the first quarter, but was affected by a dilutive effect from the acquired US business. The planned expansion of production capacity in Switzerland, Hungary, Poland, the United States and Sweden is going according to plan.

Integrated Solutions sales totaled SEK 1,186 million (1,149), corresponding to organic growth of 12%, fueled by continued strong volume growth in Vaporiser Heating Products (VHP) and solid EMC performance. Nolato expects continued good sales growth in both VHP and EMC for the third quarter compared with the second quarter of this year. However, there is a risk of disruptions due to temporary shortages of electronic components. Operating profit (EBITA) totaled SEK 154 million (166), with an EBITA margin of 13.0% (14.4).

Industrial Solutions sales totaled SEK 580 million (459), corresponding to organic growth of 22%. The comparative quarter was significantly affected by production halts in the automotive industry. The second quarter of this year was also impacted by supply chain disruptions, although to a lesser extent. However, our efficiency improvement efforts have had the desired impact and operating profit measured as EBITA increased sharply to SEK 62 million (11), with an EBITA margin of 10.7% (2.4).

Group highlights

SEK million unless otherwise specified	Note	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Net sales	1	2,786	2,307	5,431	4,372	10,418	9,359
Operating profit (EBITDA)		492	360	906	679	1,683	1,456
Operating profit (EBITA)		386	269	694	496	1,264	1,066
EBITA margin, %		13.9	11.7	12.8	11.3	12.1	11.4
Operating profit (EBIT)	2	377	267	676	492	1,232	1,048
Profit after financial income and expense	2	360	257	646	478	1,182	1,014
Profit after tax		291	207	517	384	939	806
Basic earnings per share, SEK	3	1.09	0.78	1.93	1.45	3.51	3.03
Diluted earnings per share, SEK	3	1.08	0.78	1.93	1.45	3.51	3.02
Basic adjusted earnings per share, SEK	3	1.11	0.78	1.98	1.46	3.61	3.08
Diluted adjusted earnings per share, SEK	3	1.11	0.78	1.98	1.46	3.60	3.08
Cash flow after investm., excl. acquis. and disposals		346	685	417	612	710	905
Net investm. affecting cash flow, excl. acquis. and disposals		154	63	332	133	546	347
Cash conversion, %		—	—	—	—	62	87
Return on capital employed, %		—	—	21.0	23.4	21.0	20.7
Return on shareholders' equity, %		—	—	25.1	25.9	25.1	23.9
Equity/assets ratio, %		—	—	45	51	45	44
Net financial liabilities (-) / assets (+), excluding pension- & lease liabilities		—	—	- 194	1,245	- 194	- 298

See definitions of IFRS measures and alternative performance measures on page 23.

Including a non-recurring item of SEK 50 million in operating profit and profit after tax in Q2 2021.

Including a non-recurring item of SEK -17 million in operating profit in Q3 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -14 million.

Including a non-recurring item of SEK -14 million in operating profit in Q1 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -11 million.

This document is a translation from Swedish. In the event of any difference between this version and the Swedish original, the latter shall prevail.

Second quarter 2021

- Sales increased by 11%, adjusted for currency and acquisitions, to SEK 2,786 million (2,307)
- Strong performance by acquired business GW Plastics
- Operating profit (EBITA) rose to SEK 336 million (269), excl. a positive non-recurring item of SEK 50 million
- EBITA margin of 12.1% (11.7), excl. the non-recurring item
- Cash flow after investments amounted to SEK 346 million (685)

Sales

Consolidated sales totaled SEK 2,786 million (2,307). Adjusted for currency and acquisitions, this was an 11% increase.

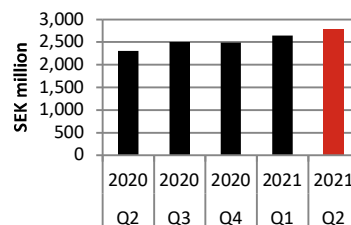
Medical Solutions sales totaled SEK 1,021 million (700); adjusted for currency and acquisitions, sales grew by 2%. Demand has been good in most areas, but in diagnostics, growth has been limited by available capacity. Growth in surgery, however, was adversely affected by postponed operations as a result of the pandemic, although sales have increased quarter on quarter, contributing to strong performance by the acquired GW Plastics in the quarter.

Integrated Solutions sales totaled SEK 1,186 million (1,149). Adjusted for currency, sales increased by 12%. Volume growth in Vaporiser Heating Products (VHP) was strong, while EMC volumes were solid in relation to temporarily high comparative figures year on year. Nolato expects continued good sales growth for both VHP and EMC for the third quarter compared with the second quarter of this year. However, there is a risk of disruptions due to temporary shortages of electronic components.

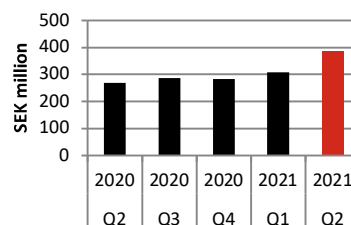
Industrial Solutions sales totaled SEK 580 million (459); adjusted for currency and acquisitions, sales grew by a strong 22%. Last year, demand from automotive industry customers was significantly impacted by production halts for periods of the quarter. The second quarter of this year was affected by supply chain disruptions, with component shortages causing some customers to halt production or reduce production capacity for short periods.

Strong performance by acquired GW Plastics

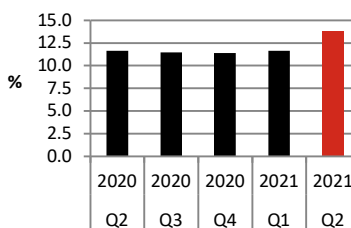
• Sales



• Operating profit (EBITA)



• EBITA margin



Profit

The Group's operating profit (EBITA) increased to SEK 336 million (269), excluding a positive non-recurring item of SEK 50 million.

Operating profit (EBITA) increased to SEK 124 million (100) for Medical Solutions, but decreased to SEK 154 million (166) for Integrated Solutions. Industrial Solutions' operating profit rose sharply to SEK 62 million (11).

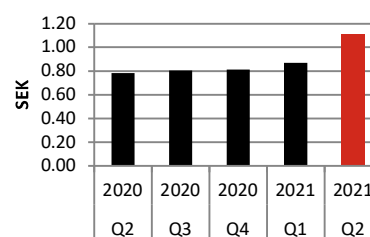
The EBITA margin for Medical Solutions was 12.1% (14.3), which was in line with the previous quarter. A lower operating margin in the acquired US business, consolidated since September 1, is having a dilutive effect. For Integrated Solutions, the margin was 13.0% (14.4). Last year the division received a general subsidy from the Chinese authorities, which boosted the margin by just over 1 percentage point. The EBITA margin for Industrial Solutions increased to 10.7% (2.4). Last year's halt in operations by the automotive industry and redundancy costs had a significant negative impact. Overall, the Group's EBITA margin was a strong 12.1% (11.7%), excluding a non-recurring item.

Operating profit (EBIT) amounted to SEK 327 million (267), excluding a positive non-recurring item of SEK 50 million. Prior to its acquisition, GW Plastics, which was consolidated from September 1, applied for a loan that could be received from US authorities to provide support during the pandemic. Under certain conditions the loan may be remitted, as announced by the authorities during the quarter, and the effect of this is recognized in the income statement as other income at Group level. The amount does not affect the earnings of the business areas. This income was expected and was made conditional in the purchase agreement. It accrues to the sellers of the company and therefore has no cash flow effect for Nolato. It is also tax free and does not result in a tax expense. Including this non-recurring item, operating profit (EBIT) amounted to SEK 377 million (267).

Operating profit after net financial income/expense rose to SEK 310 million (257), excluding the non-recurring item.

Profit after tax was SEK 241 million (207), excluding the non-recurring item. Including the non-recurring item, profit after tax was SEK 291 million (207). Diluted earnings per share stood at SEK 0.90 (0.78), excluding the non-recurring item. Including the non-recurring item, diluted earnings per share were SEK 1.08 SEK (0.78). Adjusted earnings per share after dilution but excluding amortization of intangible assets arising from acquisitions amounted to SEK 0.92 (0.78), excluding the non-recurring item.

Adjusted diluted earnings per share



Sales, operating profit (EBITA) and EBITA margin by business area

SEK million	Sales		EBITA		EBITA marg.	EBITA marg.
	Q2/2021	Q2/2020	Q2/2021	Q2/2020	Q2/2021	Q2/2020
Medical Solutions	1,021	700	124	100	12.1%	14.3%
Integrated Solutions	1,186	1,149	154	166	13.0%	14.4%
Industrial Solutions	580	459	62	11	10.7%	2.4%
Intra-Group adj., Parent Co	-1	-1	46	-8	—	—
Group total	2,786	2,307	386	269	13.9%	11.7%

Operating profit (EBITA): Earnings before financial income and expense, taxes and amortization of intangible assets arising from acquisitions.

First six months 2021

Sales and earnings

Consolidated sales totaled SEK 5,431 million (4,372) for the first six months of 2021. Adjusted for currency and acquisitions, this was a considerable 15% increase.

Sales for Medical Solutions increased by an exceptional 51% to SEK 2,027 million (1,342), while for Integrated Solutions they rose by 11% to SEK 2,231 million (2,003) and increased for Industrial Solutions by 14% to SEK 1,175 million (1,029).

The Group's operating profit (EBITA) increased to SEK 644 million (510) million, excluding non-recurring items. Including non-recurring items, profit amounted to SEK 694 million (496). Overall, the Group's EBITA margin was 11.9% (11.7%), excluding non-recurring items.

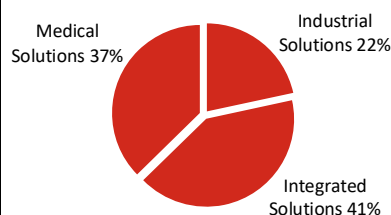
Operating profit (EBIT) rose to SEK 626 million (506), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 676 million (492). Profit for the year includes a positive non-recurring item of SEK 50 million, which relates to a remitted loan. Last year there was a non-recurring expense of SEK -14 million for the closure of a UK business. These non-recurring items were recognized at Group level and have consequently not affected the profit of the business areas.

Operating profit after net financial income/expense was SEK 646 million (478), including non-recurring items.

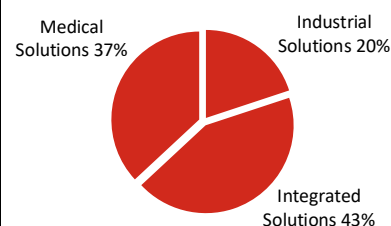
Profit after tax was SEK 517 million (384). Following a resolution at the Annual General Meeting on May 4, 2021, each share, regardless of series, has been divided into ten shares of the same series. In line with the completed share split, all historical share information has been adjusted. Diluted earnings per share were SEK 1.93 (1.45). Excluding non-recurring items, diluted earnings per share were SEK 1.74 (1.49). Adjusted earnings per share after dilution but excluding amortization of intangible assets arising from acquisitions amounted to SEK 1.79 (1.50), excluding non-recurring items. The effective tax rate was 20.0% (19.7).

Return on capital employed was 21.0% for the last 12-months (20.7% for the 2020 calendar year). Return on equity was 25.1% for the last 12 months (23.9% for the 2020 calendar year).

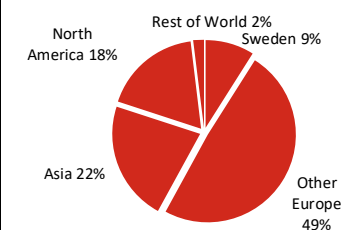
Business areas' share of sales



Business areas' share of operating profit (EBITA)



Sales by geographic markets



Medical Solutions

Sales and profit 6 months (SEK million)	2021	2020
Sales	2,027	1,342
Operating profit (EBITA)	245	187
EBITA margin (%)	12.1	13.9
Operating profit (EBIT)	232	186

Medical Solutions sales totaled SEK 2,027 million (1,342); adjusted for currency and acquisitions, sales grew by 9%. Growth was strong in most areas in the first quarter, particularly in diagnostics, in which demand was partly driven by the pandemic. Demand in diagnostics remained good in the second quarter, but growth is being limited by available capacity. Growth in surgery, however, was adversely affected by postponed operations as a result of the pandemic, although sales increased quarter on quarter, contributing to strong performance by the acquired GW Plastics in the second quarter.

Operating profit (EBITA) increased to SEK 245 million (187).

The EBITA margin was 12.1% (13.9). A lower operating margin in the acquired US business, consolidated since September 1, is having a dilutive effect.

Integrated Solutions

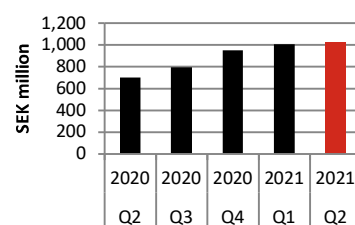
Sales and profit 6 months (SEK million)	2021	2020
Sales	2,231	2,003
Operating profit (EBITA)	279	277
EBITA margin (%)	12.5	13.8
Operating profit (EBIT)	278	276

Integrated Solutions sales totaled SEK 2,231 million (2,003). Adjusted for currency, sales increased by an outstanding 23% on the back of strong growth in both Vaporiser Heating Products (VHP) and EMC. VHP volumes were good during the period. EMC saw an increase in Telecom volumes, driven by growth related to the roll-out of 5G. Nolato's EMC initiatives in Automotive have performed well, resulting in very satisfactory growth. Nolato expects continued good sales growth for both VHP and EMC for the third quarter compared with the second quarter of this year. However, there is a risk of disruptions due to temporary shortages of electronic components.

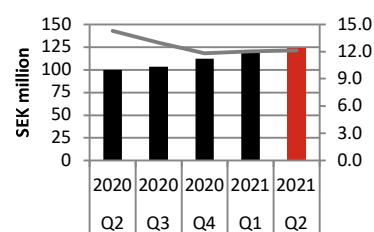
Operating profit (EBITA) was SEK 279 million (277).

The EBITA margin was 12.5% (13.8). Last year the division received a general subsidy from the Chinese authorities, which boosted the margin by just over half a percentage point.

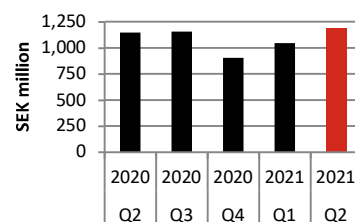
Medical Solutions sales



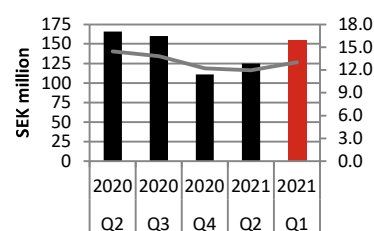
Medical Solutions operating profit (EBITA) & EBITA margin %



Integrated Solutions sales



Integrated Solutions operating profit (EBITA) & EBITA margin %



Industrial Solutions

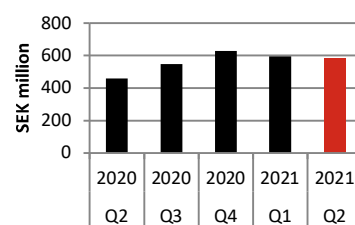
Sales and profit 6 months (SEK million)	2021	2020
Sales	1,175	1,029
Operating profit (EBITA)	128	58
EBITA margin (%)	10.9	5.6
Operating profit (EBIT)	124	56

Industrial Solutions sales totaled SEK 1,175 million (1,029); adjusted for currency and acquisitions, sales grew by 10%. Last year, demand from automotive industry customers was significantly impacted by production halts for parts of the period. The second quarter of this year was also affected by supply chain disruptions, with component shortages causing some customers to halt operations or reduce production capacity for short periods.

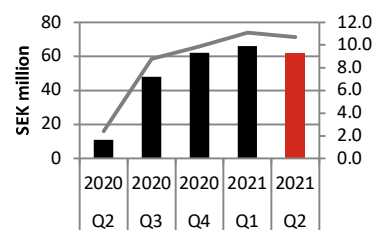
Operating profit (EBITA) increased sharply to SEK 128 million (58).

The EBITA margin rose to 10.9% (5.6). Increased efficiency had a positive impact. Last year the halt in operations by the automotive industry and redundancy costs had a significant negative impact.

Industrial Solutions sales



Industrial Solutions operating profit (EBITA) & EBITA margin %

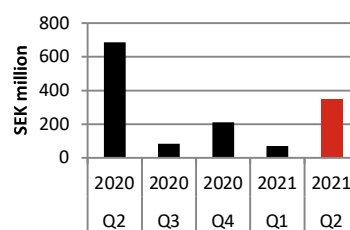


Cash flow

Cash flow after investments was SEK 346 million (685) in the second quarter. Strong earnings contributed to good cash flow in the quarter, despite an increase in investments. Last year saw a temporary sharp reduction in tied-up working capital.

Net investments affecting cash flow rose to SEK 154 million (63). A dividend totaling SEK 428 million (0) was paid to shareholders in the second quarter. Cash flow for the first six months of the year was SEK 417 million (612). Strong earnings contributed to good cash flow in the period, despite an increase in investments. Last year saw a temporary sharp reduction in tied-up working capital. On an accumulated basis, net investments affecting cash flow totaled SEK 332 million (133). Cash conversion for the last 12 months was 62% (87% for the 2020 calendar year).

● Cash flow after investments

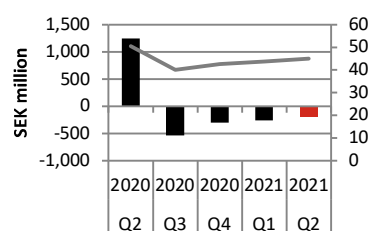


Excluding acquisitions and disposals

Financial position

Interest-bearing assets decreased to SEK 1,248 million (1,906), and interest-bearing financial liabilities rose to SEK 1,442 million (661). Net financial liabilities consequently totaled SEK 194 million (+1,245). The positive cash flow over the last 12 months has improved net financial debt, while the acquisition of GW Plastics has increased financial liabilities and, therefore, also net debt. There are also interest-bearing pension liabilities of SEK 256 million (256) and interest-bearing lease liabilities of SEK 338 million (245). Shareholders' equity rose to SEK 3,951 million (3,353). The equity/assets ratio was 45% (51).

● Net financial liabilities/assets & equity/assets ratio



Financial position

SEK million	30/06/2021	30/06/2020	31/12/2020
Interest-bearing liabilities, credit institutions	-1,442	-661	-1,785
Cash and bank	1,248	1,906	1,487
Net financial liabilities (-) / assets (+)	-194	1,245	-298
Interest-bearing pension liabilities	-256	-256	-274
Net financial liabilities (-) / assets (+), incl. pension liabilities	-450	989	-572
Lease liabilities	-338	-245	-358
Net financial liabilities (-) / assets (+), including pension- & lease liabilities	-788	744	-930
Working capital	258	93	388
<i>As a percentage of sales (average) (%)</i>	<i>1.7</i>	<i>2.6</i>	<i>3.6</i>
Capital employed	5,984	4,514	6,116
<i>Return on capital employed (average) (%)</i>	<i>21.0</i>	<i>23.4</i>	<i>20.7</i>
Shareholders' equity	3,951	3,353	3,699
<i>Return on shareholders' equity (average) (%)</i>	<i>25.1</i>	<i>25.9</i>	<i>23.9</i>

Consolidated performance analysis

SEK million	Note	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Net sales	1	2,786	2,307	5,431	4,372	10,418	9,359
Gross profit excl. depreciation/amortization		576	454	1,105	860	2,138	1,893
<i>As a percentage of net sales</i>		20.7	19.7	20.3	19.7	20.5	20.2
Costs		-84	-94	-199	-181	-455	-437
<i>As a percentage of net sales</i>		3.0	4.1	3.7	4.1	4.4	4.7
Operating profit (EBITDA)		492	360	906	679	1,683	1,456
<i>As a percentage of net sales</i>		17.7	15.6	16.7	15.5	16.2	15.6
Depreciation and amortization		-106	-91	-212	-183	-419	-390
Operating profit (EBITA)		386	269	694	496	1,264	1,066
<i>As a percentage of net sales</i>		13.9	11.7	12.8	11.3	12.1	11.4
Amortization of intangible assets arising fr. acquis.		-9	-2	-18	-4	-32	-18
Operating profit (EBIT)	2	377	267	676	492	1,232	1,048
Financial income and expense	2	-17	-10	-30	-14	-50	-34
Profit after financial income and expense	2	360	257	646	478	1,182	1,014
Tax		-69	-50	-129	-94	-243	-208
<i>As a perc. of profit after financial inc. and exp.</i>		19.2	19.5	20.0	19.7	20.6	20.5
Profit after tax		291	207	517	384	939	806

Personnel

The average number of employees during the period was 7,749 people (6,118). The increase in the number of employees is mainly attributable to Integrated Solutions' operations in China and the acquisition in the US.

Significant risks and uncertainty factors

The Group and parent company's business risks and risk management, as well as the management of financial risks, are described on pages 53–55 and in Note 30 on pages 83–86 of the 2020 annual accounts.

No events of material significance occurred in the period that materially affect or change these descriptions of the Group and parent company's risks and their management.

Seasonal effects

Nolato does not experience any significant seasonal variations. However, in the third quarter sales within Industrial Solutions, and to a certain degree Medical Solutions, can be negatively affected by the fact that the holiday period falls in this quarter both for Nolato and its customers.

Events after the balance sheet date

No significant events have occurred since the end of the period, but owing to Covid-19 Nolato is operating in an environment that at the time of this report's publication is affecting the Group in various ways.

● Contact:

- Christer Wahlquist, President and CEO, tel. +46705 804848.
- Per-Ola Holmström, CFO, tel. +46705 763340.

● Webcast conference call on 20 July:

In connection with the interim report, Nolato will hold a webcast conference call in English at 3.00 p.m. CET. Nolato will be represented by President and CEO Christer Wahlquist and CFO Per-Ola Holmström, who will present the interim report and answer questions. Information regarding telephone numbers and website is available at <https://financialhearings.com/event/13232>. The presentation will be available at www.nolato.se/ir after publication of the interim report.

The webcast will be available at the same address after the live broadcast.

Ownership and legal structure

Nolato AB (publ), with Swedish corporate identity number 556080-4592, is the Parent Company of the Nolato Group.

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

There were 12,844 shareholders at 30 June. The largest shareholders are the Jorlén family and the Boström family with 9% each, the Hamrin family and Capital Group with 8% each, and Lannebo Funds with 7% of capital.

Prior to publication this information constituted inside information that Nolato AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 2:00 p.m. CET on 20 July 2021.

The Parent Company

For the parent company, which has no operating activities, sales amounted to SEK 37 million (33). Profit after financial income and expense amounted to SEK 192 million (159).

Contingent liabilities amounted to SEK 379 million (252).

Accounting and valuation principles

Nolato's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. Publication of this interim report is subject to the Swedish Securities Market Act.

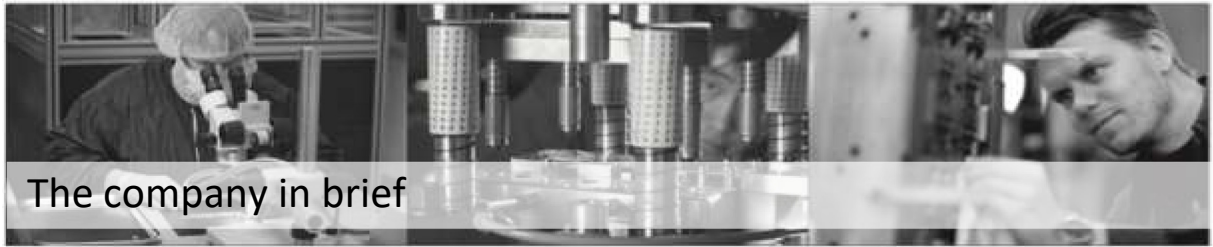
The consolidated accounts have been prepared according to the same principles as in the most recent annual accounts, as set out in the Annual Report 2020.

IASB and the IFRS Interpretations Committee have issued new standards and statements that apply to financial years starting January 1, 2021, or later. There are no plans for the early application of new or amended standards for future application. None of the standards or interpretations published by IASB are expected to have a material impact on the Group or Parent Company's financial statements.

The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act.

Financial information schedule

- Nine-month interim report 2021: 28 October 2021
- 2021 year-end report: 7 February 2022
- Three-month interim report 2022: 3 May 2022
- 2022 Annual General Meeting: 3 May 2022
- Six-month interim report 2022: 20 July 2022
- Nine-month interim report 2022: 27 October 2022
- 2022 year-end report: 8 February 2023



The company in brief

Nolato's business

Nolato is a global, advanced high-tech cooperation partner and manufacturer of polymer products and systems for leading customers in well-defined market areas such as medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors.

With its many years of experience, in-depth materials and processes expertise, early involvement in customer projects, advanced project management and detailed knowledge of each customer's specific requirements, Nolato is an effective and innovative partner.

Nolato's business model

Our business model is based on three decentralised business areas, which with their own decision-making and shared ambitions endeavour to fulfil our vision and financial targets.

The sharing of experience between our business areas, leading-edge technology, wide-ranging development and design know-how, advanced project management and efficient production allow us to establish long-term, innovative cooperation with our customers and partners and generate added value for both them and our shareholders.

Our shared values of being professional, well organised and responsible are reflected in everything we do.

Nolato's strategies

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

Nolato is a Swedish group with operations in Europe, Asia and North America.

We develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors.

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

www.nolato.com

The Board of Directors and the President give their assurance that this interim report provides a true and fair view of the operations, financial position and earnings of the company and the Group, and describe the significant risks and uncertainty factors faced by the company and the companies included in the Group.

Torekov 20 July 2021

Fredrik Arp
Chairman of the Board

Tomas Blomquist
Board member

Sven Boström
Board member

Lovisa Hamrin
Board member

Åsa Hedin
Board member

Erik Lyng-Jorlén
Board member

Lars-Åke Rydh
Board member

Håkan Bovimark
Board member
Employee representative

Björn Jacobsson
Board member
Employee representative

Christer Wahlquist
President and CEO

Review report

Nolato AB, corporate identity number 556080-4592

Introduction

We have reviewed the condensed interim report for Nolato AB as at June 30, 2021 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Torekov 20 July 2021

Ernst & Young AB
Joakim Falck
Authorized public accountant

Consolidated income statement (summary)

SEK million	Note	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Net sales	1	2,786	2,307	5,431	4,372	10,418	9,359
Cost of goods sold		- 2,317	- 1,945	- 4,538	- 3,694	- 8,697	- 7,853
Gross profit		469	362	893	678	1,721	1,506
Other operating income		52	6	54	22	61	29
Selling expenses		- 45	- 30	- 87	- 65	- 160	- 138
Administrative expenses		- 91	- 71	- 176	- 143	- 326	- 293
Other operating expenses		- 8	-	- 8	-	- 64	- 56
		- 92	- 95	- 217	- 186	- 489	- 458
Operating profit	2	377	267	676	492	1,232	1,048
Financial income and expense	2	- 17	- 10	- 30	- 14	- 50	- 34
Profit after financial income and expense	2	360	257	646	478	1,182	1,014
Tax		- 69	- 50	- 129	- 94	- 243	- 208
Profit after tax		291	207	517	384	939	806
All earnings are attrib. to the Parent Co.'s shareh.							
Depreciation/amortization reg. non-current assets		115	93	230	187	451	408
Basic earnings per share, SEK	3	1.09	0.78	1.93	1.45	3.51	3.03
Diluted earnings per share, SEK	3	1.08	0.78	1.93	1.45	3.51	3.02
Number of shares at the end of the period, bef. dil.		268,914,580	265,813,080	268,914,580	265,813,080	268,914,580	267,442,080
Number of shares at the end of the period, after dil.		269,097,081	266,144,010	269,097,081	266,144,010	269,097,081	267,933,740
Average number of shares, before dilution		268,178,330	265,646,580	267,932,913	265,591,080	267,390,980	266,311,680
Average number of shares, after dilution		268,635,220	265,859,730	268,398,249	265,704,640	267,819,180	266,560,960

At the end of the period, the Group had two incentive programmes: Incentive Programme 2016/2021 and Incentive Programme 2019/2024. For more information please see Note 3 Earnings per share on page 17.

Consolidated comprehensive income

SEK million	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Profit after tax	291	207	517	384	939	806
Other comprehensive income						
<i>Items that cannot be transferred to profit for the period</i>						
Revaluations of defined benefit pension plans	21	- 3	21	- 3	- 2	- 26
Tax attrib. to items that cannot be transf. to profit for the per.	- 3	1	- 3	1	-	4
	18	- 2	18	- 2	- 2	- 22
<i>Items that have been conv. or can be conv. into prof. for the per.</i>						
Transl. diff. for the period on transl. of foreign operations	- 43	- 90	63	- 12	- 64	- 139
Changes in the fair value of cash flow hedges for the period	18	3	10	2	- 3	- 11
Tax attrib. to changes in the fair value of cash flow hedges	- 4	- 1	- 2	- 1	1	2
	- 29	- 88	71	- 11	- 66	- 148
Other comprehensive income, net of tax	- 11	- 90	89	- 13	- 68	- 170
Total comp. inc. for the per. attrib. to the Parent Co.'s shareh.	280	117	606	371	871	636

Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.

Consolidated balance sheet (summary)

SEK million	30/06/2021	30/06/2020	31/12/2020
Assets			
Non-current assets			
Intangible non-current assets	2,137	848	2,093
Property, plant and equipment	2,581	1,800	2,402
Non-current financial assets	2	2	2
Other non-current receivables	2	2	1
Deferred tax assets	52	57	50
Total fixed assets	4,774	2,709	4,548
Current assets			
Inventories*	1,029	743	826
Accounts receivable	1,246	974	1,254
Other current assets ^{2)*}	487	306	367
Cash and bank	1,248	1,906	1,487
Total current assets*	4,010	3,929	3,934
Total assets*	8,784	6,638	8,482
Shareholders' equity and liabilities			
Shareholders' equity	3,951	3,353	3,699
Long-term liabilities and provisions ¹⁾	1,534	1,171	1,584
Deferred tax liabilities ¹⁾	208	94	223
Current liabilities and provisions ^{1) 3)*}	3,091	2,020	2,976
Total liabilities and provisions*	4,833	3,285	4,783
Total shareholders' equity and liabilities*	8,784	6,638	8,482
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:			
Interest-bearing liabilities and provisions	2,036	1,162	2,417
Non-interest-bearing liabilities and provisions*	2,797	2,123	2,366
Total liabilities and provisions*	4,833	3,285	4,783

* As of December 31, 2020, inventories have been reclassified by SEK -284 million and other receivables by SEK +82 million, net SEK -202 million of total assets, which have since also reduced non-interest-bearing liabilities and provisions.

Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.

²⁾ Derivative assets are included in other current assets at

	2	10	27
³⁾ Derivative liabilities are included in current liabilities and provisions at	17	5	18

Changes in consolidated shareholders' equity (summary)

SEK million	Q1 - Q2 2021	Q1 - Q2 2020	Full year 2020
Shareholders' equity at the beginning of the period	3,699	2,966	2,966
Total comprehensive income for the period	606	371	636
Dividends	- 428	—	—
Share warrants included in incentive programmes	—	—	2
Exercise of warrants included in incentive programmes	74	16	95
Shareholders' equity at the end of period attrib. to Parent Co's shareh.	3,951	3,353	3,699

At the end of the period, the Group had two incentive programmes: Incentive Programme 2016/2021 and Incentive Programme 2019/2024. In Incentive Programme 2016/2021, Series 2018/2021 has redemptions from 01/05/2021 to 15/12/2021. The subscription price is SEK 50.20 for Series 2018/2021. In Incentive Programme 2019/2024, Series 2020/2023 has redemptions from 01/05/2023 to 15/12/2023. The subscription price is SEK 92.88 for Series 2020/2023. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 3,410,000 new class B shares.

Consolidated cash flow statement (summary)

SEK million	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Cash fl. from oper. activities bef. changes in work. cap.	333	277	713	576	1,194	1,057
Changes in working capital	167	471	36	169	- 26	107
Cash flow from operating activities	500	748	749	745	1,168	1,164
Cash flow from investment activities	- 154	- 63	- 332	- 133	- 1,894	- 1,695
Cash flow before financing activities	346	685	417	612	- 726	- 531
Cash flow from financing activities	- 646	- 32	- 707	- 68	91	730
Cash flow for the period	- 300	653	- 290	544	- 635	199
Cash and cash equiv. at the beginning of the period	1,563	1,333	1,487	1,362	—	1,362
Exchange rate difference in liquid assets	- 15	- 80	51	—	—	- 74
Cash and cash equivalents at the end of the period	1,248	1,906	1,248	1,906	—	1,487

Note 1 Revenue

SEK million	Q1 - Q2 - 2021				Q1 - Q2 - 2020				Full year - 2020			
	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.
Sweden	506	66	13	427	496	87	6	403	971	154	12	805
Other Europe	2,624	1,038	1,018	568	2,056	888	652	516	4,611	1,824	1,678	1,109
North America	986	779	79	128	413	246	86	81	1,225	853	152	220
Asia	1,213	78	1,087	48	1,324	47	1,251	26	2,390	122	2,204	64
Rest of world	104	66	34	4	85	74	8	3	165	136	22	7
Elimination internal sales	- 2				- 2				- 3			
Tot. revenues fr. customer contracts	5,431	2,027	2,231	1,175	4,372	1,342	2,003	1,029	9,359	3,089	4,068	2,205

The above table essentially covers products transferred at a specific date.

For the first six months of the year, the Group recognised increased provision of previously impaired trade receivables of SEK 6 million. Impairment losses are recognised with SEK 1 million in net sales and SEK 5 million in the cost of goods sold.

Note 2 Reconciliation of consolidated income before tax

SEK million	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Operating profit (EBIT)				
Medical Solutions	232	186	437	391
Integrated Solutions	278	276	548	546
Industrial Solutions	124	56	231	163
Group adjustments, Parent Company	42	- 26	16	- 52
Consolidated operating profit (EBIT)	676	492	1,232	1,048
Financial income and expense (not distributed by business areas)	- 30	- 14	- 50	- 34
Consolidated profit before tax	646	478	1,182	1,014

Including a non-recurring item of SEK 50 million in operating profit in Q2 2021. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK -17 million in operating profit in Q3 2020. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK -14 million in operating profit in Q1 2020. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Note 3 Earnings per share (IFRS measures)

SEK million	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Profit after tax	291	207	517	384	939	806
Average number of shares, before dilution	268,178,330	265,646,580	267,932,913	265,591,080	267,390,980	266,311,680
Basic earnings per share (SEK)	1.09	0.78	1.93	1.45	3.51	3.03
Non-recurring items	- 50	—	- 50	11	- 36	25
Profit after tax excl. non-recurring items	241	207	467	395	903	831
Basic earnings per share excl. non-recurring items (SEK)	0.90	0.78	1.74	1.49	3.38	3.12
Dilutive shares from Series 2017/2020 incentive progr. with exercise price SEK 48.51 per share; total 1,962,000 warrants	—	110,740	—	62,810	40,274	42,220
Dilutive shares from Series 2018/2021 incentive progr. with exercise price SEK 50.20 per share; total 1,935,000 warrants	456,890	102,410	465,336	50,750	387,926	207,060
Average number of shares, after dilution	268,635,220	265,859,730	268,398,249	265,704,640	267,819,180	266,560,960
Diluted earnings per share (SEK)	1.08	0.78	1.93	1.45	3.51	3.02
Diluted earnings per share excl. non-rec. items (SEK)	0.90	0.78	1.74	1.49	3.37	3.12
Numb. of shares at the end of the per., before dilution	268,914,580	265,813,080	268,914,580	265,813,080	268,914,580	267,442,080
Numb. of shares at the end of the period, after dilution	269,097,081	266,144,010	269,097,081	266,144,010	269,097,081	267,933,740

Following a resolution at the Annual General Meeting on May 4, 2021, each share, regardless of series, has been divided into ten shares of the same series. In line with the completed share split, all historical share information has been adjusted.

At the end of the period, the Group had two incentive programmes: Incentive Programme 2016/2021 and Incentive Programme 2019/2024. In Incentive Programme 2016/2021, Series 2018/2021 has redemptions from 01/05/2021 to 15/12/2021. The subscription price is SEK 50.20 for Series 2018/2021. In Incentive Programme 2019/2024, Series 2020/2023 has redemptions from 01/05/2023 to 15/12/2023. The subscription price is SEK 92.88 for Series 2020/2023. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 3,410,000 new class B shares.

Adjusted earnings per share (alternative performance measures)

SEK million	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Profit after tax	291	207	517	384	939	806
Adjusted earnings:						
Amort. of intangible assets arising from acquisitions	9	2	18	4	32	18
Tax on amortization	-2	-1	-4	-1	-7	-4
Adjusted earnings	298	208	531	387	964	820
Average number of shares, before dilution	268,178,330	265,646,580	267,932,913	265,591,080	267,390,980	266,311,680
Adjusted basic earnings per share (SEK)	1.11	0.78	1.98	1.46	3.61	3.08
Non-recurring items	-50	—	-50	11	-36	25
Adjusted earnings after tax, excl. non-recurring items	248	208	481	398	928	845
Adj. basic earnings per share excl. non-rec. items (SEK)	0.92	0.78	1.80	1.50	3.47	3.17
Average number of shares, after dilution	268,635,220	265,859,730	268,398,249	265,704,640	267,819,180	266,560,960
Adjusted diluted earnings per share (SEK)	1.11	0.78	1.98	1.46	3.60	3.08
Adj. diluted earn. per share excl. non-rec. items (SEK)	0.92	0.78	1.79	1.50	3.47	3.17

Five-year overview

IFRS measures	2020	2019	2018	2017	2016
Operating profit (EBIT) (SEK million)	1,048	887	941	749	443
Basic earnings per share (SEK)	3.03	2.66	2.74	2.17	1.28
Diluted earnings per share (SEK)	3.02	2.66	2.74	2.17	1.28

Alternative performance measures					
Net sales (SEK million)	9,359	7,919	8,102	6,720	4,447
Operating profit (EBITA) (SEK million)	1,066	895	949	763	457
EBITA margin (%)	11.4	11.3	11.7	11.4	10.3
Profit after financial income and expense (SEK million)	1,014	857	921	731	438
Profit after tax (SEK million)	806	703	722	572	336
Cash flow after investments, excl. acq. and disposals (SEK million)	905	800	593	496	245
Cash conversion (%)	87	88	60	66	55
Return on capital employed (%)	20.7	23.1	29.7	26.6	20.6
Return on shareholders' equity (%)	23.9	25.5	30.4	29.4	19.0
Net financial liabilities (-) / assets (+), excl. pension- & lease liabilities (SEK million)	-298	666	341	31	-206
Equity/assets ratio (%)	43	48	50	45	47
Adjusted basic earnings per share (SEK)	3.08	2.68	2.77	2.22	1.32
Adjusted diluted earnings per share (SEK)	3.08	2.68	2.76	2.22	1.32
Dividend per share (SEK)	1.60	—	1.40	1.25	1.05
Average number of employees	6,721	5,941	6,449	7,249	6,418

Including any non-recurring items.

Quarterly data (summary)

IFRS measures	Note		Q1	Q2	Q3	Q4	Full year
Operating profit (EBIT) (SEK million)	2	2021	299	377	—	—	—
	2	2020	225	267	282	274	1,048
		2019	173	232	236	246	887
Basic earnings per share (SEK)	3	2021	0.85	1.09	—	—	—
	3	2020	0.67	0.78	0.79	0.79	3.03
		2019	0.50	0.68	0.70	0.78	2.66
Diluted earnings per share (SEK)	3	2021	0.84	1.08	—	—	—
	3	2020	0.67	0.78	0.79	0.79	3.02
		2019	0.50	0.68	0.70	0.78	2.66
Alternative performance measures	Note		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	1	2021	2,645	2,786	—	—	—
	1	2020	2,065	2,307	2,500	2,487	9,359
		2019	1,656	1,987	1,980	2,296	7,919
Operating profit (EBITDA) (SEK million)		2021	414	492	—	—	—
		2020	319	360	388	389	1,456
		2019	259	321	326	357	1,263
Operating profit (EBITA) (SEK million)		2021	308	386	—	—	—
		2020	227	269	287	283	1,066
		2019	175	233	238	249	895
EBITA margin (%)		2021	11.6	13.9	—	—	—
		2020	11.0	11.7	11.5	11.4	11.4
		2019	10.6	11.7	12.0	10.8	11.3
Profit after financial income and exp. (SEK million)	2	2021	286	360	—	—	—
	2	2020	221	257	267	269	1,014
		2019	166	223	232	236	857
Profit after tax (SEK million)		2021	226	291	—	—	—
		2020	177	207	211	211	806
		2019	131	180	186	206	703
Cash flow from operating activities (SEK million)		2021	249	500	—	—	—
		2020	– 3	748	76	343	1,164
		2019	130	265	83	682	1,160
Cash fl. from operations per share bef. dilution (SEK)		2021	0.93	1.86	—	—	—
		2020	– 0.01	2.82	0.29	1.28	4.37
		2019	0.49	1.00	0.31	2.57	4.38
Cash flow after investments, excluding acquisitions and disposals (SEK million)		2021	71	346	—	—	—
		2020	– 73	685	82	211	905
		2019	25	178	– 4	601	800
Cash flow after investments, excl. acquisitions and disposals per share before dilution (SEK)		2021	0.27	1.29	—	—	—
		2020	– 0.27	2.58	0.31	0.79	3.40
		2019	0.10	0.67	– 0.02	2.26	3.02
Adjusted basic earnings per share (SEK)	3	2021	0.87	1.11	—	—	—
	3	2020	0.67	0.78	0.81	0.82	3.08
		2019	0.51	0.68	0.71	0.78	2.68
Shareholders' equity per share, before dilution (SEK)		2021	15	15	—	—	—
		2020	12	13	14	14	14
		2019	11	10	11	11	11
Return on total capital (%)		2021	13.8	14.4	—	—	—
		2020	15.7	15.8	14.7	14.1	14.1
		2019	16.1	15.2	15.5	15.6	15.6

Alternative performance measures		Q1	Q2	Q3	Q4	Full year
Return on capital employed (%)	2021	20.2	21.0	—	—	—
	2020	23.2	23.4	21.8	20.7	20.7
	2019	25.3	23.6	23.4	23.1	23.1
Return on operating capital (%)	2021	28.0	28.5	—	—	—
	2020	31.2	33.1	30.9	29.2	29.2
	2019	34.4	31.6	30.7	31.0	31.0
Return on shareholders' equity (%)	2021	23.8	25.1	—	—	—
	2020	26.0	25.9	25.0	23.9	23.9
	2019	25.9	24.5	24.7	25.5	25.5
Closing share price Nolato B (Nasdaq Stockholm)	2021	77.80	84.20	—	—	—
	2020	44.94	62.80	87.30	83.20	83.20
	2019	38.65	56.65	52.55	55.00	55.00

Including a non-recurring item of SEK 50 million in operating profit and profit after tax in Q2 2021.

Including a non-recurring item of SEK –17 million in operating profit in Q3 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK –14 million.

Including a non-recurring item of SEK –14 million in operating profit in Q1 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK –11 million.

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019 and tax effects of SEK +6 million, which impacted profit after tax by SEK –16 million.

Quarterly data business areas

Alternative performance measures			Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	Note						
Medical Solutions	1	2021	1,006	1,021	—	—	—
	1	2020	642	700	796	951	3,089
		2019	611	634	612	627	2,484
Integrated Solutions	1	2021	1,045	1,186	—	—	—
	1	2020	854	1,149	1,158	907	4,068
		2019	512	821	862	1,097	3,292
Industrial Solutions	1	2021	595	580	—	—	—
	1	2020	570	459	547	629	2,205
		2019	533	541	512	573	2,159
Group adjustments, Parent Company	1	2021	– 1	– 1	—	—	—
	1	2020	– 1	– 1	– 1	—	– 3
		2019	—	– 9	– 6	– 1	– 16
Group total	1	2021	2,645	2,786	—	—	—
	1	2020	2,065	2,307	2,500	2,487	9,359
		2019	1,656	1,987	1,980	2,296	7,919

Alternative performance measures		Q1	Q2	Q3	Q4	Full year
Operating profit (EBITA) (SEK million)						
Medical Solutions	2021	121	124	—	—	—
	<i>EBITA margin (%)</i>	12.0	12.1	—	—	—
	2020	87	100	103	112	402
	<i>EBITA margin (%)</i>	13.6	14.3	12.9	11.8	13.0
	2019	78	82	80	80	320
	<i>EBITA margin (%)</i>	12.8	12.9	13.1	12.8	12.9
Integrated Solutions	2021	125	154	—	—	—
	<i>EBITA margin (%)</i>	12.0	13.0	—	—	—
	2020	111	166	160	111	548
	<i>EBITA margin (%)</i>	13.0	14.4	13.8	12.2	13.5
	2019	57	107	116	147	427
	<i>EBITA margin (%)</i>	11.1	13.0	13.5	13.4	13.0
Industrial Solutions	2021	66	62	—	—	—
	<i>EBITA margin (%)</i>	11.1	10.7	—	—	—
	2020	47	11	48	62	168
	<i>EBITA margin (%)</i>	8.2	2.4	8.8	9.9	7.6
	2019	44	46	44	47	181
	<i>EBITA margin (%)</i>	8.3	8.5	8.6	8.2	8.4
Group adjustments, Parent Company	2021	– 4	46	—	—	—
	2020	– 18	– 8	– 24	– 2	– 52
	2019	– 4	– 2	– 2	– 25	– 33
Group total	2021	308	386	—	—	—
	<i>EBITA margin (%)</i>	11.6	13.9	—	—	—
	2020	227	269	287	283	1,066
	<i>EBITA margin (%)</i>	11.0	11.7	11.5	11.4	11.4
	2019	175	233	238	249	895
	<i>EBITA margin (%)</i>	10.6	11.7	12.0	10.8	11.3

Including a non-recurring item of SEK 50 million in operating profit in Q2 2021. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –17 million in operating profit in Q3 2020. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –14 million in operating profit in Q1 2020. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Depreciation/write-downs/amortization (SEK million)		Q1	Q2	Q3	Q4	Full year
Medical Solutions	2021	61	61	—	—	—
	2020	41	41	48	63	193
	2019	39	40	40	41	160
Integrated Solutions	2021	15	16	—	—	—
	2020	17	16	15	15	63
	2019	17	17	16	16	66
Industrial Solutions	2021	39	38	—	—	—
	2020	36	36	43	36	151
	2019	30	32	34	35	131
Parent Company	2021	—	—	—	—	—
	2020	—	—	—	1	1
	2019	—	—	—	19	19
Group total	2021	115	115	—	—	—
	2020	94	93	106	115	408
	2019	86	89	90	111	376

Group financial highlights

IFRS measures	Note	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Basic earnings per share (SEK)	3	1.09	0.78	1.93	1.45	3.51	3.03
Diluted earnings per share (SEK)	3	1.08	0.78	1.93	1.45	3.51	3.02
Alternative performance measures							
Net sales (SEK million)	1	2,786	2,307	5,431	4,372	10,418	9,359
Sales growth (%)		21	16	24	20	20	18
Percentage of sales outside Sweden (%)		91	91	91	89	91	90
Operating profit (EBITDA) (SEK million)		492	360	906	679	1,683	1,456
Operating profit (EBITA) (SEK million) ¹⁾		386	269	694	496	1,264	1,066
EBITA margin (%) ¹⁾		13.9	11.7	12.8	11.3	12.1	11.4
Profit after financial income and exp. (SEK million)	2	360	257	646	478	1,182	1,014
Profit margin (%) ¹⁾		12.9	11.1	11.9	10.9	11.3	10.8
Profit after tax (SEK million)		291	207	517	384	939	806
Return on total capital (%) ¹⁾		—	—	14.4	15.8	14.4	14.1
Return on capital employed (%) ¹⁾		—	—	21.0	23.4	21.0	20.7
Return on operating capital (%) ¹⁾		—	—	28.5	33.1	28.5	29.2
Return on shareholders' equity (%) ¹⁾		—	—	25.1	25.9	25.1	23.9
Equity/assets ratio (%)		—	—	45	51	45	44
Debt/equity (%)		—	—	52	35	52	65
Interest coverage ratio (times)		33	30	30	30	28	28
Net investments affecting cash flow, excl. acquisitions and disposals (SEK million)		154	63	332	133	546	347
Cash flow after investments, excl. acquisitions and disposals (SEK million)		346	685	417	612	710	905
Cash conversion (%) ¹⁾		—	—	—	—	62	87
Net financial liabilities/assets, excl. pension- & lease liabilities (SEK million)		—	—	-194	1,245	-194	-298
Adjusted basic earnings per share (SEK)	3	1.11	0.78	1.98	1.46	3.61	3.08
Adjusted diluted earnings per share (SEK)	3	1.11	0.78	1.98	1.46	3.60	3.08
Cash flow from operations per share, before dilution (SEK)		1.86	2.82	2.80	2.80	4.36	4.37
Cash flow from operations per share, after dilution (SEK)		1.86	2.81	2.79	2.80	4.36	4.37
Cash flow after investments excluding acquisitions and disposals, per share, before dilution (SEK)		1.29	2.58	1.56	2.30	-2.72	3.40
Cash flow after investments excluding acquisitions and disposals, per share, after dilution (SEK)		1.29	2.58	1.55	2.30	-2.71	3.40
Shareholders' equity per share, before dilution (SEK)		—	—	15	13	—	14
Shareholders' equity per share, after dilution (SEK)		—	—	15	13	—	14
Average number of employees		—	—	7,749	6,118	—	6,721

¹⁾ KPIs calculated as specified on pages 24 and 25.

Including a non-recurring item of SEK 50 million in operating profit and profit after tax in Q2 2021.

Including a non-recurring item of SEK -17 million in operating profit in Q3 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -14 million.

Including a non-recurring item of SEK -14 million in operating profit in Q1 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -11 million.

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 outstanding shares.

Operating profit (EBIT)

Earnings before financial income and expense 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 outstanding shares during the period. After dilution, a weighted average of the shares that may be issued under the ongoing share warrant programme is added, if they are in-the-money, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

Cash conversion

Cash flow after investments, excl. acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted by non-recurring items, if any.

Cash flow after investments, excl. acquisitions and disposals per share

Cash flow after investing activities excl. acquisitions and disposals, divided by the average number of shares.

Cash flow from operating activities per share

Cash flow from operating activities, divided by 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 in the balance sheet.

Interest coverage ratio

Profit after financial income and expense, plus financial expenses, divided by financial expenses.

Net financial assets (+) / liabilities (-)

Interest-bearing liabilities from credit institutions less interest-bearing assets.

Operating profit (EBITA)

Earnings before financial income and expense, taxes and amortization of intangible assets arising from acquisitions.

Operating profit (EBITDA)

Earnings before financial income and expense, taxes and depreciation/amortization.

Profit margin

Profit after financial income and expense as a percentage of net sales.

Return on capital employed

Profit after financial income and expense, 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 as a percentage of average shareholders' equity.

Return on total capital

Profit after financial income and expense, plus financial expenses as a percentage of average total capital in the balance sheet.

Forward-looking information

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, commercialisation and technical difficulties, supply problems and customer credit losses.

Alternative performance measures

SEK million unless otherwise specified	Note	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Operating profit (EBITDA)		492	360	906	679	1,683	1,456
Non-recurring items		- 50	—	- 50	14	- 33	31
Adjusted operating profit (EBITDA)		442	360	856	693	1,650	1,487
Operating profit (EBIT)	2	377	267	676	492	1,232	1,048
Reversal of amort. of intangible assets arising in connection with acquisitions		9	2	18	4	32	18
Operating profit (EBITA)		386	269	694	496	1,264	1,066
Non-recurring items		- 50	—	- 50	14	- 33	31
Adjusted operating profit (EBITA)		336	269	644	510	1,231	1,097
EBITA margin (%)		13.9	11.7	12.8	11.3	12.1	11.4
Adjusted EBITA margin (%)		12.1	11.7	11.9	11.7	11.8	11.7
Profit after financial income and expense	2	360	257	646	478	1,182	1,014
Non-recurring items		- 50	—	- 50	14	- 33	31
Adjusted profit after financial income and expense		310	257	596	492	1,149	1,045
Profit margin (%)		12.9	11.1	11.9	10.9	11.3	10.8
Adjusted profit margin (%)		11.1	11.1	11.0	11.3	11.0	11.2
Profit after tax		291	207	517	384	939	806
Non-recurring items		- 50	—	- 50	14	- 33	31
Tax on non-recurring items		—	—	—	- 3	- 3	- 6
Adjusted profit after tax		241	207	467	395	903	831
Cash fl. after investm., excl. acquisitions and dispos.		—	—	—	—	710	905
Non-recurring items (affecting cash flow)		—	—	—	—	36	36
Adj. cash fl. after investments, excl. acq. and disp.		—	—	—	—	746	941
Operating profit (EBIT)	2	—	—	—	—	1,232	1,048
Non-recurring items		—	—	—	—	- 33	31
Adjusted operating profit (EBIT)		—	—	—	—	1,199	1,079
Cash conversion (%)		—	—	—	—	62	87

Including a non-recurring item of SEK 50 million in operating profit and profit after tax in Q2 2021. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK -17 million in operating profit in Q3 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -14 million. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK -14 million in operating profit in Q1 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -11 million. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Alternative performance measures SEK million unless otherwise specified	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Profit after financial income and exp., rolling 12 months	1,183	1,078	1,015	980	945				
Financial expense, rolling 12 months	44	41	38	38	35				
Adj. profit after financial inc. and exp., rolling 12 months	1,227	1,119	1,053	1,018	980				
Total capital, at the end of period	8,784	9,427	8,684	9,113	6,638	6,630	6,134	6,051	5,593
Average total capital, last 5 quarters	8,529	8,098	7,440	6,913	6,209				
Return on total capital (%)	14.4	13.8	14.1	14.7	15.8				
Adj. profit after financial inc. and exp., rolling 12 months	1,227	1,119	1,053	1,018	980				
Capital employed, at the end of period	5,984	6,479	6,116	6,167	4,514	4,480	4,184	4,022	3,771
Average capital employed, last 5 quarters	5,852	5,551	5,092	4,673	4,194				
Return on capital employed (%)	21.0	20.2	20.7	21.8	23.4				
Operating profit (EBIT), rolling 12 months	1,232	1,122	1,048	1,019	974				
Capital employed, at the end of period	5,984	6,479	6,116	6,167	4,514	4,480	4,184	4,022	3,771
Cash and bank, at the end of period	-1,248	-1,563	-1,487	-1,438	-1,906	-1,333	-1,362	-851	-828
Operating capital, at the end of period	4,736	4,916	4,629	4,729	2,608	3,147	2,822	3,171	2,943
Average operating capital, latest 5 quarters	4,324	4,006	3,587	3,295	2,938				
Return on operating capital (%)	28.5	28.0	29.2	30.9	33.1				
Profit after tax, rolling 12 months	939	855	806	801	776				
Shareholders' equity, at the end of period	3,951	4,025	3,699	3,653	3,353	3,220	2,966	2,833	2,604
Average shareholders' equity, latest 5 quarters	3,736	3,590	3,378	3,205	2,995				
Return on shareholders' equity (%)	25.1	23.8	23.9	25.0	25.9				

Parent Company income statement (summary)

SEK million	Q2 2021	Q2 2020	Q1 - Q2 2021	Q1 - Q2 2020	Rolling 12 months	Full year 2020
Net sales	17	15	37	33	73	69
Selling expenses	-2	-2	-4	-3	-7	-6
Administrative expenses	-14	-16	-27	-31	-53	-57
Other operating income	3	1	8	3	19	14
Other operating expenses	-9	-10	-20	-22	-38	-40
Operating profit	-5	-12	-6	-20	-6	-20
Profit from participations in Group companies	169	200	169	200	485	516
Financial income	-9	3	40	6	66	32
Financial expenses	-5	23	-11	-27	-4	-20
Profit after financial income and expense	150	214	192	159	541	508
Appropriations	—	—	—	—	180	180
Tax	-4	-7	3	1	-51	-53
Profit after tax	146	207	195	160	670	635
Depreciation/amortization	—	—	—	—	1	1

Parent Company balance sheet (summary)

SEK million	30/06/2021	30/06/2020	31/12/2020
Assets			
Intangible fixed assets	1	1	—
Property, plant and equipment	1	1	1
Financial assets	3,595	1,818	3,533
Deferred tax assets	11	10	—
Total fixed assets	3,608	1,830	3,534
Other receivables	291	518	721
Cash and bank	144	932	477
Total current assets	435	1,450	1,198
Total assets	4,043	3,280	4,732
Shareholders' equity and liabilities			
Shareholders' equity	2,414	2,018	2,572
Untaxed reserves	269	229	269
Deferred tax liabilities	—	—	9
Other provisions	7	11	7
Long-term liabilities	693	684	669
Current liabilities	660	338	1,206
Total shareholders' equity and liabilities	4,043	3,280	4,732

Transactions with related parties	Period	Services sold	Services bought	Interest income	Interest expenses	Result from shares in Group com	Rec fr rel part on bal sheet date	Liab to rel part on bal sheet date
SEK million								
Subsidiary	Q1 - Q2 2021	37	-12	36	—	169	1,871	156
Subsidiary	Q1 - Q2 2020	33	-12	6	—	200	855	354

None of the company's Board members or senior executives currently have, or have previously had, any direct or indirect involvement in any business transaction with the company which is, or was, of an unusual character in terms of its conditions. Nor has the Group issued any loans, pledged any guarantees or entered into any surety arrangements for any of the company's Board members or senior executives.