



ANNUAL REPORT 2024

**Global design and production
partner for sustainable
end-to-end solutions**



Increased global demand for autoinjectors for Nolato

In recent years, autoinjectors and pen injectors have become an increasingly important means for healthcare providers to enable safe and simple self-administration of medication for patients. With technological advances and heightened demand for self-medication to treat chronic diseases, injection systems for self-administration are now established as a user-friendly and effective solution. During the year, Nolato achieved a milestone in the Medical Solutions business area through a substantial order in this fast-growing segment, and is now expanding its production to meet global demand, especially for overweight and diabetes treatments.

The success of injection systems for self-administration – improves patient independence

Autoinjectors are becoming increasingly popular in the pharmaceutical industry to simplify self-administration of medication. They enable safe and simple administration of medication at home, especially for the treatment of chronic diseases such as diabetes, multiple sclerosis (MS), hormone therapy and weight loss, reducing the need for hospital visits and freeing up healthcare resources. The growing demand is driven by technological advances, an aging population and increased acceptance of self-medication after the pandemic. Injection systems for self-administration give a high level of conformity and minimize the risk of incorrect dosage, improving the patient's quality of life.

Major order for pen injectors for Nolato

In 2024, Nolato secured a long-term cooperation agreement with an existing customer for the production of components for pen injectors for the treatment of diabetes and overweight, with expected annual sales of SEK 700 million. Deliveries will commence at the end of 2025, and Nolato is investing SEK 600 million in capacity expansion in Hungary, which in practice involves extending its existing premises and installing new production lines and machinery.

Nolato's combined expertise supports quality assurance

In setting up the new production lines in Hungary, Nolato's Technical Design Center is providing project management, quality assurance, and exchange of knowledge to ensure the best

possible results in cooperation with the customer. Nolato's sister companies are also involved to ensure the highest possible quality. Establishing an integrated production solution in Hungary strengthens Nolato's position as a reliable partner in the pharmaceutical industry.

Under the agreement with the customer, Nolato will manufacture pen injector components, involving injection molding and sub-assembly of the product. Manufacturing requires stable process control with high purity standards and systems that ensure that all requirements set out by industry standards are met. Nolato works closely with the customer to ensure production standards and optimize processes.

Trust and expertise secure business

Nolato's long-term focus on security of supply, quality and precision has built up trust and secured successful business. The exacting demands of the pharmaceutical industry are met by efficient production facilities, the ability to swiftly scale up and a high level of in-house expertise, positioning Nolato as a strong partner in the industry.

The new project marks an important step for Nolato and confirms the Group's competitive offering in terms of capabilities for delivering large-scale solutions and creating new possibilities for future customers. Besides commercial success, it is valuable for Nolato to be part of solutions to global health challenges, helping achieve improved health and well-being through effective treatments.

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Extensive investment for expanded capacity

Nolato is investing extensively in its existing plant in Hungary to meet customer demand for pen injectors. The project can be summarized in the following figures:

- › **Scope:** A building of approximately 9,000 square meters is dedicated to the new production, including both conversion and extension.
- › **Investment:** A total of SEK 600 million is being invested in the plant, which includes production facilities, machinery and other equipment.
- › **Capacity:** Production will include 60 injection molding machines and three new assembly lines.
- › **Financial potential:** When the plant is fully utilized, annual sales are expected to amount to SEK 700 million.
- › **Job creation:** The new production lines will create over 200 jobs.
- › **Schedule:** The upgraded factory is scheduled to be operational at the end of 2025.

NOLATO IN BRIEF

Nolato is a globally established design and production partner for 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 ten 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.

The Group's operations are divided into two business areas – Medical Solutions and Engineered Solutions. In 2024, the Integrated Solutions and Industrial Solutions business areas were merged into the new Engineered Solutions business area. The change was made in 2024 to harness the full potential of Nolato's current customer base and better meet customer needs. Many of Nolato's customers optimize their resources and presence based on a global market perspective and want suppliers with a globally coordinated local presence.

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 63–110 has been audited.

Nolato has prepared a statutory sustainability report in accordance with Chap. 6, Sect. 10–14 of the Swedish Annual Accounts Act. This is included in the annual report, which is available on pages 114–189.

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.

Our business areas

Share of Group sales

Share of Group operating profit (EBITA)



MEDICAL SOLUTIONS

Design, development, industrialization and production of advanced components, subsystems and ready-packaged products for medical technology, the pharmaceutical industry and diagnostics.



ENGINEERED SOLUTIONS

Design, development, industrialization and manufacture of advanced components, subsystems and ready-packaged products for a range of industries, including offerings within EMC and thermal solutions.

Our vision

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

Sustainability

By supporting customers on their sustainability journey, Nolato contributes to a more sustainable society.



Global presence



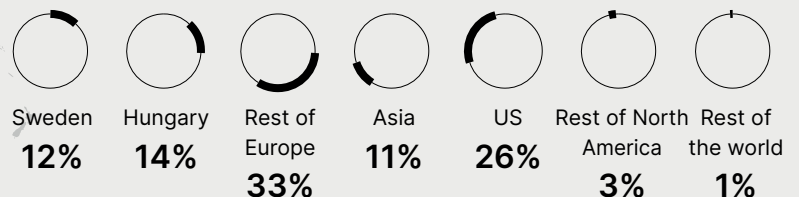
5,837 employees

27 manufacturing sites

4 Technical Design Centers

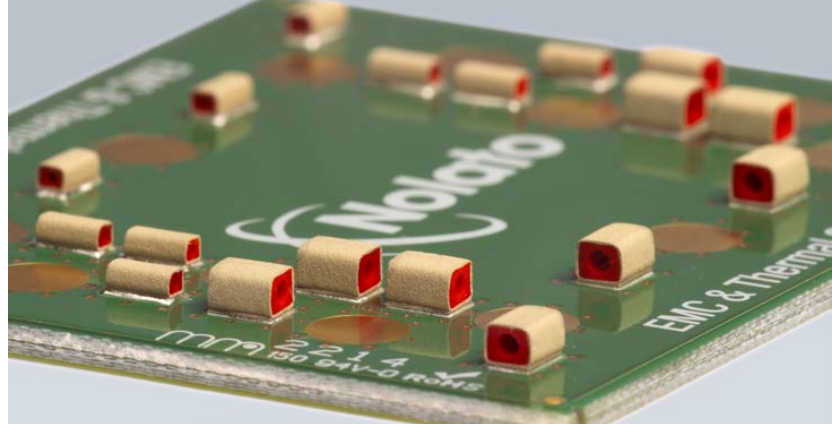
Presence in over 10 countries

SALES BY GEOGRAPHICAL MARKET



○ Business areas/Development/Production/Sales

Significant events



SUCCESSFUL 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 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 enables Nolato to proactively develop relationships with 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.

LONG-TERM COOPERATION AGREEMENT ESTABLISHED IN MEDTECH

In April, Nolato signed a long-term cooperation agreement with a major existing customer to supply medical devices to administer medication, including for the treatment of overweight and diabetes. At full-scale production, within a five-year period, it is estimated that this will generate annual sales in the region of SEK 700 million for Nolato. This cooperation marks a significant milestone for Nolato and is an endorsement of Nolato's business concept and ability to grow alongside large, globally successful customers that demand high standards of precision, quality and security of supply.

NOLATO'S CLIMATE TARGETS APPROVED BY SBTi

Nolato is undertaking ambitious, structured climate measures that are reflected throughout the business. An important part of this work has been setting science-based emissions targets in line with the Paris Agreement. In June, these emissions targets were validated and approved by the Science Based Targets initiative (SBTi), which has established an emissions

target framework in accordance with what science considers is needed to achieve the Paris Agreement's aims of the world limiting global warming.

SUCCESSFUL EXPANSION OF MATERIALS

Nolato sees strong growth in Materials (formerly EMC & Thermal) for new products and areas of technology in the automotive segment and new markets. Materials, which was previously dominated by the telecom sector, now has a more even distribution of sales between the telecom, automotive and aviation segments. After an extended period of declining volumes in telecom, these increased from low levels in the second half of the year, which contributed to the strong growth in the third and fourth quarters.

SHARPLY IMPROVED MARGIN FOR THE GROUP

The Group's EBITA margin for the full year was 9.9%, which is an improvement of 2.6 percentage points compared with the previous year. The improvement is a clear sign that the measures implemented to enhance profitability are starting to bear fruit. In Medical Solutions, strategic price revisions and a focus on costs and efficiency have contributed to improving the margin. Engineered Solutions has also improved its margins, thanks to a favorable product mix and cost savings.

COST EFFICIENCIES AND STRATEGIC PRICE INCREASES

Nolato continues to optimize its total costs to boost profitability across all units. An example of this is the Group's decision to concentrate the Chinese operations to Dongguan, enabling closer customer relationships and a streamlined supply chain.

At the same time, the Group is actively working to achieve sales synergies between its two business areas, including by marketing its offering on a broader front in the value chain. This is an important strategy for securing more major contracts in the future.

Key figures

Financial performance – Group

Nolato's sales
totalled (SEKm)

9,664
(9,546)

Operating profit
(EBITA) was (SEKm)

958
(701)

Operating margin
(EBITA) was (%)

9.9
(7.3)

Diluted earnings per
share were (SEK)

2.44
(1.61)

Sustainable development – Group

Scope 1+2
(tons CO₂e)

10,559
(12,192)

Renewable electricity

89%
(89%)

Solar PPA

14 GWh
signed in Sweden

Renewable raw materials
(tons)

1,694
(1,201 tons)



Medical Solutions

Key figures	2024	2023
Sales, SEKm	5,434	5,308
Operating profit (EBITA), SEKm	586	525
EBITA margin, %	10.8	9.9
Average no. of employees	2,805	2,687



Engineered Solutions

Key figures	2024	2023
Sales, SEKm	4,243	4,245
Operating profit (EBITA), SEKm	409	266
EBITA margin, %	9.6	6.3
Average no. of employees	3,023	3,036

Improved margins and strengthened global offering

2024 was a year marked by many steps in the right direction, with sights set on achieving Nolato's financial targets through an even greater focus on profitable business and cost savings. Although the market featured a relatively cautious stance among customers, we improved our key performance indicators – a clear sign that we are on the right track.

Nolato's EBITA margin rose to 9.9% with the target of exceeding 10.0%. Our cash conversion strengthened to 86%, thus overshooting the target of 75%, while our equity/assets ratio improved further to 59% – well above the target.

Nolato's strategy is to be the customer's first choice of innovative partner in sustainable design and production. We achieve this thanks to in-depth knowledge of our customers and early involvement in their development processes, and by our strong presence in all regions, enabling us to serve large global customers.

Nolato's Group-wide Technical Design Centers (TDC) have been an important factor in keeping developments on the right track. In 2024, we reinforced the TDCs' capacity by adding expertise in electronics, and opened a new Technical Design Center in Asia. With the help of the TDCs, we can guide our customers already in the design stage, providing us and our customers with competitive advantages. The ability to manage complex production also helps us to gradually increase the share of business for which we are entrusted with producing complete systems. This has so far been most apparent in the Medical Solutions business area, but is also expected to gain importance for developments in Engineered Solutions.

Merged business areas boosts potential

During the year, we formed the Engineered Solutions business area. The merger is logical because the formerly independent

business areas Integrated and Industrial often met the same customers with similar needs and challenges. Engineered Solutions provides customers with a qualified development partner with global supply capabilities – a change that has already resulted in more new business dialogs about complete solutions.

Engineered Solutions had a stable performance during the year, despite a weaker market in both the automotive and consumer electronics sectors. The restructuring of operations in China continued successfully during the year. By establishing new production capacity in southern China, we have now laid the foundation for profitable and growing business. For Materials, the expansion of the business, aimed at creating long-term growth, continued favorably. Materials saw robust growth of 10% during the year, driven by a number of new projects in areas including the automotive industry, and a recovery for telecom in the second half of the year.

The Medical Solutions business area progressed in the right direction, with strengthened profitability during the year, not least thanks to efforts to boost margins in the US business. At the same time, we see potential to increase growth once the supply chain challenges that still affected the business area are resolved. Our strength in Medical Solutions was cemented through a collaboration agreement with a major existing customer in medical devices used to administer medication for the treatment of overweight and

diabetes. As a result of the agreement, we are now investing in increased production capacity in our Hungarian operations. Nolato's position is based on a long-term perspective, customer understanding and global presence. Experience gained in Medical Solutions – for example, building complex subsystems in medical technology to high quality standards – inspires other parts of the Group. At the same time, Medical Solutions can learn from the faster pace of business exhibited by Engineered Solutions. Nolato's strength lies in the experience, knowledge and capabilities inherent in its operations as a whole.

For many of the new projects we gain and actively pursue, our global presence is paramount. In 2024, we established Nolato in India and expanded in several locations. Our acquisition strategy has, in the past, focused on extending our geographical reach to ensure that we can meet our customers' needs on all continents. Going forward, focus will shift to complementing our existing business with expertise in new materials and technologies. We have an established and well-functioning internal process and continuously evaluate opportunities for bolt-on acquisitions.

Sustainability generates new business

For Nolato, ambitious and structured sustainability work is not only a matter of detailed reporting, but also a strong argument in our discussions with customers. With in-depth understanding of materials, we can advise customers on solutions with a lower carbon footprint – an area where

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We look forward to the opportunities to take new steps in Nolato's development, with our focus now on strengthen the conditions for profitable growth.

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we are seeing growing demand. In 2024, we identified science-based emissions targets in line with the Paris Agreement, which have been validated and approved by the Science Based Targets initiative (SBTi). This is further testimony to our high ambitions in sustainability and our long-term commitment to further improving our sustainability efforts.

The geopolitical factors and megatrends that have left their mark on 2024 will also affect the business climate this year. Given these conditions, Nolato is well equipped, with a geographical presence that gives us both global capabilities and redundancy to direct business and production to the regions that best meet customers' needs. We are therefore positive on full-year 2025. We look forward to the opportunities to take new steps in Nolato's development, with our focus now on strengthen the conditions for profitable growth. We expect a maintained profitability improvement in combination with growth for both our business areas. I feel confident that Nolato is on the right track and would like to extend my great thanks to all employees for their tremendous commitment during the year.

Torekov, April 2025



Christer Wahlquist
President and CEO



HOW NOLATO GENERATES BUSINESS ADVANTAGES

Polymers help us meet the challenges of the future and enable innovation

Polymer materials such as plastic, silicone and TPE are a core building block in the functioning of our modern society. When used in the right applications and in the right way, polymers offer unique properties that can be tailored to a variety of needs. Light, durable and supple – and also recyclable – these materials have, over the years, paved the way for innovations in areas such as pharmaceuticals, medical technology, automotive and electronics.

At the same time, there are challenges presented by inappropriate use, such as disposable items and microplastics, which have burdened the environment and the perception of plastic. When engaging in new business, Nolato assesses whether the application is suitable for manufacturing in plastic and works actively to develop smarter solutions that reduce material consumption and carbon footprint, including by using bio-based or recycled polymers. Through close collaboration with customers, Nolato contributes to more efficient, sustainable products – from lighter automotive components that reduce fuel consumption, to healthcare items that optimize resources without compromising hygiene requirements.

Nolato sees an opportunity for its business model to have a positive influence (see page 14), with the Group 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. 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 inappropriately. 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.

Customers' first choice for sustainability

Responsible business has always been key for Nolato. For over 30 years, the Group has actively engaged in sustainability issues, and Nolato is now a leading actor in the field. In cooperation with customers, the Group focuses on solutions and always aims to find the most sustainable way forward.

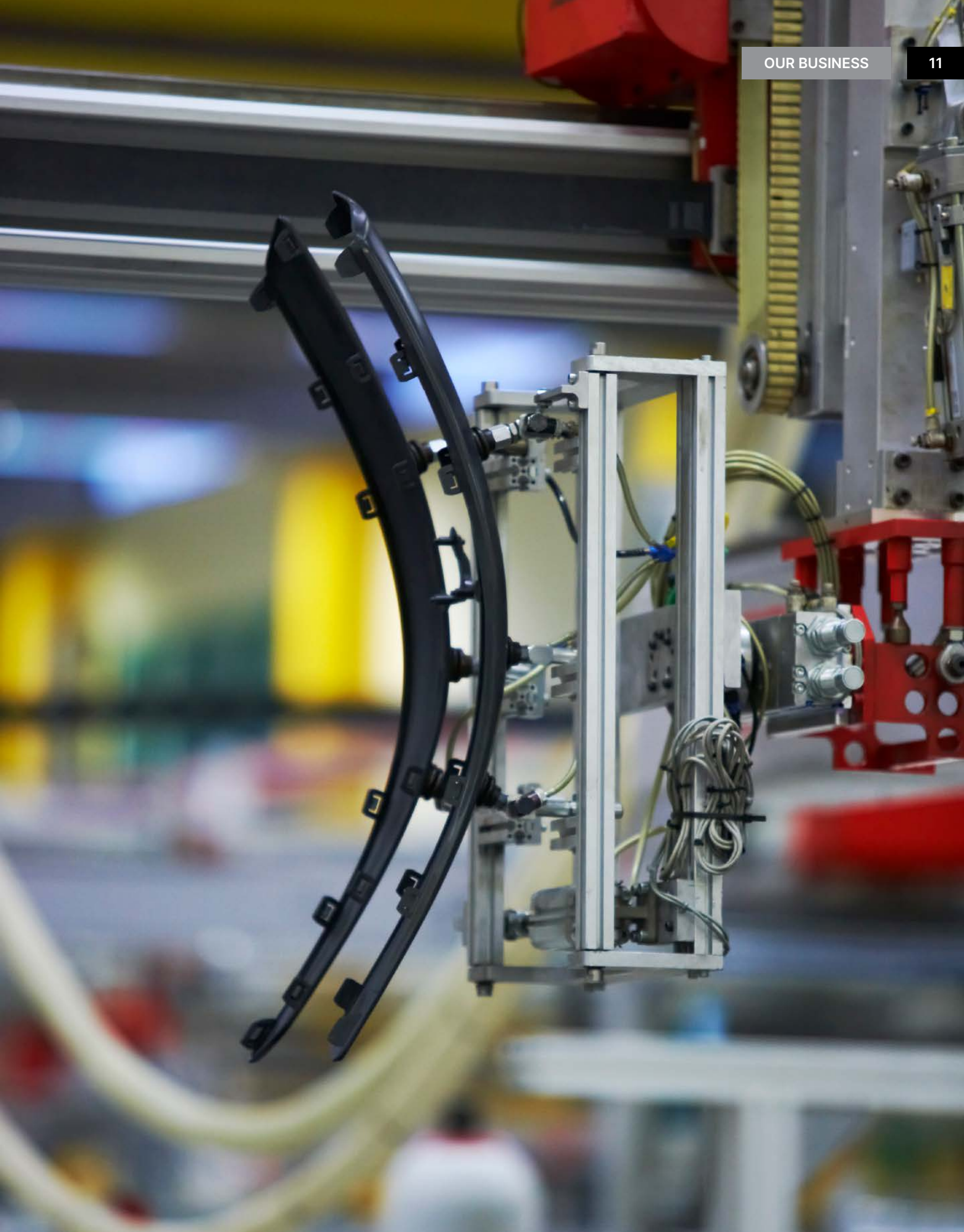
For Nolato, there are three key issues:

- › Keeping costs low
- › Achieving high production efficiency
- › Ensuring the Group's impact is in line with its sustainability aims

Customer requirements are constantly evolving, driven by sustainability trends and new regulatory requirements. Nolato works proactively and with a long-term approach to identify and exceed these needs, with the aim of being customers' first choice in sustainability. Interest in climate issues and use of renewable and recycled raw materials are on the rise. 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.

Focus on customer satisfaction and cooperation

To reinforce customer relationships, Nolato conducts regular customer surveys. In the past year, the company was given an average score of 8 out of 10 – an improvement from the previous year. The results are used to develop action plans and strengthen long-term partnerships. In-depth understanding of customer needs, combined with a solution-oriented and proactive approach, makes Nolato a leading partner in sustainable polymer-based solutions.



Strategy for profitable growth

Nolato works actively to be customers' first choice as a global, innovative, end-to-end provider of sustainable solutions in the Medical Solutions and Engineered Solutions business areas. By working actively on the strategy, Nolato is now a well-balanced group that rests on these two business areas, with cooperation between them generating clear synergies. The Group continues to develop as a long-term and solutions-oriented partner to customers and cooperation partners with a strong presence in Europe, Asia and North America.

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. Moving forward, Nolato will focus even more on strong partnerships and intensifying business development. The objective is to be a partner that adds value, provides inspiration and offers end-to-end solutions for customers, with a strong emphasis on sustainability and a climate-neutral business focus.

World-class expertise and offering

Nolato invests in employees with in-depth expertise and development of technology at the forefront of the industry, combined with effective and competitive Lean Manufacturing. This bolsters capabilities for delivering end-to-end solutions in which sustainability is an integral and core component.

A decentralized organization that generates synergies

Nolato bases its corporate culture on a decentralized business model, giving the companies within the business areas the freedom to develop and tailor their offerings to customer-specific needs and requirements. Thanks to the combined technologies of the two business areas, synergies and cooperation are created that further strengthen customer value.

Customer-centric strategy sets the direction for organic growth

A customer-centric strategy means Nolato looks for large customers in segments with good organic growth, providing opportunities to expand and develop in line with their offering.

Expansion in priority geographic markets

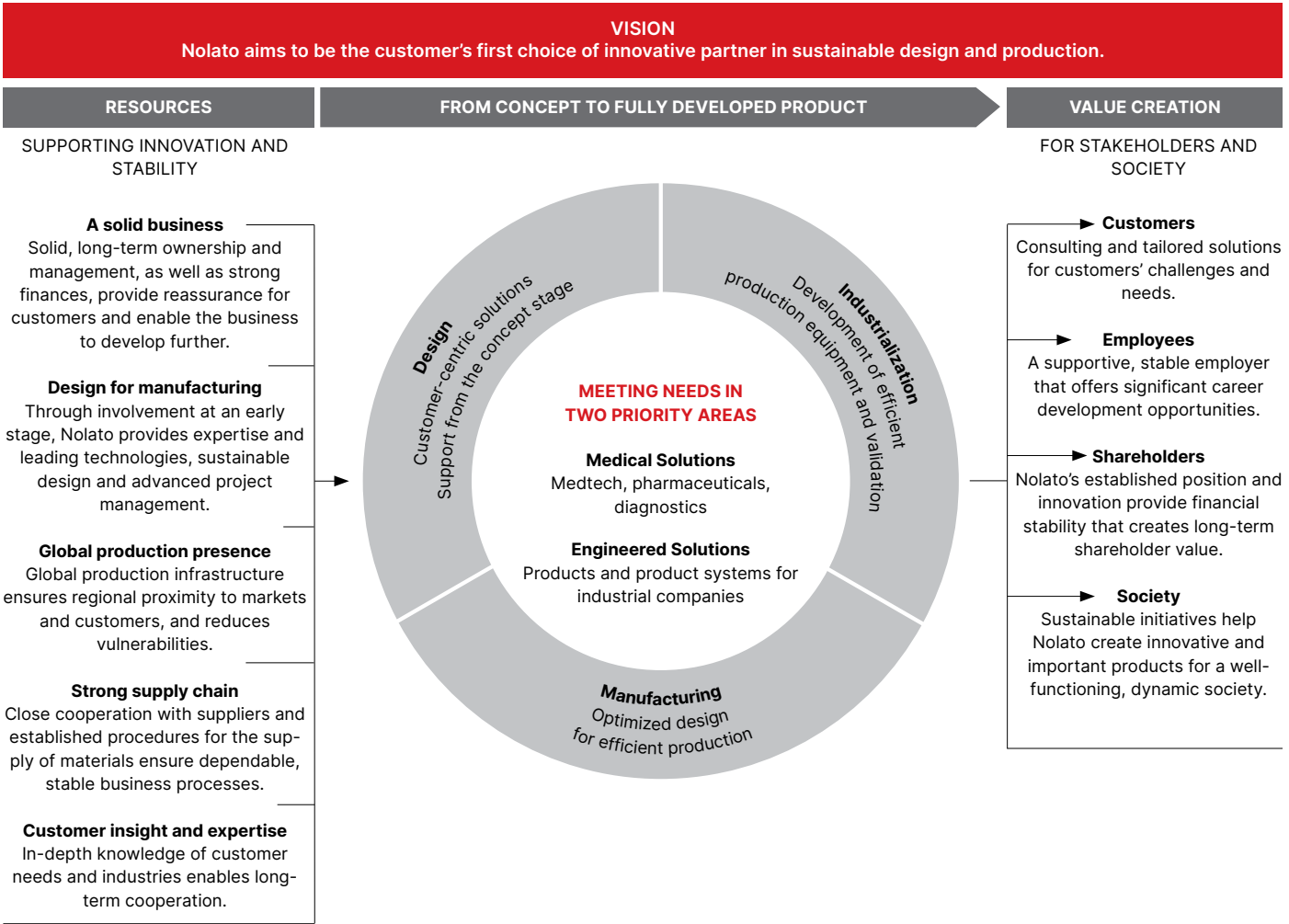
Nolato's expansion is achieved both by accompanying customers into new markets and acquiring companies with a corporate culture that matches Nolato's and that complements the existing customer base, in addition to expertise that further broadens Nolato's offering.

NOLATO'S STRENGTHS:

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



Business model and value chain



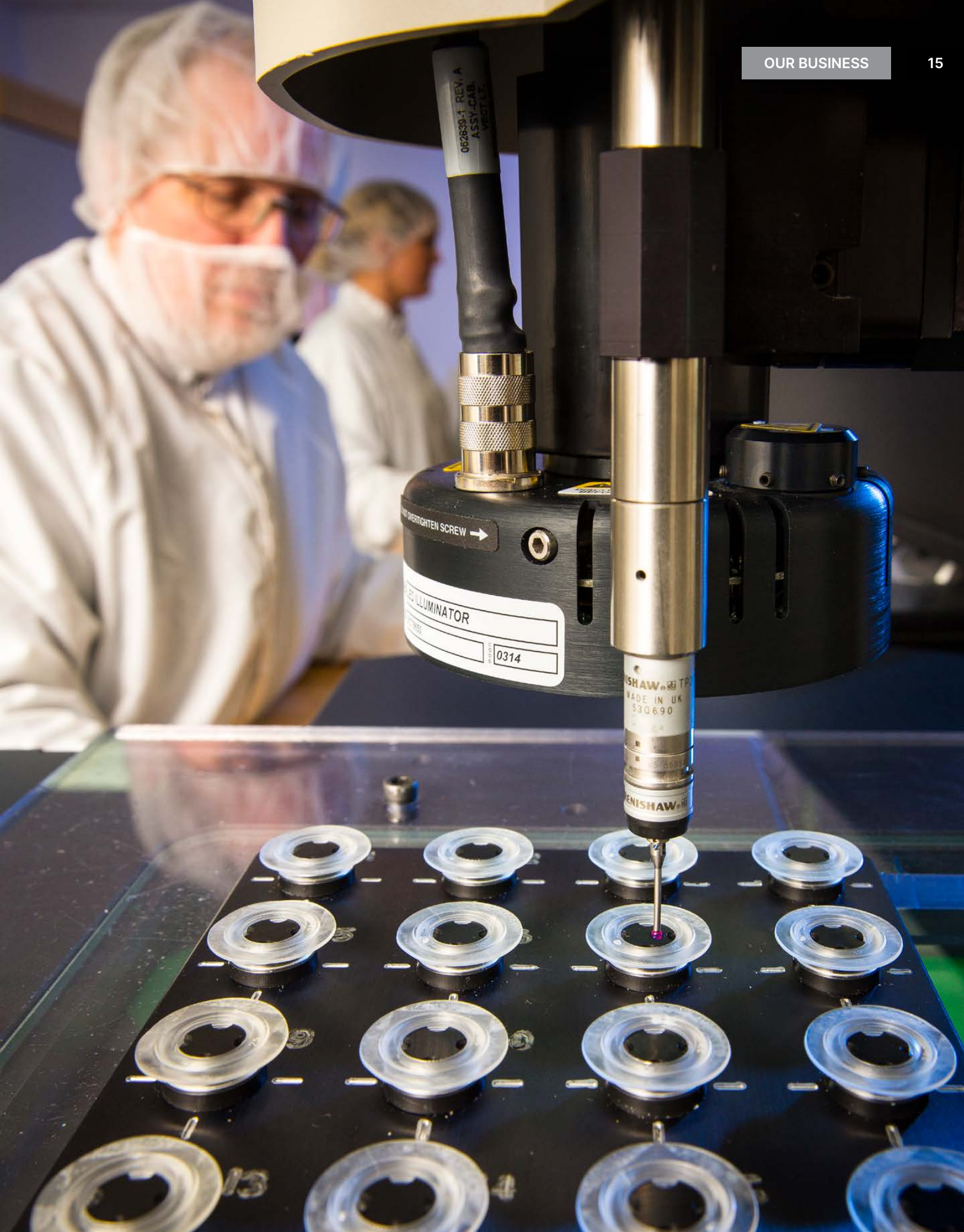
Customer needs are always the focus of Nolato's development. Through unique expertise in the manufacture and development of polymer products for leading companies in selected industries, the Group can use advanced technology to create sustainable and cost-effective solutions for customized products. Nolato is a partner throughout the entire process from concept development to high-volume production.

Nolato has a well-established business model based on two 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 the Group's 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 the Group to establish long-term, innovative cooperation with customers and partners and generate value for them, shareholders and employees.

Nolato's aim is that the value provided by the Group to customers' products will ultimately contribute to a better, more effective society. As a Group, it is important to give back to employees with a focus on health and development opportunities, and also to generate value for shareholders investing in Nolato's long-term strategy.

Nolato's shared values of being professional, well organized and responsible are reflected in everything we do.



Case study – Verisure



Verisure develops security solutions of the future

Verisure is the leading provider of professionally monitored alarm solutions for households and small businesses in Europe. The company offers premium alarm services for monitored alarms to its more than 5.6 million customers across 17 countries in Europe and Latin America. With the ambition to develop even better solutions, Verisure has created a new Voicepad – a control device that puts users in full control of their home’s connected alarm systems, such as cameras and sensors. Voicepad’s product development placed stringent demands on both technical innovation and design. To realize this vision, Verisure chose to work with Nolato.

The latest version of Voicepad is a wall-mounted control unit which, despite its compact size, contains numerous functions. It incorporates powerful sirens, voice-controlled communication with the Verisure alarm center and a keypad to manage the home’s connected devices. The objective was to develop a compact device that accommodates advanced technology while being aesthetically pleasing. Nolato was involved early on in the project and played a crucial role in developing components and supplying high-quality, assembly-ready parts.

Complex challenges required new methods

Putting to use Nolato’s expertise in injection molding and complex assembly, Verisure’s ideas could be transformed into reality. To create a sophisticated product like Voicepad, Nolato needed to develop new methods for producing and assembling key components. For example, the front panel is produced as a unique double-molded plastic component, giving both aesthetic elegance and durability. Technologies such as stretching fabric for the speaker, and fitting it, were also used in the production of Voicepad.

One of the most advanced processes in the production is the development of bespoke plastic film which, using a combination of different techniques, is printed with a pattern. The film is then shaped to the right dimensions and integrated into the mold for injection molding with plastic on the back (in-mold labeling). The result is a durable and well-balanced component that meets Verisure’s exacting demands on design and functionality.

Fruitful collaboration

Nolato’s considerable experience in mobile and consumer electronics, combined with its ability to deliver products that meet stringent cosmetic and technical requirements, laid the foundation for successful collaboration with Verisure. The development of Voicepad has also provided valuable insights that reinforce Nolato’s capacity to generate even greater customer value in future projects – with a focus on smart design that simplifies the production and integration of new technology.

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Nolato has been a key partner in the realization of Voicepad – not only by supplying components, but also by assisting with design and process optimization. The collaboration shows how innovative solutions and technical expertise can create a product that combines design, functionality and high quality.
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Daniel Kristensson, Verisure’s R&D team

Case study – Allergy Amulet

Allergy Amulet – increased safety for food allergy sufferers

For people with severe food allergies, every meal can pose a risk, whether at home or a restaurant. Allergy Amulet offers an innovative solution for improving safety in everyday life – a portable device that can quickly and easily identify allergens in food. With this cutting-edge technology, people with food allergies have a powerful tool to minimize risks and take control of their health. Nolato was a partner in developing and manufacturing the product.

A valuable aid for food allergy sufferers

US company Amulet Inc. has developed a product that combines advanced technology with ease of use and that provides better insight food content. The Allergy Amulet product is a small, discreet and rapid allergy sensor, which can be worn as a piece of jewelry around the neck. Producing it placed strict demands on both design and functionality. By analyzing a food sample in less than a minute, the sensor provides a clear indication of whether traces of the specific allergen are present in the sample. The highly sensitive technology can detect even very low levels of an allergen, making it a valuable solution for people with severe food allergies.

The product has been developed in collaboration with Nolato and can, in terms of its specifications, belong to both the Medical Solutions and Engineered Solutions business areas. By leveraging Nolato's expertise in medical technology and advanced technical solutions, the Allergy Amulet meets stringent demands on both function and quality, while offering an innovative and user-friendly solution for food allergy sufferers.

Advanced technology placed strict demands on production

For Nolato, the Allergy Amulet is a project that is fully in line with the Group's skills and technical expertise. Nolato was tasked with developing a complete product, in which both advanced technology and design are key.

The customer had exacting requirements for the product to be compact in its technically advanced design. Nolato manufactured all plastic components, decorated them and assembled the product in its own production line. Despite its small size, the Allergy Amulet contains a range of advanced components including a sensor, chip, battery and charger. Analysis is performed using a small built-in grinder where the food sample is placed, together with a specially developed chip-based reader that identifies the allergen's molecular fingerprint. Synchronisation with a phone over Bluetooth further enhances user-friendliness.



Nolato not only provided assembly, but also served as a sounding board to ensure that the solution worked in the small format, while being cost-effective in production and aesthetically pleasing. Since the project spanned the entire process – from idea to a producible solution – this is a strong reference case that demonstrates the breadth of Nolato's offering.



Operating environment trends

A number of strong global trends are affecting the markets that Nolato serves and driving change among the Group's customers. By cooperating closely with customers and business partners, Nolato works to transform these changes in its operating environment into business opportunities. Through proactivity, Nolato reinforces its competitiveness and endeavors to become a key player in creating sustainable solutions for the future.

TRENDS

Heightened geopolitical uncertainty impacting global trade

Heightened 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.

Competitiveness

By helping customers develop new, innovative and sustainable products that meet the requirements of cost effectiveness, greater differentiation and sustainability, Nolato improves both customers' competitiveness and its own.

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.

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 generation can commence and the end-customers' needs can be met.

Digitalization and electrification

As 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.

Sustainability

Demand is increasing for sustainably made products with the smallest possible environmental footprint throughout the value chain, from development to production.

Differentiation

Differentiation is a key aspect in companies' ability to attract customers and build a strong market position, especially in a fiercely competitive market. By developing more cost-effective and innovative products, there is an opportunity to create considerable competitive advantages.

NOLATO'S STRENGTHS

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.

Nolato offers high-tech support and partnerships with a global presence and production close to customers in more than ten countries.

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.

An efficient product development process is key for the customer and, in this respect, 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.

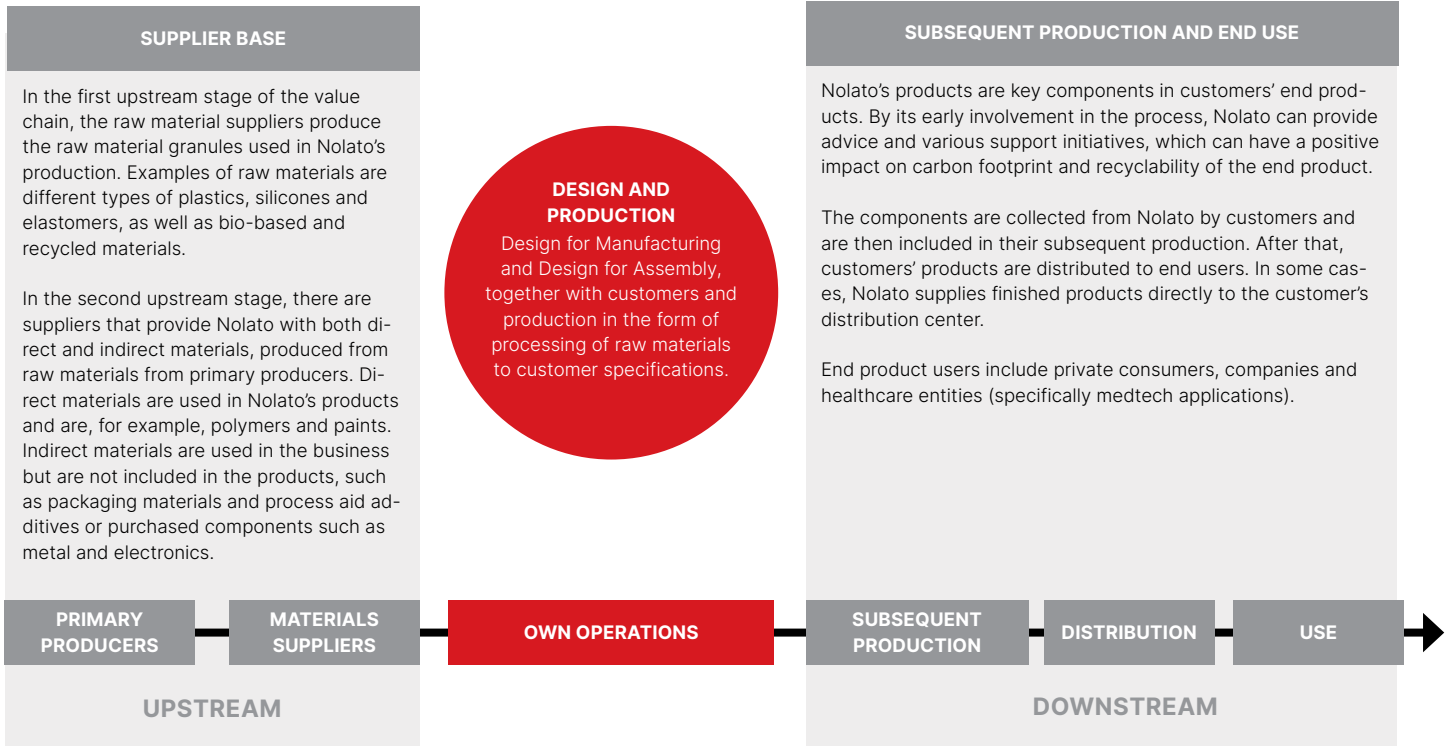
Nolato adds its high-level expertise in the development of parts or composite products that contribute to developments such as the rapid electrification of the car and truck industry. Nolato has a lot to offer and tremendous potential ahead as automotive complexity increases.

By being involved from the development stage 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.

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.

Strong supply chain position

From solutions-oriented design to delivered product.



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 supporting 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. 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 in the sustainability report on page 114.



Rovima 4



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GG 1000

Targets and outcomes

The financial targets reflect Nolato's strategic focus, with two business areas and advanced market positions, providing the financial flexibility to grow, make new acquisitions and provide good dividend potential 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 2024

9.9%

10.8% Medical Solutions
9.6% Engineered Solutions

FIVE-YEAR AVERAGE



Over the past five years, the EBITA margin has averaged 9.8%.

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 investments and EBIT.

OUTCOME IN 2024

86%

FIVE-YEAR AVERAGE



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 2024

59%

FIVE-YEAR AVERAGE



Over the past five years, the equity/assets ratio has averaged 52%.

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 2025 financial year is SEK 1.50 per share, which equates to 61% of profit after tax.

DIVIDEND
OUTCOME IN 2024

SEK **1.50**

PAY-OUT RATIO

74%

DIVIDEND
2025 PROPOSAL

SEK **1.50**

PAY-OUT RATIO

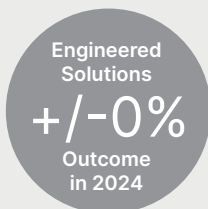
61%

GROWTH TARGET

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



Medical Solutions sales totaled SEK 5,434 million (5,308); adjusted for currency and acquisitions, sales grew by 2%. The Drug delivery market area and In vitro diagnostics (IVD) displayed growth, while pharmaceutical packaging had lower volumes.



Engineered Solutions sales were SEK 4,243 million (4,245); adjusted for currency and acquisitions, sales were unchanged. The Materials (EMC) market area exhibited strong growth, increasing by 10%, adjusted for currency and acquisitions. The Hygiene and other market area also showed good growth, while Consumer electronics displayed a sharp drop in volumes.

SUSTAINABILITY TARGETS

Nolato works based on long-term targets for sustainable development. The targets are related to seven selected UN goals that have been assessed as relevant to the business.. Read more about the Group's work in the sustainability report.



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 SEKm).



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 are 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 key suppliers will be assessed based on Nolato's guidelines for suppliers.



Greenhouse gases

- > In line with SBTi, Nolato commits to reduce greenhouse gas emissions by 2030 (Scope 1 and 2) by 70% compared with the base year 2021 (tons CO₂e).
- > In line with SBTi, Nolato commits to reduce greenhouse gas emissions in the upstream value chain by 2030 (Scope 3) by 25% compared with the base year 2021 (tons CO₂e).
- > By 2025, greenhouse gas emissions from energy consumption (Scope 1 and 2) are to be reduced by 80%, compared with the average for 2011–2012 (tons CO₂e/net sales SEK).

Climate, raw materials and products

- > There should be an increase in the percentage of bio-based and recycled raw materials.



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's business

Nolato's business is based on developing and manufacturing customized products, primarily in polymer materials such as plastic, silicone and TPE. With decades of experience and in-depth technological expertise, we offer long-term and close cooperation with leading customers in various industries, where sustainability and circular economy are in focus. Through sound understanding of each customer's specific needs, early involvement in their projects, advanced project management and efficient production, we create added value for customers, shareholders and employees.

DESIGN, DEVELOPMENT AND MANUFACTURING TAKE PLACE IN TWO BUSINESS AREAS THAT FOCUS ON THE FOLLOWING ACTIVITIES:




MEDICAL SOLUTIONS


Design, development, industrialization and production of advanced components, subsystems and ready-packaged products for medical technology, the pharmaceutical industry and diagnostics.



ENGINEERED SOLUTIONS

Design, development, industrialization and manufacture of advanced components, subsystems and ready-packaged products for a range of industries, including offerings within EMC and thermal solutions.

 Share of Group sales

 Share of Group operating profit (EBITA)

Synergies generate customer value

Nolato's two business areas share many common denominators that create clear synergies, both internally and externally. Both 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, usage 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 Materials, which can offer 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 ten countries on three continents, which from a risk perspective ensures good security of supply even amid global turmoil, and proximity to customers. Nolato has four Technical Design Centers (TDCs) with global presence. They are Nolato's own development units, which design and simulate the assembly of products from the concept stage. The aim is to develop optimized products in terms of design, sustainability and cost. The TDCs are linked to Nolato's two business areas and are expected to help generate more and more close business relationships in the future.

From concept to fully developed product

Nolato plays an important role in creating value in customers' value chain when it comes to manufacturing. The customer's starting point is often to meet an identified need from the end market, where Nolato's offering can be an enabler in meeting such needs. As a partner, Nolato provides specialist expertise that improves customers' process from concept to finished product. Nolato's Technical Design Centers (TDC) serve an important purpose, providing expertise in aspects such as materials handling further along in the process.

Nolato is a partner throughout the process to ensure that the best possible solution is delivered. By developing more cost-effective products with smart design, Nolato sharpens customers' competitiveness and profitability. The following steps are an enabler of this and describe the breadth of Nolato's offering.

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.



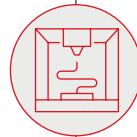
2 Customer-oriented solutions

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



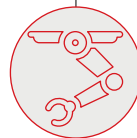
3 Design

Nolato optimizes design in order to create the most efficient and durable production solution in terms of function, quality, price and sustainability.



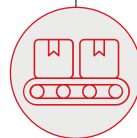
4 Prototypes (3D)

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 right 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.



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.

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.

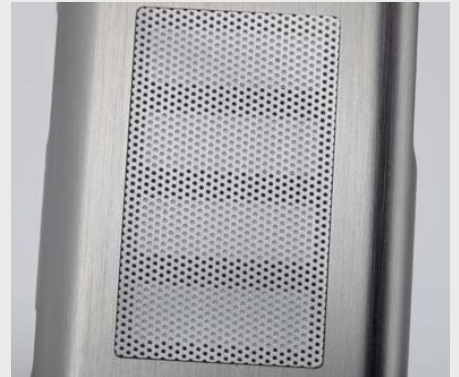
EMC SHIELDING

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.



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.



POST-PROCESSING

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

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.

A worker in a blue cleanroom suit, including a hood and mask, is operating a machine in a factory setting. The worker is focused on the task, with their hands on the machine. The background shows industrial equipment and bright lighting.

Medical Solutions

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

Development in 2024

The general market for Medical Solutions is expected to grow by 4–5% annually. In 2024 the business area grew by 2%. Sales increased to SEK 5,434 million (5,308) and operating profit (EBITA) rose to SEK 586 million (525). The In vitro diagnostics (IVD) market area grew compared with a weak prior year. Drug Delivery also increased its sales, with higher delivery volumes for insulin-related products. The Pharmaceutical Packaging market area had lower volumes because of inventory adjustments and geopolitical effects on customers following a strong 2023. Volumes in Other have been lower. In the first quarter, it was reported that one of Nolato's customers in this area was affected by a product recall, adversely affecting Nolato. The product had annual sales of roughly SEK 50 million prior to the recall.

The generally cautious growth is partly due to the fact that, during the pandemic, customers stock-piled inventory to be on the safe side. Inventory levels are now beginning to normalize once more with a return to increased demand. From a broader perspective, the trend is clear that demand for Medical Solutions' services is high looking ahead.

The global population continues to grow and is generally aging, increasing the need for effective medications, while in many countries healthcare is under pressure. Several global pharmaceutical companies are therefore allocating increasing resources to developing drugs that can be administered through self-injection. This can be done using autoinjectors and pen injectors, which are strong factors in Medical Solutions' growth.

During the year, the Diagnostics and Drug delivery market areas were drivers of the business area's development. Nolato's newly signed cooperation agreement with a large existing customer regarding medical devices for administering medication to treat overweight and diabetes is considered to be a key agreement and a springboard for the business area's future advancement.

The supply agreement will have no material impact on Nolato's sales and profit over the next two years. Nolato is currently investing in building capacity at its plant in Hungary. At full-scale production, within a five-year period, it is estimated that this cooperation will generate annual sales for Nolato of SEK 700 million.

The business area's market areas

Endoscopy and general surgery

The business area's largest area is endoscopy and general surgery. Produced goods mainly comprise different types of plastic-based disposable surgical tools and instruments, used in surgery or for examinations. The market area grew sharply through the acquisition of US company GW Plastics in 2020, whose main business is in the area. The purpose of the acquisition was to establish a strong presence in the North American market. A great deal of resources have been put into integrating the company into the business and enhancing efficiency through the internal program Medical Excellence. Strategic price revisions were also made during the year.

In vitro diagnostics

Diagnostics was the strongest-growing market area in the business area, in which Medical Solutions produces disposable materials for diagnostic testing such as pipettes and test tube cups. The heightened demand is thanks to a high degree of innovation and technological advancement in diagnostics. Nowadays, more precise diagnostics can be performed and there are tremendous advancements in the possibilities of what can be analyzed from a drop of blood or saliva.

Medical Solutions' acquisition of Treff AG in Switzerland in 2016 accelerated growth in the diagnostics area. At the same time, the market has been turbulent, with the same behavioral patterns as in the Endoscopy and general surgery segment – after a decline in the market, the market has now stabilized.

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.

Our position

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

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



Drug delivery

One of Nolato's strongest market areas is Drug delivery. Within the field, different types of autoinjectors, pen injectors, pumps and other technical solutions are manufactured to administer medication into the body. The area has grown strongly driven by products linked to weight loss and diabetes, which are two strategically important therapies for Nolato ahead. Nolato estimates that there will be sustained strong growth in the foreseeable future, based on broad market demand.

In order to maintain competitiveness, pharmaceutical companies are focusing on outsourcing production to external entities so that they may themselves allocate more resources to their core business of pharmaceutical development. Today, Medical Solutions deals with both complete products and sub-assembly, while developing the offering based on customer needs.

Pharmaceutical packaging

Pharmaceutical packaging is a smaller but important market area for Medical Solutions. The area has numerous synergies based on projects pursued with pharmaceutical customers and medical devices. Packaging is an important part of the business because, in many cases, the customer base is the same as for medical devices.

Contenance care

Contenance care is a large and growing field for Medical Solutions. Medical Solutions supplies a number of global customers with components and assembled products. The largest customer for Nolato is Danish company Coloplast – a world leader in continence care.

Cardiology

In cardiology, the business area delivers a wide range of products, such as components for pacemakers, balloons for dilating blood vessels and catheters of various kinds. In the market area, there are exacting demands on quality and production environment, which Nolato has extensive experience in meeting.

Outlook

Medical Solutions' priority going forward is to drive organic growth, improve profitability and make acquisitions that align with the business area's strategic priorities. The main focus is on further developing the business in Diagnostics and Drug delivery. Nolato strives to increase delivery value through extended assembly and supplying more composite products, including components that may contain electronics and pharmaceuticals. Improved margins will be achieved through efficiency improvements, cost adjustments and strategic price revisions. This creates a solid foundation for long-term, profitable and sustainable growth.

The trend of customers outsourcing to focus more of their own resources on developing new medications continues, and in this context TDC provides support with its cutting-edge expertise. Nolato will continue enhancing its TDCs to keep the company at the cutting edge of technologies and secure capabilities for helping customers develop their offering. Medical Solutions has a clear role to play in developments that lead to heightened production of medications and healthcare-related products. The acquisition of GW Plastics meant that the business area gained a global presence, which is essential for conducting business with the largest customers in Medtech and Pharma.

Selected customers

Global medical technology, diagnostics and pharmaceutical companies such as:

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

Global presence



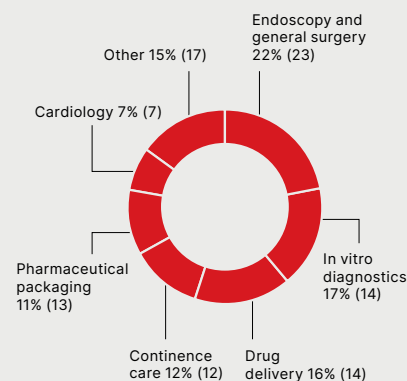
Development, production and sales take place in the following countries:

- › Sweden
- › UK
- › Hungary
- › Switzerland
- › Poland
- › United States
- › Mexico
- › China
- › Ireland

Customer trends

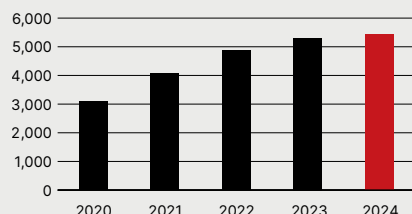
- › A greater focus on the core business, with outsourcing of product development and manufacturing.
- › A desire for cooperation early on in the development process.
- › Projects with shorter and shorter lead times and greater globalization.
- › Customer requirements for responsible business conduct,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

Sales

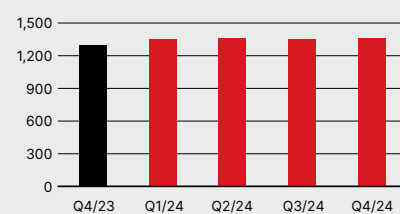


Net sales, SEKm

FULL YEAR

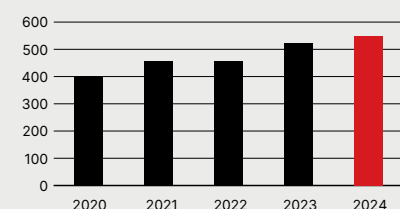


QUARTER

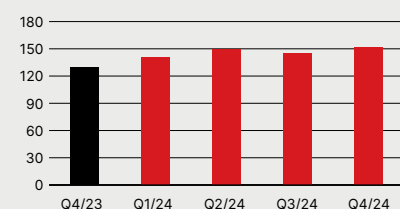


Operating profit (EBITA), SEKm

FULL YEAR

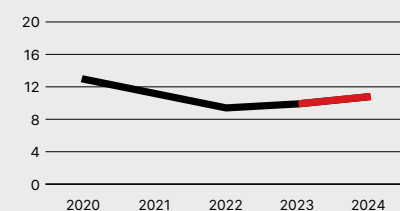


QUARTER

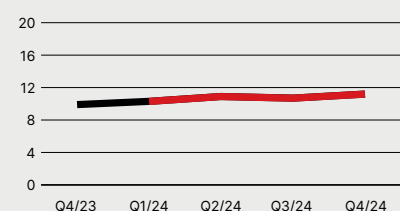


EBITA margin, %

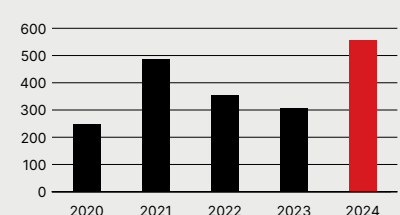
FULL YEAR



QUARTER

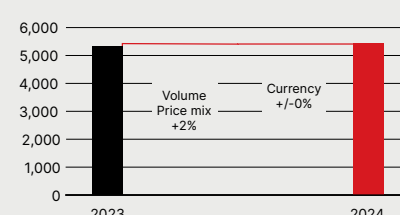


Investments, SEKm

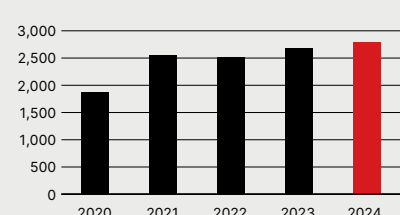


Affecting cash flow, excluding acquisitions and disposals

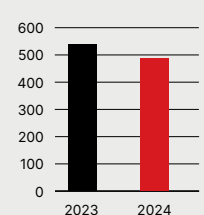
Change in sales, SEKm



Average no. of employees

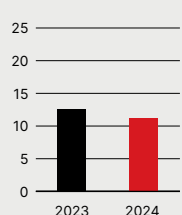


Cash flow, SEKm



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

Return, %



Return on operating capital

Business area's units

Nolato Cerbo
Trollhättan, Sweden
MD Cecilia Hellner

Nolato Contour
Baldwin, USA
MD Russell Steele

Nolato Dongguan
Dongguan, China
Site Manager Robert Chen

Nolato Hungary
Mosonmagyaróvár, Hungary
Ploiești, 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 Querétaro
El Marques, Mexico
MD Eric Olvera

Nolato San Antonio
San Antonio, USA
MD Michael Hickey
(From Mar. 1, 2025)

Nolato Sligo/Avenue
Sligo, Ireland
MD Ricardo Silva

Nolato Stargard
Stargard, Poland
MD Jonas Hansson

Nolato Treff
Degersheim, Switzerland
MD Guido Vollrath

Nolato Tucson
Tucson, USA
MD George Santiago

Nolato Vermont
Bethel and Royalton, USA
MD John Therriault



Engineered Solutions

Engineered Solutions supports society's digitalization and electrification by designing, developing and manufacturing advanced materials, components, subsystems and ready-packaged products for customers in industries such as Materials, Technological security, Smart homes, Automotive, Charging infrastructure, Hygiene and other Industry. The market area Materials (formerly EMC & Thermal) is a market niche in which Nolato has developed specialized materials and components for heat dissipation, sealing, damping and shielding of electronics.

MATERIALS BOOSTS BUSINESS

Developments in Materials have been intensified to create electrically and thermally conductive materials for shielding and heat dissipation in electronics. In the Mobility area, this applies to applications such as radar, control components, camera modules and sensors. The goal is to reach new markets and customers through direct sales and licensing partners, and demand is rising in line with the electrification of the automotive industry.

Materials is strategically crucial for Engineered Solutions, as the offering meets the market's

growing demands for integrated electronics. Many of the business area's deliveries now includes electronics, which strengthens the importance of Materials in customer relationships. This enables Nolato to take on complex production projects and generate additional sales by offering end-to-end solutions, from shielding and heat dissipation to integration of electronics, injection molding and assembly. Nolato's unique ability to combine these elements gives a competitive advantage.

Development in 2024

During the year, Nolato made the decision to merge the former Integrated Solutions and Industrial Solutions business areas to form the new Engineered Solutions business area. Nolato is noticing that many customers are optimizing their resources and presence based on a global market perspective, and are therefore looking for suppliers that operate globally while offering a strong local presence. The change to a single combined business area enables even better developing new customer relationships and realizing the full potential of the existing customer base. With a common strategy and management, it will be possible to take on more complex projects and maximize the value of new and existing customers.

The business area's market has been cautious on many fronts during the year. This cautious stance is considered to be an effect of the general state of the economy and the fact that Nolato's offering is broadly exposed to many different types of industries in which end customers are consumers. Despite the state of the market, the business area improved its margin through price management, efficiency improvement and cost control, as well as a favorable product mix during the second half of the year.

Sales totaled SEK 4,243 million (4,245) and operating profit (EBITA) rose sharply to SEK 409 million (266).

Lower demand was evident in the second half of the year in the Automotive market area, due to lower new car sales, and in Consumer Electronics, where primarily the ramp-down by a previously significant VHP customer led to lower sales. However, the market area Materials and Hygiene experienced good growth, and towards the end of the year, market activity increased.

The business area's market areas

The new business area Engineered Solutions is divided into five business-driving areas.

Automotive

In this market area, components for charging stations, exterior details, fan components, gaskets and fittings are manufac-

ured. The area features an increasing degree of innovation linked to the electrification of both heavy and light vehicles, calling for increasingly integrated solutions based on polymer and silicone materials. End-customer demand was lower during the year, which had had a negative impact on volumes in the second half of the year, although it is important to point out that the business area is well positioned for the future. There is constant innovation in everything from drive systems and battery manufacturing to improvements in charging infrastructure. In the area, there is a clear cooperation with Materials, which also benefits from ongoing electrification and digitalization.

Materials

In Materials, effective shielding and heat dissipation solutions are in demand. Materials enjoys a strong global position in the market as the offering is applicable in many of Nolato's market areas where products include integrated electronics in some way. The Materials offering is divided into the areas shielding (EMC) and heat dissipation (Thermal). There is an array of applications, spanning everything from telecom to consumer electronics and medical devices that have, for example, a circuit board integrated into the device.

Operations within Materials (formerly EMC) exhibited strong growth compared with the prior year, particularly in the second half of the year. The growth is derived from new products and areas of technology, resulting in increased market share and growth.

Hygiene

In Hygiene, Nolato supports customers and society by improving people's well-being. Nolato supplies products in polymer materials such as dispensers for soap and paper. The market area shows sound and stable underlying growth driven by greater hygiene awareness and a higher standard of living. During the year, the area showed healthy sales growth, mainly through the production of automatic soap pumps and paper holders. Products within Hygiene reach a broad customer base, especially public and commercial buildings, from schools and healthcare facilities to airports.

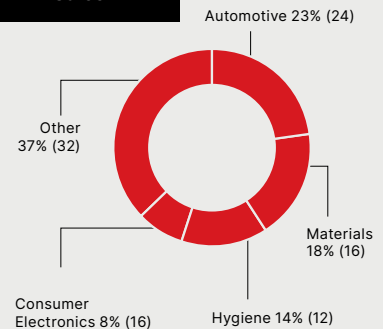
Offering

The Engineered Solutions business area is active in the market areas Consumer Electronics, Automotive, Hygiene, Materials and Other. Materials has an important function with a focus on fast-growing technological areas and specific customer segments, such as shielding solutions for electric cars or mobile phone network base stations.

Our position

The market for the manufacture of polymer and niche silicon products is fragmented, comprising numerous companies, many of which have a strong regional and local focus. The market is competitive and sensitive to changes in industrial activity. Engineered Solutions has a strong market position as a global high-tech cooperation partner, with a well-established local presence and extensive offering. The business area has a leading position on the Swedish and European markets. Establishment in the US and Mexico continues to strengthen market position as a result of an expanded customer offering and global manufacturing. Furthermore, the business area is well positioned to help global customers navigate the geopolitical uncertainty and ongoing regionalization thanks to its ability to offer production on all continents.

Sales



Consumer Electronics

In the Consumer Electronics market area, components or composite products are produced, such as security products, biometric measurement, speakers and other electronics products. Home security products are a growing area with customers launching new sensors and cameras. There is a growing need for embedded electronics and IoT, which is driving heightened demand for complete security products compared with previously.

In general, sales were lower compared to the previous year. This is partly due to impact of the economic state on the consumption of durable goods, but chiefly due to the ramp-down of a previously significant customer in Vaporiser Heating Products (VHP).

Other

In the market area, Nolato supplies critical components for applications such as fire-proof cable ducts, coffee machines and premium tooling. Nolato has a particularly strong position in markets with stringent regulatory requirements where customers demand a high degree of automation in combination with a complex design, which requires advanced high-precision injection molding. The area exhibited healthy growth during the year.

Global presence



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

- › Sweden
- › Hungary
- › Switzerland
- › Romania
- › United States
- › Malaysia
- › China
- › Mexico
- › India

Outlook

The business area's focus ahead is on intensifying sales efforts in priority areas. Profitability is to be strengthened through continuous efficiency improvements in production flows and price optimization. In the prior year, the decision was made to discontinue operations in Beijing and concentrate production in China to Dongguan. The decision will bring the business area closer to customers and have more efficient supply chains. The relocation was completed in the second half of 2024.

The merger of the business areas has reinforced market position and improved global production conditions for a stronger customer offering. The trend of customers wanting continental and regional product flows is continuing. Engineered Solutions' presence on three continents equips the business area well to meet demand.

Engineered Solutions is firmly focused on customized solutions, and this business area is to grow by gradually developing and adapting its offering to customers' changing demands and needs. For Engineered Solutions to remain successful, it is vital to create value and maintain a high technical and quality level to differentiate itself from competitors.

Customer trends

- › Growing demand for sustainable and circular 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.
- › 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.

Products

Examples of areas and products

Automotive

Components for charging stations, exterior details, fan components, gaskets and fittings.

Materials

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

Hygiene

For example, dispensers for soap and paper.

Consumer Electronics

Subsystems for security products, biometric measurement, speakers and mobile phones.

Other

Consumer products such as coffee machines and industrial products such as premium tooling and cable ducts.

Product life cycle:

Medium/long.



Selected customers

Global companies in Automotive and Industry, such as:

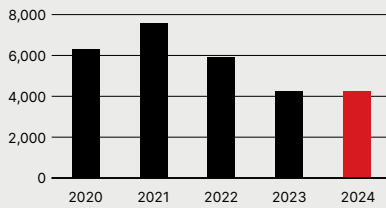
- › Bosch
- › Brose
- › Continental
- › Geberit
- › Husqvarna
- › Kinnarps
- › MCT Brattberg
- › Scania
- › SKF
- › Volvo
- › Volvo Cars

Global companies in Consumer Electronics and Materials, such as:

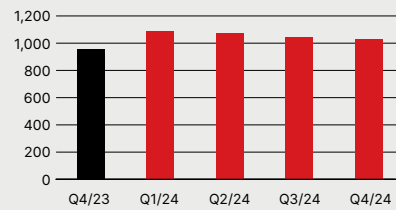
- › Bosch
- › Delphi
- › Dyson
- › Ericsson
- › Google
- › Gore
- › Harman
- › Huawei
- › Jabra
- › Nokia
- › PSS
- › Sonos
- › Sony
- › Magna
- › Verisure
- › ZTE

Net sales, SEKm

FULL YEAR

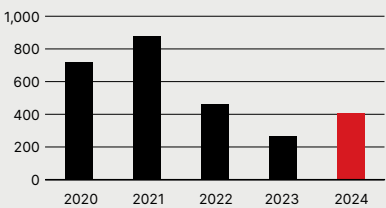


QUARTER

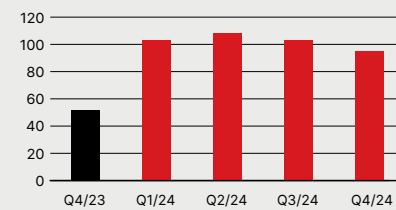


Operating profit (EBITA), SEKm

FULL YEAR

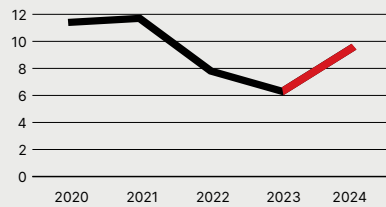


QUARTER

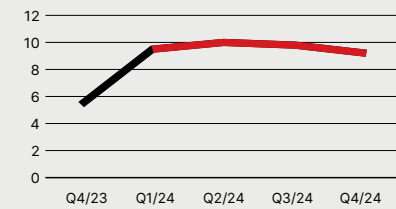


EBITA margin, %

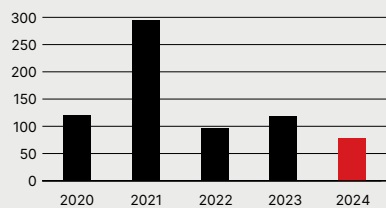
FULL YEAR



QUARTER

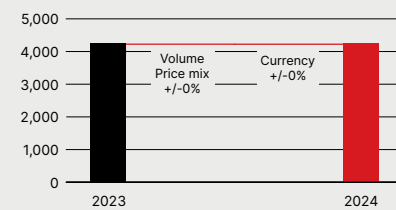


Investments, SEKm

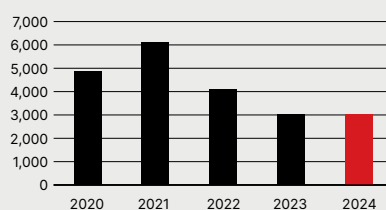


Affecting cash flow, excluding acquisitions and disposals

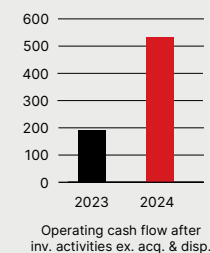
Change in sales, SEKm



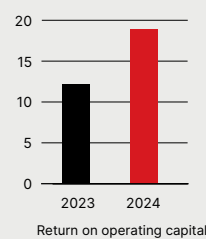
Average no. of employees



Cash flow, SEKm



Return, %



Business area's units

Nolato Contour
Baldwin, USA
MD Russell Steele

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

Nolato Dongguan
Dongguan, China
Site Manager Robert Chen

Nolato Gota
Götene, Sweden
MD Peter Andersson
(from Oct. 1, 2024)

Nolato Hungary
Mosonmagyaróvár, Hungary
MD Guido Vollrath

Nolato Lövepac
Skånes Fagerhult, Sweden
MD Fredrik Welander

Nolato Plastteknik
Gothenburg, Sweden
MD Håkan Hillqvist
(from May 15, 2024)

Nolato Polymer
Torekov and Ängelholm, Sweden
MD Lennart Thålin

Nolato Querétaro
El Marques, Mexico
MD Eric Olvera

Nolato Romania
Ploiești, Romania
MD Guido Vollrath

Nolato Technology Dongguan
Dongguan, China
MD Thomas Hofflander

Nolato Treff
Degersheim, Switzerland
MD Guido Vollrath

Nolato San Antonio
San Antonio, USA
MD Michael Hickey
(From Mar. 1, 2025)

Nolato Silikonteknik
Hallsberg, Sweden
Beijing, China
Suzhou, China
Penang, Malaysia
Mosonmagyaróvár, Hungary
New Jersey, USA
Maldon, UK
Bangalore, India
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 design and production. This is 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 opportunities that we feel may conflict with our sustainability targets or non-ethical business policy.





Nolato supports its customers on their sustainability journey

By offering support and actively guiding our customers along their sustainability journey, we contribute to a more sustainable society. Since a large proportion of the product's environmental impact and manufacturing cost is determined already at the drawing board, the emphasis is on the sustainability value we create in early participation in customers' development projects. Based on our expertise and holistic approach to the design process, our suppliers and production, we are able to develop the most efficient and sustainable solution alongside our customers. That way, we are our customers' first choice of innovative partner in sustainable design and production.

Our approach to Design

We pursue sustainability already at the drawing board, where we add our extensive knowledge and expertise. We challenge and guide our customers in developing resource-efficient, durable products by ensuring that account is taken of different environmental aspects at the start of the product life cycle. Our EcoDesign-based work is described in more detail on page 40.

Together with the product owner, Nolato has an important responsibility for helping to ensure that manufactured products have a low environmental impact and will eventually be sustainably recycled. We therefore 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. However, an important exception is applications in healthcare, where hygiene aspects require single use with plastic as the best solution. This allows us to harness the possibilities of plastic, while reducing the consumption of key resources over time.

Our approach to Suppliers

Our central role in our customers' value chain means that the way we manage and collaborate with our suppliers plays a major role in the sustainability aspect of a product. Our work with suppliers therefore features long-term cooperation based on clear requirements and encouragement, which is described in more detail on page 41.

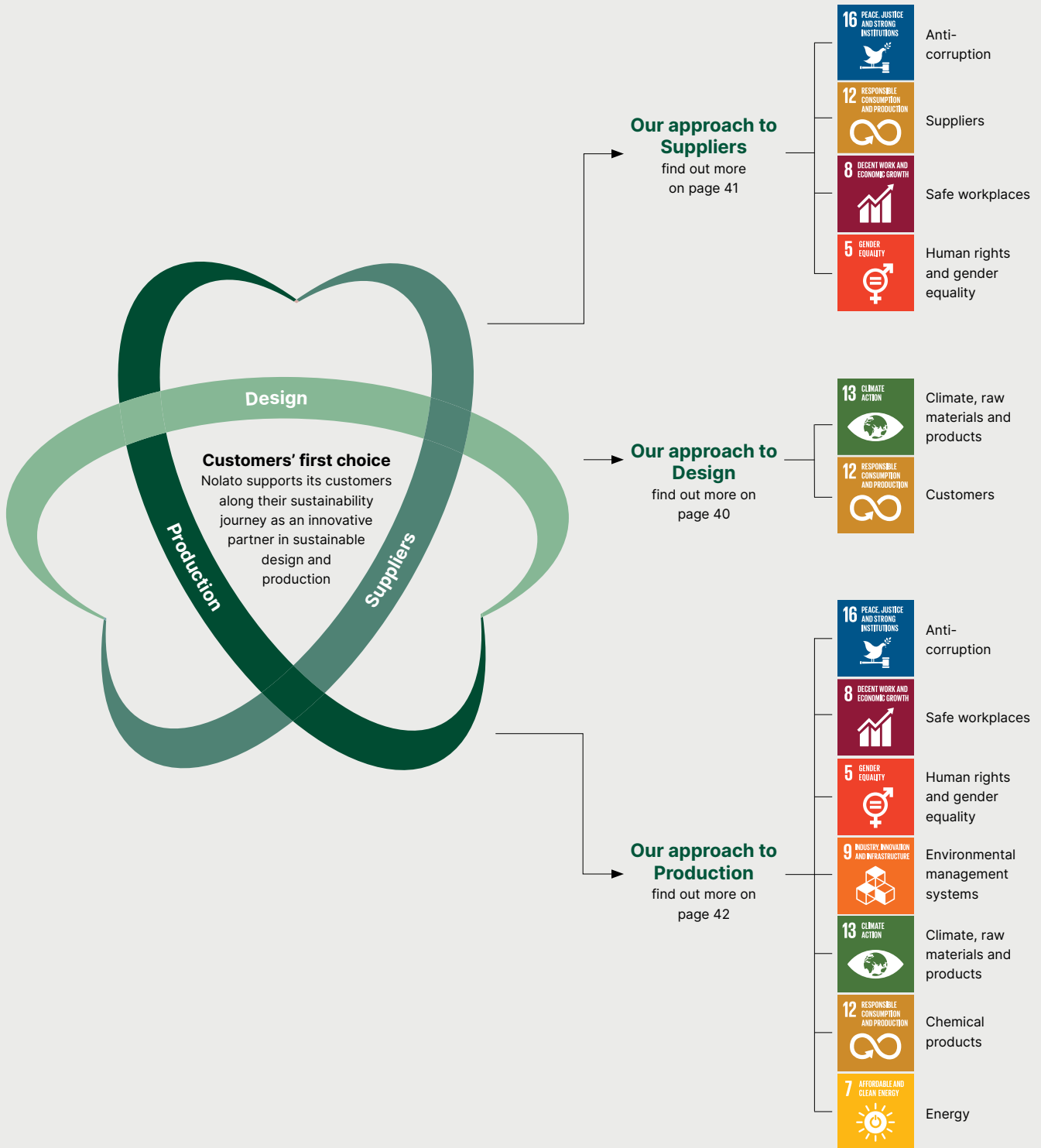
The EU's Green Deal has created greater awareness around how companies manage environmental and social issues within their value chain (CSDDD – Corporate Sustainability Due Diligence Directive). This is expected to increase customers' requirements and expectations in terms of how we interact with our supplier base, while also emphasizing the value of the sustainability work that Nolato has long been pursuing. Similarly, our stakeholders' need for information will increase, driven by factors such as the CSRD (Corporate Sustainability Reporting Directive) – read more on page 46.

Our approach to Production

Participation in customers' product development projects and subsequent production means that our working method ultimately affects sustainability in their business. Our approach to production is therefore driven by shouldering responsibility for our carbon footprint and for the people in our organization, as described in more detail on page 42.

Cutting green house gas emissions has long been high on the agenda of society in general and of the plastics industry in particular. This has put the image of plastic as a material under the spotlight, and means that all actors in our value chain will need to reduce the use of fossil-based materials. At Nolato, we are actively working to increase the proportion of recycled and bio-based raw materials, for example through mass balancing, which enables chemical companies to gradually shift from fossil-based to renewable raw materials.

Nolato's focus areas

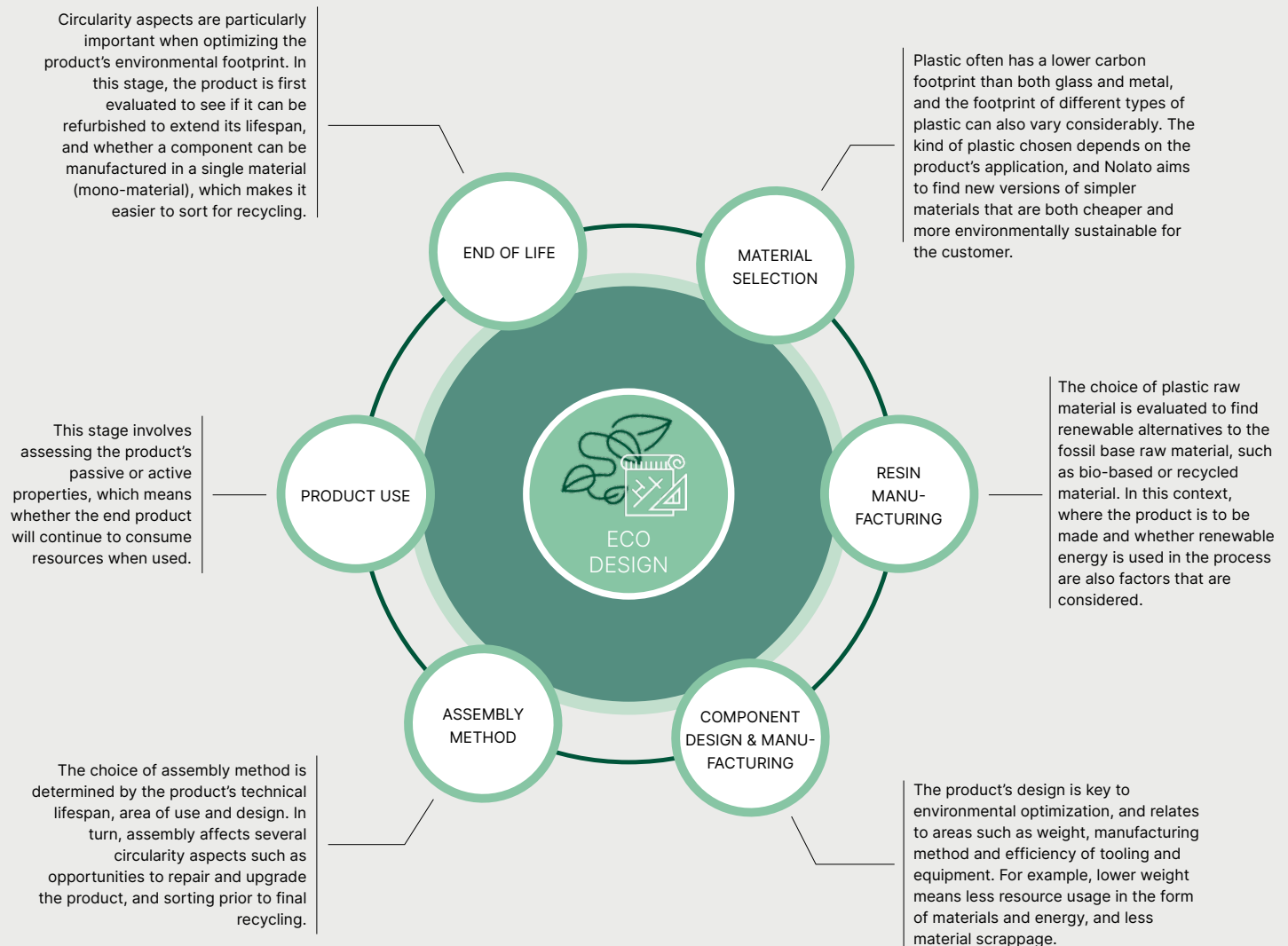


Our approach to Design

Nolato's EcoDesign 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 that 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 predominant portion. Since it is already at the drawing board that a product's design, materials and components are chosen, both its primary environmental impact and cost are determined at that stage. Therefore, it is precisely at the drawing board that Nolato can make the greatest positive difference from both a climate and a cost perspective.

The purpose of our EcoDesign model is to support our customers by attempting 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, use of resources and energy as well as waste management.



Our approach to Suppliers

Nolato's Sustainable Procurement Initiative

At Nolato, we work with our suppliers to boost our sustainability performance and reduce our carbon footprint. As part of this, Nolato's Sustainable Procurement Initiative was launched in 2024 – an initiative to deepen cooperation with suppliers, communicate our expectations for active climate efforts and at the same time recognize their hard work within sustainability.

The purpose of the Sustainable Procurement Initiative is to encourage and recognize suppliers that pursue active sustainability work. Above all, it is about recognizing those that are reducing their carbon footprint, working with the Science-Based Targets initiative (SBTi) and pursuing efforts in line with the Nolato Supplier Code of Conduct.

The initiative is in line with Nolato's broader goal of reducing sustainability risks in the value chain and promoting both transparency and accountability. Through this, we at Nolato wish to highlight the importance of sustainability and responsible business among our suppliers and to promote a culture of continuous improvement and innovation. The awards also mean that the suppliers that perform well in these areas will enjoy increased visibility among the companies in the Group, giving good conditions for them to broaden their cooperation with Nolato.

By meeting the following criteria, the supplier can receive the following awards.



Climate Committed Supplier

The supplier has committed to setting targets and reducing its emissions in accordance with the Science-Based Targets initiative (SBTi).



Green Energy Supplier

At least 50% of the supplier's energy supply must come from renewable sources. 'Green Energy' refers to renewable electricity with minimal climate impact, which must be proven by contracts and/or Energy Attribute Certificates (EAC).



Responsible Supplier

The supplier complies with Nolato's Supplier Code of Conduct and achieves at least a bronze level in an EcoVadis evaluation.

Our approach to Production

Operational Excellence – our framework for competitiveness

Our Operational Excellence framework follows the principles of LEAN and the 5S method. These guide us in running a business in a resource-efficient way, which benefits our organization, our customers and the environment at large. The framework is based on seven aspects.

Creating sustainable value for our stakeholders

Just-in-time

By reducing unnecessary inventory, both of materials and finished products, we optimize the production flow. The aim is to create work processes that are reliable, consistent and less dependent on individuals, which promotes stability and minimizes fluctuations in the business.

Sustainable development

When developing our processes, we take the environment into consideration by reducing carbon dioxide emissions and minimizing waste, consumption of energy and water and the use of non-renewable resources. Our production facilities aim to meet the requirements for certification in accordance with the ISO 14001 environmental management system.

Safe work environment

With the help of daily follow-up through “Green Cross” and regular safety inspections, we constantly work to improve safety in our workplaces. By observing, analyzing and taking action, we reduce risk factors and prevent accidents. Our production units are encouraged to obtain certification under international work environment management standards.

Quality

By working on the basis of the LEAN principles and good manufacturing practice, we ensure that our customers receive the highest possible value and quality. We identify problems, develop solutions and continuously improve our processes by documenting and analyzing data that reinforces our operational efficiency.

Our lean culture

We work based on the 5S method to continuously raise our standards and enhance efficiency in our operations. The method makes problems visible, helps us to understand causes of waste and provides a stable basis for improvement.

Continuous improvement

Our work on continuous improvement is founded on our endeavor to maximize value at all stages of production. This means minimizing sources of waste, such as overproduction, waiting times, inappropriate processing, defects, unnecessary inventory, redundant workflow aspects, unnecessary transport and unharnessed employee creativity.

Our Employees

The contribution our employees make lies at the heart of our business. Their skills, capabilities, and adaptability are valuable resources in our efforts to continually improve.

Recognition of our performance

We have steadily improved our performance, as assessed by EcoVadis, and ranked in the 96th percentile in 2024 – that is, among the top 4% of companies. Our high score is based on our progress in four primary areas:

1. Full reporting of the Group's climate impact, including Scope 3.
2. Approved and validated climate targets by the Science Based Targets initiative.
3. Improved and more transparent sustainability reporting in our latest annual report for 2023.
4. Establishing a Supplier Code of Conduct for suppliers and introducing our Sustainable Procurement Initiative, demonstrating our active engagement in the value chain and our commitment to encouraging climate action among our suppliers.





Innovation that reduces costs and carbon footprint

The Nolava autoinjector pen is a virtual example of a type of medical device developed by Nolato to illustrate our offering in the development stage. An autoinjector enables the patient to self-dose an injected drug with ease.

The same concept was used in the development of an equivalent product for a large pharma customer. In its original design, a mix of the plastics PC (polycarbonate) and ABS (acrylonitrile butadiene styrene) was used to manufacture parts of the autoinjector. This resulted in a technically advanced plastic with high tensile and impact strength, but that had a high carbon footprint. To explore opportunities to reduce the footprint yet still maintain the important technical qualities, our Technical Design Center (TDC) contacted a raw material supplier concerning the possibility of using PP (polypropylene) plastic – a simpler type of plastic with broad use in numerous applications.

Tests showed that it was possible to switch from PC and ABS plastic to PP plastic for small components without changing existing molds. The advantages of PP plastic are that the material is both cheaper and lower in density, giving important cost savings for the customer, enabling them to buy less material at a lower price per kilo. However, the greatest benefit is that this plastic type has a significantly lower carbon footprint – up to 70% – compared with the original plastic types. That way, Nolato succeeded, through innovation and a new approach at the design stage, in demonstrating how to reduce not only the customer's costs, but also the product's climate impact.

Recycled plastic gave greater environmental benefits

In one of our projects for the office furniture company Kinnarps AB, we manufacture the base frame for the company's rolling cabinet. The component in question weighs almost 0.5 kilos and originally consisted of the technologically advanced technical material PA6 (polyamide plastic), which has a high carbon footprint. By replacing this material with PP plastic (polypropylene), we could reduce carbon dioxide emissions by as much as 74% as an initial step.

Since PP plastic was a virgin raw material, it was natural for us to also explore the possibility of using recycled raw material instead. By doing so, we have helped enable the customer to reduce carbon footprint by a further 45% – that is, by 86% compared to the original material.

In addition to the positive environmental effects, the change of material generated other benefits for the customer. Since PP plastic is a cheaper material, the same function could be achieved at a lower price and with a lower carbon footprint. Because the material also exerts less wear on the molds used in the production process, the molds have a longer lifespan, which in turn generates important environmental benefits through a reduced need for both ongoing maintenance and producing new tools.



Reducing carbon footprint alongside a supplier

Nolato has been manufacturing coffee machine components for several years. In order to reduce the climate impact of the components, we have, in collaboration with a forward-thinking supplier, significantly reduced emissions without changing materials. This reduction has been achieved as a result of the supplier's extensive energy efficiency improvements and its transition to renewable electricity in its production of plastic granules.

To manage the technically demanding environment and the high temperatures to which the components are exposed, we have had to use the advanced plastic types polyamide and ABS (acrylonitrile butadiene styrene). Both of these have a relatively high carbon footprint, but thanks to the improvements in our supplier's production process, we have been able to achieve a 32% reduction for each material.

The reduction is the result of a determined effort over a long period of time – from 2018 to 2024. In 2024, these measures, for this group of components in coffee machines, reduced climate impact by over 2,000 tons of CO₂e.



Mass balancing in pharmaceutical packaging reduced climate impact

Nolato's Cerbo Solid 20 ml pharmaceutical packaging, and childproof cap, are made of PE plastic and PP plastic, respectively. Significant parts of Nolato's standard range of pharmaceutical packaging are available in renewable, bio-based or mass-balanced raw materials. To achieve its CO₂ reduction targets, a large customer opted to have Nolato produce the packaging with mass-balanced raw materials. Mass balancing is a method that enables using, in the regular production process of plastic granules, renewable raw materials without changing either the production line or the product specification, which offers major advantages in the regulated pharmaceutical market.

We apply this method in the manufacture of containers and closures of polyolefin-based materials, in which the proportion of renewable raw material is tracked according to International Sustainability and Carbon Certification (ISCC Plus). Through mass balancing, fossil and renewable raw materials are mixed in the manufacturing process of plastic granules. After some adjustments of the process parameters, the same production tooling can be used as in traditional manufacturing. That way, the method enables the industry to replace fossil raw materials with renewable alternatives gradually, thus giving a lower climate impact without compromising product quality.

In line with the customer's wishes in this case 50% bio-based raw materials were used, from used bio-based oil such as used cooking oil. With an annual volume of 7.5 million packages, the shift to mass-balanced raw materials meant that the customer could reduce its CO₂e emissions by as much as 155 tons annually.

By opting for mass balancing, it was therefore easy for us to gradually start using renewable raw materials in production, reduce the customer's dependence on fossil resources and lower their carbon footprint – without compromising quality or efficiency.



Nolato
SELECTION OF INDUSTRIES WE SERVE

Medical Devices

SELECTION OF INDUSTRIES WE SERVE

Nolato

Nolato Sustainable Solutions

We are contributing to a more sustainable society by supporting our customers on their sustainability journey. We do this by aiming to be the customer's first choice & innovative partner in sustainable design and production.

Nolato's CSRD-inspired work

Under Swedish legislation, companies of Nolato's size have been required to prepare a sustainability report since July 1, 2024 in accordance with the disclosure requirements set out in the European Sustainability Reporting standards (ESRS) within the EU's Corporate Sustainability Reporting Directive (CSRD). The report shall, as of the financial year beginning immediately after July 1, 2024, be included as part of the Group's directors' report. For the Nolato Group, this means the 2025 financial year.

Sustainability is a core area for Nolato and we have been pursuing advanced and ambitious sustainability work for several years. We therefore welcome the expanded scope of reported information and it has been a natural step for us to endeavor to comply with CSRD principles and reporting requirements already for the 2024 financial year. This year's sustainability report has therefore been designed on the basis of ESRS, but does not yet fully comply with all the requirements of the directive.

The report is an integral part of Nolato's annual report and is available on pages 114–189. It covers the sustainability topics identified as material for the business through a double materiality analysis and also constitutes Nolato's statutory sustainability report in accordance with the Swedish Annual Accounts Act.

Global Compact

Ten principles of responsible business conduct

In 2010, Nolato endorsed the UN initiative for responsible business conduct – the Global Compact.

Through the Global Compact, Nolato endorses the ten fundamental principles in the areas of human rights, labor, the environment and anti-corruption. These ten principles are based on various UN conventions, such as the Declaration of Human Rights and the Convention against Corruption. The Sustainable Development Goals, presented by the UN in the fall of 2015, are now also connected to the Global Compact. In 2016, Nolato mapped its Group sustainability targets to the UN Sustainable Development Goals.

Organizations that have endorsed the Global Compact must report an annual Communication on Progress (COP) detailing how they meet the ten principles.

WE SUPPORT



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 rose by 2% during the year (-3). The share price at the end of 2024 was SEK 54.20 (52.90). The highest closing price on Nasdaq Stockholm in 2024 was SEK 62.20 (July 12, 2024) and the lowest closing price was SEK 42.20 (March 6, 2024).

In 2024, 143.9 million Nolato class B shares were traded, 44% of which were in open exchange trading (lit + auction market) and 56% in other trading (dark, off-book, OTC and SI). Of total trade, 58% was on the primary Nasdaq Stockholm market, 35% on Cboe Global Markets, 4% on LSE Group, 2% on Aquis and 1% on other markets.

The turnover ratio of B shares, based on all markets and all trade, was 60%. There were 14,888 (15,594) shareholders at December 31.

Share capital

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

Incentive programs

Nolato has share warrant programs for management, which could result in the dilution of the number of shares. For further information, see Note 27 on page 93.

Dividend policy and dividend

Nolato's dividend policy is to propose a dividend that exceeds 50% of profit after tax, taking accounting of Nolato's long-term development opportunities, financial position and investment needs. The Board of Directors proposes an unchanged dividend for 2024 of SEK 1.50 (1.50), corresponding to SEK 404 million (404).

The pay-out ratio, i.e. the dividend in relation to profit after tax, is 61% (74, excluding non-recurring items in 2023). The dividend yield was 2.8% in relation to the share price at December 31, 2024. Over the last five years, the average dividend yield from Nolato's shares has been 2.6%.

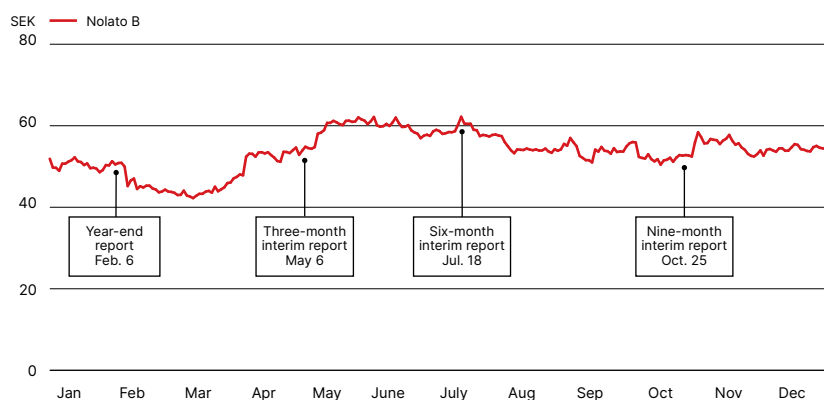
Transferability

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

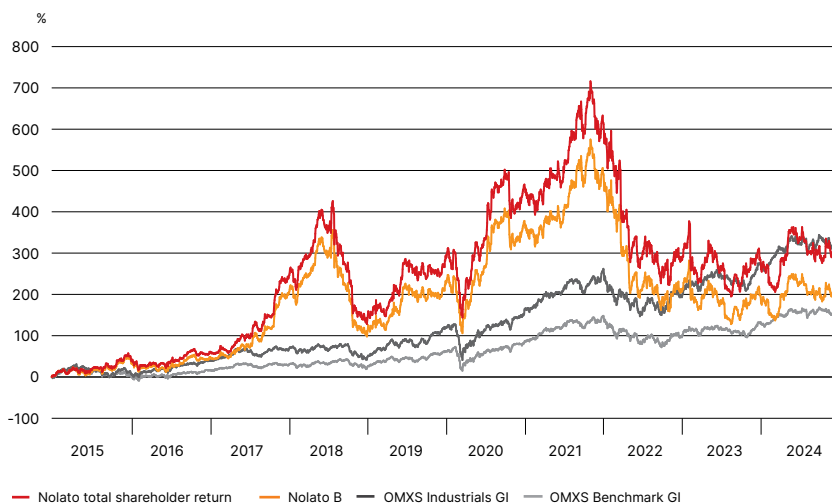
Financial information

Nolato's management works continuously 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.

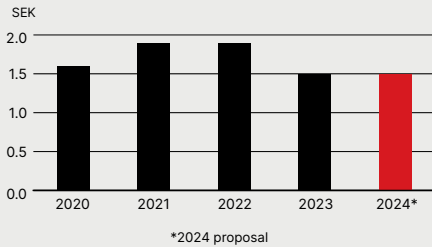
Share price performance in 2024



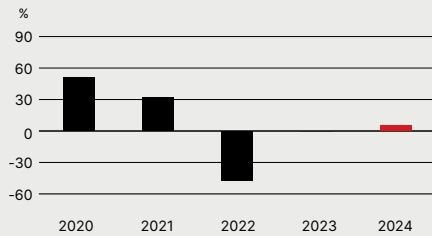
Total shareholder return and share price performance 2015–2024



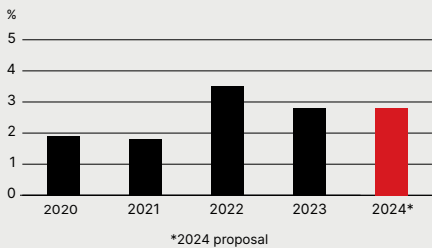
Dividend 2020–2024



Annual total shareholder return 2020–2024



Dividend yield, 2020–2024



Total shareholder return:

10 years 303% (yearly average 15%)
 5 years 10% (yearly average 2%)
 3 years -45% (yearly average -18%)

Definition of total shareholder return (not IFRS measure):

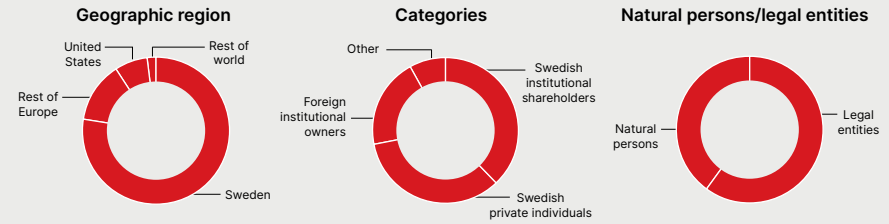
Total shareholder return shows the change in the share price, including reinvested dividends over the period.

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 and Marcus Develius +46 708 48 85 67
- > Nordea – Carl Ragnerstam +46 10 1562 817
- > SEB – Karl Norén +46 8 692 7630

Breakdown of shareholders at December 31, 2024



The largest shareholders at December 31, 2024

Shareholders	December 31, 2024		December 31, 2023	
	% of capital	Change*	% of capital	Change*
Nordea Fonder	9.7	2.1 ↑	5.1	1.5 ↑
Jorlén family	9.3	0.0 >	24.1	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)	8.8	-0.4 ↓	4.6	-0.2 ↓
Handelsbanken Fonder	5.4	1.6 ↑	2.8	0.8 ↑
Carnegie Fonder	3.3	0.4 ↑	1.7	0.2 ↑
Lannebo Kapitalförvaltning	2.9	-2.8 ↓	1.5	-1.5 ↓
Second Swedish National Pension Fund (AP2)	2.9	-1.4 ↓	1.5	-0.7 ↓
Vanguard	2.5	0.1 ↑	1.3	0.0 >
Third Swedish National Pension Fund (AP3)	1.9	0.4 ↑	1.0	0.2 ↑
AMF Pension & Fonder	1.6	1.6 ↑	0.9	0.9 ↑
Dimensional Fund Advisors	1.3	0.0 >	0.7	0.0 >
BlackRock	1.2	0.0 >	0.6	0.0 >
Case Kapitalförvaltning	0.8	0.7 ↑	0.4	0.3 ↑
Total percentage for the 15 largest shareholders	70.0	-1.4	84.5	-0.6
Other shareholders	30.0	1.4	15.5	0.6

* Change (percentage points) in shareholdings compared with December 31, 2023.
 Source: Modular Finance

Data per share

	2024	2023	2022	2021	2020
Diluted earnings per share after tax, SEK ¹⁾	2.44	1.61	2.59	4.32	3.02
Shareholders' equity per share, after dilution, SEK ²⁾	21	19	20	18	14
Cash flow after investing activities excl. acquisitions and disposals per share, after dilution, SEK	2.76	1.66	0.03	1.66	3.40
Share price at December 31, SEK	54.20	52.90	54.65	107.90	83.20
Price/earnings ratio, times ³⁾	22	33	21	25	28
Turnover rate, %	60	85	98	70	63
Dividend (2024 proposal), SEK	1.50	1.50	1.90	1.90	1.60
Yield (2024 proposal) (%) ⁴⁾	2.8	2.8	3.5	1.8	1.9
Dividend as a percentage of earnings per share (2024 proposal)	61	74	78	51	53
Average number of shares after dilution, million	269.4	269.4	269.4	268.8	266.6
Price/equity per share, times	2.6	2.8	2.7	6.0	6.0
Market capitalization at December 31, SEKm	14,600	14,250	14,721	29,066	22,251

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 market 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), the regulations set out by Nasdaq Stockholm, 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 53–55). 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 annual 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 meeting of the company at which the Board presents the annual accounts and the auditor's report is called the Annual General Meeting (AGM) and is normally held by Nolato at the end of April or beginning of May. The AGM also deals with matters relating to subjects such as dividends, discharging the members of the Board and the President and CEO from liability, and electing the Board members, the Chairman of the Board and auditors. The AGM also determines the fees payable to the Board and the auditors, guidelines for remuneration for 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 49 and at nolato.com/en/ir.

2024 Annual General Meeting

The 2024 AGM took place on May 6, 2024. The meeting was attended by 254 shareholders, together representing 74% of the number of shares and 86% 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 and Erik Lynge-Jorlén, and elected Klas Forsström as a new Board member. Fredrik Arp was re-elected as Chairman of the Board. The members are presented in more detail on pages 60–61 and at www.nolato.com/en/IR/Corporate-Governance.

The AGM resolved on several issues, including fees for Board members 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 2023 financial year.

The remuneration report for remuneration for senior executives, among others, was also approved by the AGM.

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 2024 AGM resolved that the Nomination Committee ahead of the 2025 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 2024.

In accordance with this decision, the Nomination Committee ahead of the 2025 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 the First Swedish National Pension Fund (AP1).
- Katarina Hammar, appointed by Nordea Fonder.

Since it was established and up until March 2025, 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 e-mail: henrik.jorlen@gmail.com or by regular mail: Nolato Nomination Committee, c/o Henrik Jorlén, Kommendörsgatan 4, 269 77 Torekov, Sweden.

Auditor

The 2024 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 Absolent, Hexpol, 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 2024 year-end report on February 7, 2025.

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

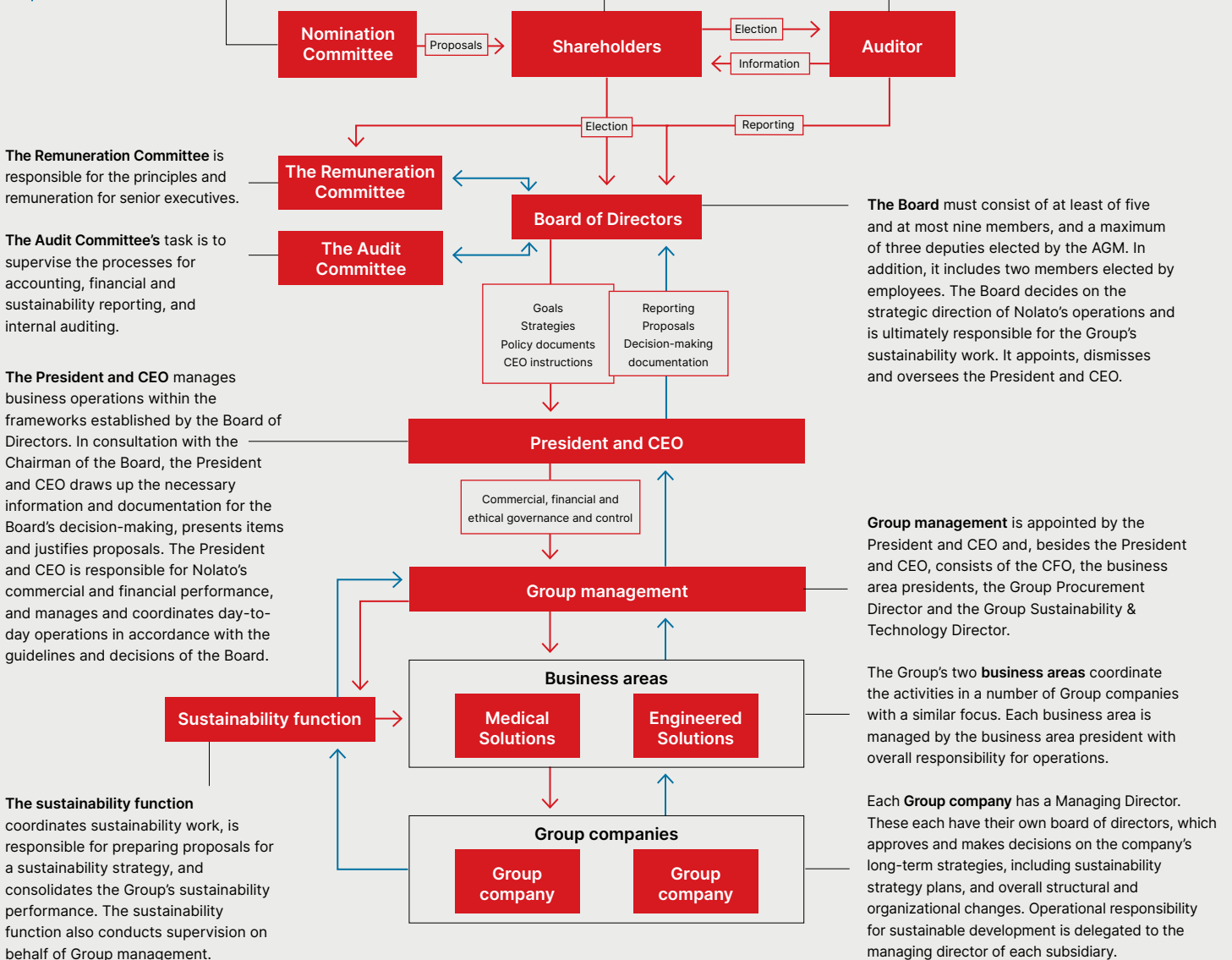
The Nomination Committee is responsible for submitting proposals to the AGM regarding the Chairman of the Board, Board members, directors' fees, remuneration for committee work, how the Nomination Committee should be appointed for the coming year and submitting proposals regarding auditors and auditors'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

The shareholders' right to make decisions on matters relating to Nolato is exercised at the AGM, which is normally held at the end of April or beginning of May. The AGM elects the Board, makes decisions about dividends and fees and adopts the annual report. 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 examines the remuneration of senior executives and the corporate governance report.

Reporting is done to the Board and the Audit Committee. At the AGM, the auditor provides information about the auditing work and observations made in an auditor's report.

↓ = Instructions
↑ = Reporting



The Remuneration Committee is responsible for the principles and remuneration for senior executives.

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

The President and CEO manages business operations within the frameworks established by the Board of Directors. In consultation with the Chairman 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.

The sustainability function coordinates sustainability work, is responsible for preparing proposals for a sustainability strategy, and consolidates the Group's sustainability performance. The sustainability function also conducts supervision on behalf of Group management.

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 and is ultimately responsible for the Group's sustainability work. It appoints, dismisses and oversees the President and CEO.

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 Group Sustainability & Technology Director.

The Group's two business areas coordinate the 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. These each have their own board of directors, which approves and makes decisions on the company's long-term strategies, including sustainability strategy plans, and overall structural and organizational changes. Operational responsibility for sustainable development is delegated to the managing director of each subsidiary.

Reporting and control are performed 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 Chairman 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 organizes and directs 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 Chairman 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 Chairman is responsible for ensuring that the Board is kept continually updated and increases its knowledge of Nolato and generally receives the training required to perform its duties effectively. Furthermore, the Chairman 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 2024, in 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 2024

Following the 2024 AGM, the company's Board consists of eight members elected by the AGM:

Fredrik Arp (Chairman), Carina van den Berg, Tomas Blomquist, Sven Boström, Klas Forsström, Lovisa Hamrin, Åsa Hedin and Erik Lyngge-Jorlén.

The Board also includes two employee representatives: Björn Jacobsson (LO) and Steven Gorial (PTK). Their deputies are Arif Mislmi (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.

Board members Carina van den Berg, Tomas Blomquist, Klas Forsström, Åsa Hedin 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 the members of Nolato's Board can be found on pages 60–61.

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

Board members' attendance in 2024

	Feb 6	May 6	July 18	Sep 11	Oct 24	Nov 20	Dec 10	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
Klas Forsström*			1	1	1	1	1	5
Lovisa Hamrin	1	1	1	1	1	1	1	7
Åsa Hedin	1	1	1	1	1		1	6
Erik Lyngge-Jorlén	1	1	1	1	1	1	1	7
Lars-Åke Rydh	1	1						2
Steven Gorial	1	1	1	1	1		1	6
Björn Jacobsson	1	1	1	1	1	1	1	7

* Elected at the 2024 Annual General Meeting.

Attendance in 2024

In 2024, the members of the Board attended Board meetings as detailed in the table on page 52.

The Board's work in 2024

In 2024, 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.

Audit Committee

The members of the Audit Committee are Carina van den Berg (chair) Åsa Hedin and Erik Lynge-Jorlén, 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 2024. The company's CFO and, at certain meetings, the company's auditors, have also participated in meetings. Minutes were taken at all meetings.

Remuneration Committee

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

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 the management and the auditors. The Board is informed of – and ensures the quality of – financial reports such as monthly reports, forecasts, interim reports and the annual and sustainability report, but has delegated to company management the task of ensuring the quality of presentation materials in connection with meetings held with the media, shareholders and financial institutions.

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

Audit Committee attendance in 2024

	Feb 6	May 6	May 14	Dec 10	Total
Carina van den Berg	1	1	1	1	4
Åsa Hedin	1	1	1	1	4
Erik Lynge-Jorlén*			1	1	2

* Elected at the 2024 Annual General Meeting.

REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

See Note 27 on pages 93–95 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 audit. 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 is 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, by means of 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 deci-

sions 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 powers, 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, powers 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 further down this page. 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 Chairman 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 material misstatement.

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 through 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.

POLICY DOCUMENTS

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

- > **The Nolato Spirit** – Defines the platform of shared values for all Group operations.
- > **Code of Conduct** – 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** – Governs how financial risks should be managed in the Group.
- > **IT Policy** – Governs the Group's IT security structure.
- > **Information Policy** – Governs the dissemination of information by the Group, including in relation to listing requirements.
- > **Insider Policy** – 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** – 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** – Governs the Group's systems and procedures for receiving and handling reports of any irregularities.

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 through 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.

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 correct and complete compliance with all information obligations.

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 conducted 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 modify 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 perform any separate internal audit.

OTHER INFORMATION

Group management

In 2024, 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 Engineered Solutions), Anders Ericsson (Head of Materials within Engineered 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 62.

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 two customer-centric business areas. Information about them can be found on pages 28–35.

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.



Torekov April 3, 2025



Fredrik Arp
Chairman of the Board



Carina van den Berg
Board member



Tomas Blomquist
Board member



Sven Boström
Board member



Klas Forsström
Board member



Lovisa Hamrin
Board member



Åsa Hedin
Board member




Erik Lyngge-Jorlén
Board member



Steven Gorial
Employee representative



Björn Jacobsson
Employee representative



Christer Wahlquist
President and CEO

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the general meeting of the shareholders of Nolato AB, company reg. no. 556080-4592

Engagement and responsibility

The Board of Directors is responsible for the corporate governance report for 2024 and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

Scope and focus of the audit

Our examination has been carried out according to FAR's recommendation RevR 16 The Auditor's Examination of the Corpo-

rate Governance Statement. This means that our examination of the corporate governance report has a different focus and is considerably smaller in scope than the focus and scope of an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination provides us with a sufficient basis for our opinions.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6 second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated accounts, and are in accordance with the Annual Accounts Act.

Torekov April 10, 2025
Ernst & Young AB



Joakim Falck
Authorized Public Accountant

Guidelines for remuneration for 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 remuneration that is agreed upon, and changes made to already agreed upon remuneration. The guidelines do not cover directors' fees or other remuneration 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. Furthermore, the Company has a target-based approach to sustainable development, which generates benefits for society and the Group's business operations. Sustainable development is an integral 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 harnessing 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 to enable recruiting and

retaining qualified employees within the Group management with the right skills and experience. The guidelines ensure that senior executives can be offered a market-based and competitive total remuneration package.

Total remuneration shall be based on the position, individual performance, the Group's earnings and remuneration being 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 individuals in the Group. The incentive programs have been implemented on market terms in order to increase interest in the Company's business and earnings performance. Furthermore, 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 harnessing of 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 done after three years.

The warrant-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 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 remuneration

Total remuneration for senior executives is based on position, individual performance and consolidated earnings. Total remuneration may consist of a fixed base salary, variable remuneration, pension benefits and other benefits. This includes conditions for cessation of employment and severance pay. Total remuneration shall be reviewed yearly to safeguard total remuneration being on market terms and competitive. Due consideration shall then be given 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 remuneration.

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 cash remuneration

In addition to fixed base salary, variable cash remuneration may be payable to senior executives. Such remuneration shall be coupled to the outcome of financial key performance measures and is payable based on achievement of the targets established by the Board. Positive earnings after financial items are required for the variable cash remuneration to be payable. The criteria shall be formulated to promote the Company's business strategy, long-

term interests and sustainability. The variable cash remuneration 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 key performance measure is tons of carbon dioxide/net sales.

Variable cash remuneration described above is broken down as follows.

- Earnings: 45%
- Return on assets: 45%
- Environmental goal carbon dioxide: 10%

The variable remuneration 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 variable cash remuneration corresponding to half of the participant's warrant premiums and the income tax charged on such remuneration, provided that the participant's employment in the Group does not cease before three years have elapsed.

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

Variable cash remuneration does not qualify as pensionable income.

Pension benefits

The CEO and other senior executives have a defined contribution pension scheme prepared in accordance with the levels and practices that apply in the country of employment. Pension provisions for senior executives may not exceed 35% of the fixed base salary, on the basis of 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 terms and 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 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 executive's country of employment. The notice period may not exceed 24 months. Salary during the notice period, and severance pay, may not exceed an amount equaling 24 months' fixed base salary. 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 employees' total remuneration
- ii) Remuneration components
- iii) The increase in remuneration and the rate of growth over time

The development of the gap between the remuneration for the CEO and the deputy CEO and remuneration for 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. Its duties include conducting preparatory work for the Board's decisions on proposed guidelines for remuneration for senior executives, remuneration policies and other terms of employment for such persons. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and remuneration levels in the Company. The Chairman 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 insofar 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 secure 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.



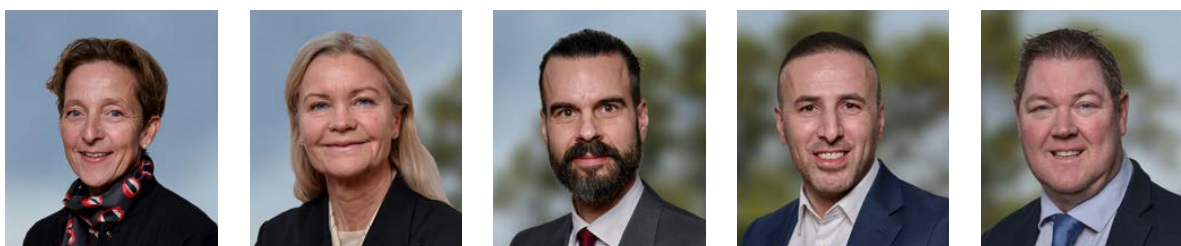
Board of Directors



Name	Fredrik Arp	Carina van den Berg	Tomas Blomquist	Sven Boström	Klas Forsström
Elected	2009 (also member 1998–1999)	2022	2021	2013	2024
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
Born	1953	1974	1970	1983	1967
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 in Materials Physics and Master in Business Administration, advanced management studies at INSEAD
Other board assignments	Chairman of Bravida Holding AB and Gränges AB.	—	—	—	Board member of IPCO AB, IVA (Academy of Engineering Sciences) and of IVAs Business Executives Council
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.	—	President and CEO of Munters Group AB.
Attendance	7 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings	7 out of 7 meetings	5 of 7 meetings
Remuneration¹⁾	1,132,000	462,000	325,000	325,000	366,000
Shareholding²⁾	30,000 B (30,000 B)	4,000 B (3,000 B)	4,000 B (0)	2,558,700 B (2,558,700 B)	12,500 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 and major shareholders.

¹⁾ For further information about remuneration, see Note 27 on pages 93–95.

²⁾ Shareholding in Nolato at Dec. 31, 2024 (Dec. 31, 2023) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at www.nolato.com/en/IR/The-Nolato-share.



Name	Lovisa Hamrin	Åsa Hedin	Erik Lynge-Jorlén	Steven Gorial	Björn Jacobsson
Elected	2017	2014	2020	2022	2015 (also member 2000–2013) Deputy 2014
Position	Board member and member of the Remuneration Committee	Board member and member of the Audit Committee	Board member, member of the Audit Committee and Board's representative for sustainability issues	Employee representative, PTK.	Employee representative, LO.
Born	1973	1962	1979	1983	1971
Education	Master of Science (Economics and Business), Stockholm School of Economics and Bachelor of Science (Economic History).	Master of Science (Biophysics), Bachelor of Science (Physics).	Bachelor of Education.	KY Academy, NTI and other institutions.	Upper-secondary school.
Other board assignments	Chairman of Herenco AB and Hamrin Foundation. Member of Jönköping International Business School, the Swedish Entrepreneurship Forum and Advisory Board Art Initiative, Stockholm School of Economics.	Chairman of Decon AB and QbTech AB. Board member of Biotage AB and Industrifonden AB. Industrial advisor to the Department of Microtechnology and Nanoscience at Chalmers University of Technology.	—	Board member of Nolato Plastteknik AB.	Board member of Nolato Gota AB.
Background	Owner and President of Herenco AB, owner and Executive Chairman of Herenco Holding AB, senior positions at Hall Media AB and Schibsted.	CEO of Elekta Instrument AB. Senior management positions at Siemens Healthcare and Gambro AB.	Upper-secondary school teacher.	Employed at Nolato Plastteknik.	Employed at Nolato Gota.
Attendance	7 out of 7 meetings	6 of 7 meetings	7 of 7 meetings	6 of 7 meetings	7 of 7 meetings
Remuneration¹⁾	366,000	395,000	395,000	0	0
Shareholding²⁾	8,192,000 A + 16,679,982 B (8,192,000 A + 16,654,332 B)	2,000 B (0)	2,000 A + 353,485 B (2,000 A + 350,000 B)	0 (0)	0 (0)
Dependence	Independent of the company but not independent of major shareholders.	Independent of the company and major shareholders.	Independent of the company but not independent of 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 93–95.

²⁾ Shareholding in Nolato at Dec. 31, 2024 (Dec. 31, 2023) 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.	Executive Vice President. CFO since 1995.	President of Medical Solutions since 2016.	President of Engineered 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 at 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.
Shareholding¹⁾	282,120 B (272,120 B)	180,840 B (180,840 B)	125,000 B (125,000 B)	0
Warrants	280,000 (Series 2022/2026) 280,000 (Series 2023/2027) 280,000 (Series 2024/2028)	140,000 (Series 2022/2026) 140,000 (Series 2023/2027) 140,000 (Series 2024/2028)	140,000 (Series 2022/2026) 140,000 (Series 2023/2027) 140,000 (Series 2024/2028)	140,000 (Series 2022/2026) 140,000 (Series 2023/2027) 140,000 (Series 2024/2028)



Name	Anders Ericsson	Camilla Magnusson	Glenn Svedberg
Employed	1999	2013	2007
Position	Managing Director of Nolato Silikonteknik since 2006, Head of Materials within Engineered Solutions since 2023.	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.
Shareholding¹⁾	11,500 B (9,500 B)	1,800 B (0)	102,000 B (102,000 B)
Warrants	140,000 (Series 2022/2026) 140,000 (Series 2023/2027) 140,000 (Series 2024/2028)	140,000 (Series 2022/2026) 10,000 (Series 2023/2027) 20,000 (Series 2024/2028)	120,000 (Series 2022/2026) 140,000 (Series 2023/2027) 140,000 (Series 2024/2028)

¹⁾ Shareholding in Nolato at Dec. 31, 2024 (Dec. 31, 2023) incl. family and companies, according to Euroclear Sweden. Shareholding information is always available at www.nolato.com/en/IR/The-Nolato-share.

Directors' report and financial statements

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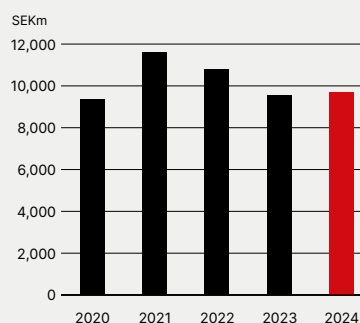
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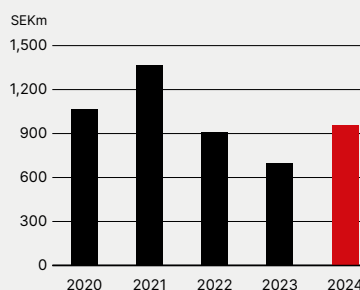
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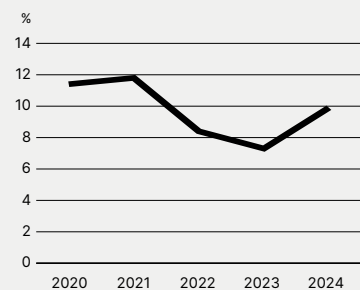
Sales



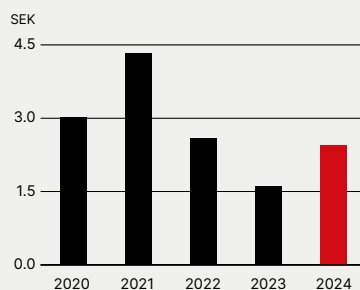
Operating profit (EBITA)



EBITA margin



Diluted earnings per share



Operations in 2024

The Board of Directors and President and CEO hereby publish the Annual Report and consolidated accounts for Nolato AB (publ), company registration number 556080-4592, for the 2024 financial year. Nolato is a Swedish publicly listed group with 5,837 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.

Two business areas

Nolato's operational activities are conducted in two customer-centric business areas:

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

Engineered Solutions: Design, development, industrialization and manufacture of advanced components, subsystems and ready-packaged products for a range of industries, including offerings within EMC and thermal solutions.

The activities of these two 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 the 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 Engineered Solutions has relatively shorter product lifespans and partly higher project volatility.

The operations of these business areas are presented in more detail on pages 28–35.

Financial summary

Consolidated sales rose in 2024, amounting to SEK 9,664 million (9,546). Adjusted for currency and acquisitions, sales rose by 1%. Operating profit (EBITA) increased sharply by 26% to SEK 958 million (761 excluding a non-recurring item in 2023), giving an EBITA margin of 9.9% (8.0). A non-recurring item was recognized in the third quarter of 2023 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) amounted to SEK 913 million (717 million excluding a non-recurring item in 2023). EBIT margin was 9.4% (7.5, excluding a non-recurring item in 2023).

For further financial information, see the five-year review on page 101.

Consolidated profit after tax amounted to SEK 658 million (545 excluding non-recurring items in 2023). The lower profitability of the Chinese business in 2023 resulted in a need for impairment of a SEK 50 million deferred tax asset, which was recognized as a tax expense.

Sales, operating profit and EBITA margin by business area, 2022–2024

SEKm	Sales			Operating profit EBITA			EBITA margin (%)		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Medical Solutions	5,434	5,308	4,859	586	525	457	10.8	9.9	9.4
Engineered Solutions	4,243	4,245	5,922	409	266	462	9.6	6.3	7.8
Intra-Group adj., Parent Co.	-13	-7	-7	-37	-90	-11	—	—	—
Group total	9,664	9,546	10,774	958	701	908	9.9	7.3	8.4

Earnings per share, basic and diluted, were SEK 2.44 (2.02 excluding non-recurring items in 2023). The effective tax rate was 22.4% (19.4 excluding non-recurring items in 2023).

Business area – Medical Solutions

Medical Solutions sales amounted to SEK 5,434 million (5,308); adjusted for currency and acquisitions, this was an increase of 2%. The In vitro diagnostics (IVD) market area grew compared with a weak prior year. Drug Delivery has also increased its sales, with higher delivery volumes for insulin-related products. The Pharmaceutical Packaging market area has had lower volumes because of inventory adjustments and geopolitical effects on customers following a strong 2023. Volumes in Other have been lower. During the first quarter, it was reported that one of Nolato's customers in this area was affected by a product recall, which had a negative impact on Nolato. The product had annual sales of roughly SEK 50 million prior to the recall.

Operating profit (EBITA) for Medical Solutions rose to SEK 586 million (525). The EBITA margin for Medical Solutions was 10.8% (9.9). Strategic price revisions and cost savings have contributed to the improvement in the margin.

Business area – Engineered Solutions

Engineered Solutions sales totaled SEK 4,243 million (4,245). Adjusted for currency and acquisitions, sales were unchanged. Volumes in the Consumer Electronics market area have declined, mainly due to the reduction by a previously significant VHP customer, leading to lower sales. Automotive displayed growth during the first half of the year, although volumes decreased significantly in the second half. Reduced end-customer demand within the automotive industry will likely also have a negative impact on the start of 2025. Volumes within Hygiene have shown healthy growth during the year. Other experienced good growth, with the consumer discretionary sector showing a recovery following an extended period of lower demand due to economic conditions.

Volumes in the Materials business (previously EMC) increased year on year, with a 10% rise in sales, adjusted for currency and acquisitions. Strong growth in new products and areas of technology is resulting in increased market share and growth. This was partly offset during the first half of the year by lower sales for network equipment within telecom. Following an extended period of declining volumes within telecom, volumes grew in the second half of the year from low levels.

Operating profit (EBITA) for Engineered Solutions increased significantly to SEK 409 million (266). A favorable product mix and cost savings, particularly in the Chinese business, had a positive impact on the profit. The EBITA margin for Engineered Solutions rose by 3.3 percentage points to 9.6% (6.3).

Sustainability reporting

In accordance with Chap. 6, Sect. 10–14 of the Swedish Annual Accounts Act, Nolato has prepared a statutory sustainability report as a separate document from the directors' report. The statutory sustainability report is included in the annual report, which is available on Nolato's website on pages 114–189.

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.

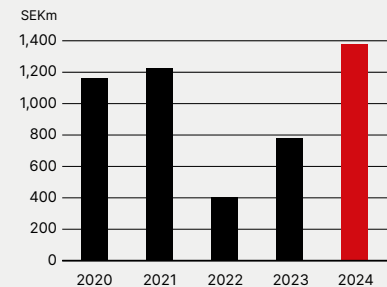
The share capital totals SEK 135 million, divided among 269,377,080 shares. Of these, 27,594,000 are A shares and 241,783,080 are B shares. Each A share entitles the holder to ten votes, while a B share entitles the holder to one vote. All shares have equal rights to the assets and earnings of the company.

At the end of 2024, Nolato had 14,888 (15,594) shareholders. The largest owners are Nordea Fonder with 10%, the Jorlén family, the Boström family, the Hamrin family and the First Swedish National Pension Fund (AP1) with 9% each, as well as Handelsbanken Fonder with 5% of the capital.

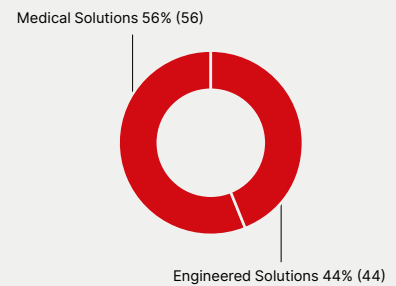
Nolato does not own any of its own shares. There are no restrictions as a result of legal provisions or the company's Articles of Association that affect the transferability of the shares.

Nolato's management have been offered the opportunity to acquire warrants for the purchase of shares at a predetermined price. At the end of the period is the 2022/2028 Incentive Program. In the program, 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 at a subscription price of SEK 68.00 each. The program has been taken into account in calculating the

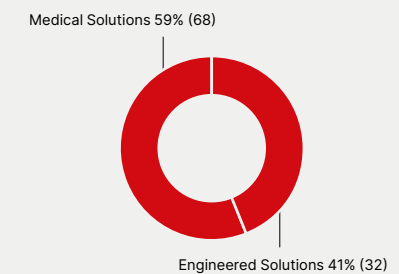
Cash flow from operating activities



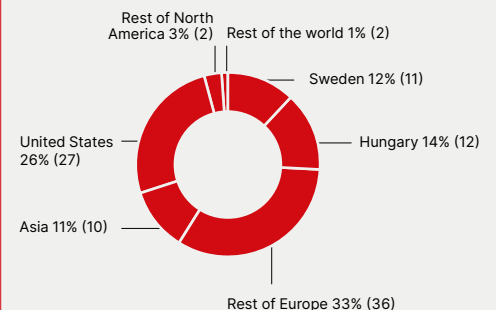
Share of sales



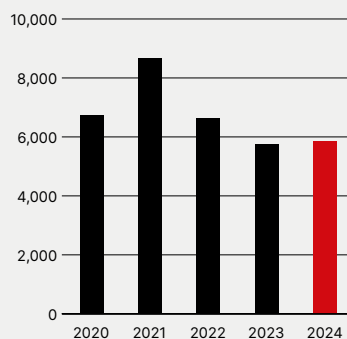
Share of operating profit (EBITA)



Sales by geographic markets

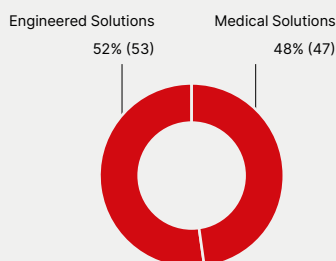


Average no. of employees



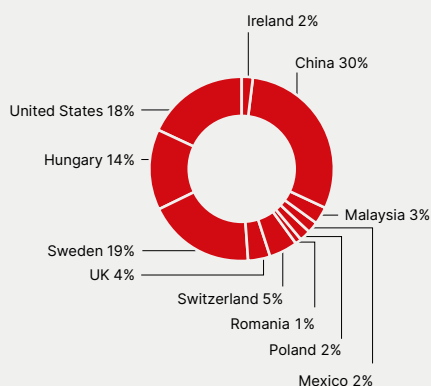
Employees by business area

Average



Employees by country

Average



number of shares after dilution. Upon full subscription of remaining warrants, the program provides a maximum of 4,960,000 new B shares.

Further information about Nolato's shares can be found on pages 48–49. 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 50–56 and constitutes Nolato's Corporate Governance Report.

Remuneration guidelines

The guidelines for the remuneration for senior executives agreed on at the 2023 annual general meeting are detailed in full on pages 57–58, and summarized in Note 27 on pages 93–95. 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 that carries out joint Group management functions and financial and accounting functions.

Sales totaled SEK 96 million (81). Profit/loss after financial income and expense was SEK -37 million (-26).

Proposed appropriation of profits

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

Retained earnings	1,761
Profit for the year	246
Total	2,007

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	1,603
Total	2,007

The proposed dividend is, in the view of the Board of Directors, justifiable with respect to the demands that the nature 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-centric 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 also continue to seek acquisitions. In Engineered Solutions we will continue to expand our offering to related products with our integrated solutions and continue growth to new markets, including acquisitions.

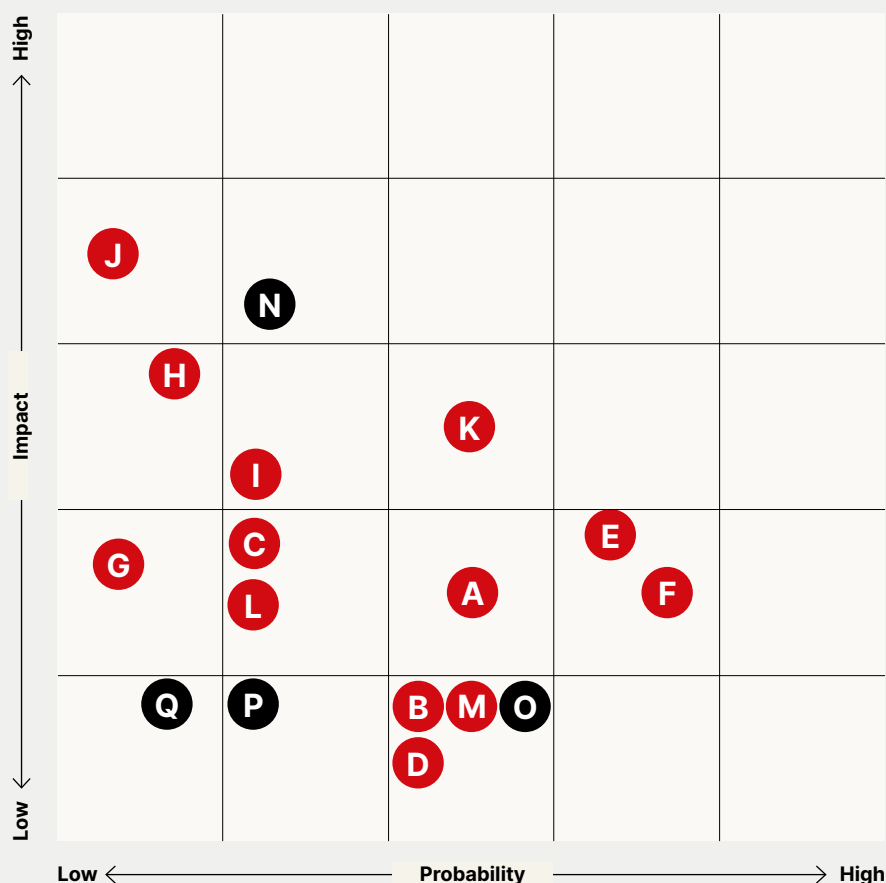
However, Nolato does not provide any earnings forecast because, as a supplier, the company conducts operations that are highly dependent on its customers' internal decisions and commercial performance. Factors among customers that we cannot influence in the short term, such as postponed or canceled projects, 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 continue to develop Nolato. Improving profitability combined with growth for our two business areas is a high priority.

Potential risks in the organization

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

The chart below shows our assessment of the probability of a risk transpiring 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
- M Cybersecurity incidents

Financial risks

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

Operational risks	Risk exposure	Risk management
<p>A Business cycle risk The risk that an economic downturn could have a significant impact on Nolato's performance and earnings.</p>	<p>Medical Solutions and some parts of Engineered Solutions' operations have fairly low sensitivity to economic and business cycle fluctuations, while the operations in Engineered Solutions' general industry largely follow the Northern European industrial business cycle.</p>	<p>Active monitoring of markets and efficient decision-making hierarchy enable swift decisions to be taken to adapt resources at an early stage ahead of an anticipated economic downturn.</p>
<p>B Subcontractor risk The risk that changes at customers could have a significant negative impact on Nolato's performance and earnings.</p>	<p>As a subcontractor, Nolato is highly dependent on customers' internal decisions and commercial performance. Factors among customers that we cannot influence include postponed or canceled projects, higher or lower sales volumes and longer or shorter product lifespans.</p>	<p>By means of active and close contact with customers, we endeavor to identify changes at an early stage and adapt our resources.</p>
<p>C Customer dependence The risk that changes at individual customers could have a significant negative impact on Nolato's performance and earnings.</p>	<p>Dependence on individual customers is lowest in Engineered Solutions' general industry market area, which consists of a large number of customers. Medical Solutions also has sound risk diversification across a large number of customers, while Engineered Solutions' other market areas have fewer customers.</p>	<p>We are working actively on broadening our customer base and offering.</p>
<p>D Supplier dependence The risk of a supplier being unable to deliver to Nolato on time or at the right quality.</p>	<p>If a significant, strategic supplier does not fulfill its undertakings we could face problems supplying on time and at the right quality to our customers.</p>	<p>For input goods and machinery, this risk is limited by the fact that there are a number of alternative suppliers. In terms of components for system products, the choice of supplier is usually made in consultation with Nolato's customer.</p>
<p>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.</p>	<p>Quantities of plastic raw material in our production vary from business area to business area. For Engineered Solutions, apart from general industry, 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 Engineered Solutions' general industry.</p>	<p>We endeavor to include price adjustment clauses in supply agreements that cover an extended period of time.</p>
<p>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.</p>	<p>Nolato primarily uses electrical energy in production. Energy costs in 2024 totaled SEK 316 million, of which 96.9% related to electricity.</p>	<p>The risk of negative effects from rising electricity prices is mitigated by the Group entering into fixed price agreements for 20–80% of electricity requirements for the next 4 to 12 quarters.</p>
<p>G Production risks The risk of significant supply delays and/or quality issues.</p>	<p>As a subcontractor, the products and components that we manufacture are supplied in accordance with customer specifications and quality requirements. Disruptions can mainly occur during the start-up of a project, but also during ongoing production.</p>	<p>In order to counteract disruptions, the Group follows an advanced concept involving competent staff, quality assurance systems, vision monitoring systems and checklists. Over 97% of production units are certified in accordance with ISO 9001. Most are also certified in accordance with industry-specific standards such as ISO/TS 16949 (automotive) and ISO 13485 (medical technology).</p>
<p>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.</p>	<p>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 an affected unit to another unit in the event of disruptions and consequently mitigate the effects of the damage.</p>	<p>All units must follow Nolato's risk management manual to achieve the specified level of risk and thereby reduce the risk of significant damage and create strong security of supply. The risk manual also provides guidelines for the Group's property insurance. External risk engineers inspect the production units based on a rolling schedule to verify that risks are being managed in line with the manual.</p>
<p>I Legal risks The risk of significant disputes with different external stakeholders.</p>	<p>Legal risks can primarily arise in connection with the supply of products. This may concern issues relating to quality or liability and intellectual property rights.</p>	<p>To prevent disputes, Nolato works with external lawyers and consultants on legal issues, for example on agreements with customers and suppliers. The Group also has internal policies and regulations relating to which agreements senior executives are authorized to enter into.</p>
<p>J Product liability risk The risk of faults in a product manufactured by Nolato leading to significant financial claims on the Group.</p>	<p>Design liability for products and components usually lies with customers. Nolato's risk is therefore limited solely to manufacturing faults.</p>	<p>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).</p>
<p>K Sustainable development risks The risk of significant environmental damage, which could lead to costs or have a negative impact on Nolato's reputation.</p>	<p>Nolato's operations do not involve any significant environmental impact through a risk of emissions to air, water and land. There are no known pollutants of land and groundwater at Nolato's plants. Hazardous substances (asbestos) are present in buildings and equipment to a very limited extent at a couple of plants. The risk to people and the environment is deemed to be very small.</p>	<p>The production units have the necessary environmental permits and fulfill 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 environmentally 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.</p>
<p>The risk of climate change affecting the Group's operations.</p>	<p>None of the Group's units are exposed to extreme weather conditions or flooding. For two plants, the risk related to water supply is considered moderate. As water consumption at these plants is relatively low, the potential effects and risks are small as regards Nolato's operations in relation to water supply.</p>	<p>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, see the sustainability report. Climate-related risks are taken into account when carrying out acquisitions and supplier assessments.</p>

Operational risks	Risk exposure	Risk management
<p>The risk of lost business due to customers' interest in greater use of bio-based and recycled polymer raw materials not being satisfied. The risk of lost business through society being more cautious about plastic products.</p>	<p>Nolato makes polymer products that are primarily based on fossil raw materials. The use of fossil raw materials contributes to climate change. Our range includes products with both long and short lifespans. There is a risk of products with short lifespans ending up littering the environment.</p>	<p>Our range also includes a large number of products that have an environmental benefit, for example through reduced weight and lower content of fossil raw materials. In reality, for many applications plastic is a better alternative to metal and glass from a sustainability perspective, and helps reduce climate impact. The Group is stepping up its efforts within environmentally sustainable product development that includes alternative plastics made using renewable raw material, to reduce the risk of losing business and to contribute to sustainable development. In addition, new projects are being evaluated based on three factors: (i) application/period of use; (ii) circularity, i.e. what happens at the end of the product's life cycle, and (iii) which raw material is used and if using recycled or bio-based plastics is possible. In 2023, the Group implemented an ethics policy, which introduced a fourth factor: (iv) ethical application of the product.</p>
<p>The risk of the Group's costs increasing significantly or of negative publicity owing to events relating to employees, respect for human rights, business ethics or other areas related to social responsibility.</p>	<p>Nolato has large units in Sweden, Hungary, the UK, Switzerland, the US and China. The majority of our employees operate outside Sweden. The concentration in Asia brings a heightened risk in areas such as working conditions and business ethics (corruption). There is always a risk of failure to apply sound business principles, irrespective of where operations are pursued.</p>	<p>All major units are wholly owned by Nolato, which facilitates the Group's management of sustainable development. Nolato has a significant focus on all units creating good working conditions for employees. Nolato has zero tolerance of bribery, corruption and cartel formation. Nolato's core values and Code of Conduct are continually communicated to staff. Suppliers are regularly assessed via audits and questionnaires.</p>
<p>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.</p>	<p>Nolato has operations on three continents and a global pandemic can affect customer behavior and their ability to purchase the Group's products. Furthermore, national regulatory measures such as lockdowns can impact Nolato's production capacity. The same applies to suppliers of goods and services, and customers. However, a global pandemic can increase demand for certain products within Nolato Medical, such as medical diagnostics products.</p>	<p>Nolato's responsibility as an employer is to help reduce the spread of infection and quickly adjust operations to national recommendations and rules that are put in place. Our fundamental approach is to conduct operations in a safe way, primarily via precautionary measures and adapted working procedures. This approach has evolved based on our experiences, and has proved effective. In addition to working internally, Nolato can work with suppliers and customers to ensure we are prepared for a potential future global pandemic.</p>
<p>M Cybersecurity incidents</p>	<p>Impact on reputation and cost. Deficient protection of personal and business-related data, and ensuring cybersecurity (such as protection against phishing attacks) can lead to potential financial losses, fines, impact on business continuity and damage to the company's reputation.</p>	<p>Compliance with increasingly stringent cybersecurity regulations will increase the need for investments in information security and cybersecurity. Implementation of reinforced IT security processes will remain in focus.</p>
Financial risks*	Risk exposure	Risk management
<p>N Customer credit risk The risk of the insolvency of a major customer with inability to pay for placed orders.</p>	<p>In Engineered Solutions' general industry and Medical Solutions, this risk is mitigated by sales being in a large number of countries to a large number of customers, which diversifies the risk. In Engineered Solutions' other market areas, there are 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 1,557 million at year-end (all receivables from all customers).</p>	<p>The Group's revenues are mostly derived from medium-sized and large global customer groups, which reduces the risk of credit losses but does not eliminate them. Nolato continually monitors the development of overdue receivables and the financial position of large customers.</p>
<p>O 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.</p>	<p>Estimated net flows in foreign currency amounted to SEK 437 million at year-end, approximately 50% of which was hedged. This means that SEK 217 million of estimated net flows were unhedged and a change in the value of the Swedish krona of $\pm 5\%$ would have an impact of SEK ± 11 million on Group profit. The Group has SEK 1,229 million in foreign net assets with translation exposure, mainly in China and Hungary. A $\pm 5\%$ change in the value of the Swedish krona would have an impact of \pm SEK 61 million on the net assets in the Group.</p>	<p>Nolato carries out short-term currency hedging for part of the Group's estimated net exposure in foreign currencies in order to even out fluctuations in earnings. See tables in Note 30 on pages 97–99.</p>
<p>P Interest rate risk The risk that the Group's net interest expense will significantly increase in the event of changes to market interest rates.</p>	<p>At year-end, interest-bearing liabilities to banks amounted to SEK 1,343 million. A 1 percentage point increase in the interest rate would result in an increase of SEK 13 million in annual interest expense. At year-end, the Group's financial net liabilities amounted to SEK 671 million, excluding pension and lease liabilities.</p>	<p>In order to limit interest rate risk, the portion of those interest-bearing liabilities exceeding SEK 400 million must have a fixed interest term maturity structure as follows: Loans with a maturity of up to one year should account for 35–65%. Loans with a maturity of over one year should account for 35–65%.</p>
<p>Q Financing and liquidity risk The risk of the Group having problems accessing capital.</p>	<p>Total credit lines granted in the Group amount to SEK 3,428 million (3,213). Of this amount, SEK 1,149 million matures on December 22, 2026, SEK 450 million on April 25, 2027 and SEK 1,829 million on December 20, 2027.</p>	<p>In order to maintain financial flexibility and meet the Group's capital requirements, loan facilities are continually agreed.</p>

*Financial risk management is described in detail in Note 30 on pages 97–99.

Consolidated income statement

SEKm	Note	2024	2023
Net sales	3, 4	9,664	9,546
Cost of goods sold	5, 6	-8,051	-8,210
Gross profit		1,613	1,336
Selling expenses	6	-242	-227
Administrative expenses	6	-487	-462
Other operating income and operating expenses, net	7	29	10
		-700	-679
Operating profit		913	657
Financial income	8	7	29
Financial expenses	8	-72	-70
		-65	-41
Profit after financial income and expense		848	616
Tax	9	-190	-181
Profit for the year attributable to Parent Company shareholders		658	435
Earnings per share, basic and diluted (SEK)	10	2.44	1.61

Consolidated comprehensive income

SEKm	2024	2023
Profit for the year attributable to Parent Company shareholders	658	435
Other comprehensive income		
Items that cannot be transferred to profit for the period		
Revaluations of defined benefit pension schemes	-15	-57
Tax attributable to items that cannot be reversed to profit for the period	3	9
	-12	-48
Items transferred or that could be transferred to profit for the period		
Translation differences for the year on translation of foreign operations	326	-109
Changes in the fair value of cash flow hedges for the year	-10	6
Tax attributable to changes in the fair value of cash flow hedges	2	-1
	318	-104
Total other comprehensive income, net	306	-152
Comprehensive income for the year attributable to Parent Company shareholders	964	283

Comments on the consolidated income statement

Net sales

Consolidated sales totaled SEK 9,664 million (9,546); Adjusted for currency and acquisitions, this was a 1% increase.

Medical Solutions sales amounted to SEK 5,434 million (5,308); adjusted for currency and acquisitions, this was an increase of 2%. The In vitro diagnostics (IVD) market area grew compared with a weak prior year. Drug Delivery has also increased its sales, with higher delivery volumes for insulin-related products. The Pharmaceutical Packaging market area has had lower volumes because of inventory adjustments and geopolitical effects on customers following a strong 2023. Volumes in Other have been lower.

Engineered Solutions sales totaled SEK 4,243 million (4,245). Adjusted for currency and acquisitions, sales were unchanged. Volumes in the Consumer Electronics market area have declined, mainly due to the reduction by a previously significant VHP customer, leading to lower sales. Automotive displayed growth during the first half of the year, although volumes decreased significantly in the second half. Reduced end-customer demand within the automotive industry will likely also have a negative impact on the start of 2025. Volumes within Hygiene have shown healthy growth during the year. Other experienced good growth, with the consumer discretionary sector showing a recovery following an extended period of lower demand due to economic conditions.

Volumes in the Materials business (previously EMC) increased year on year, with a 10% rise in sales, adjusted for currency and acquisitions. Strong growth in new products and areas of technology is resulting in increased market share and growth.

Gross profit

Gross profit totaled SEK 1,613 million (1,336). The cost of goods sold consists of production costs for materials and manufacturing salaries, as well as other production expenses. The gross margin was 16.7% (14.0). Total depreciation/amortization amounted to SEK 603 million (596). 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 551 million (548). Other depreciation/amortization primarily relates to amortization of intangible assets arising in connection with acquisitions.

Other operating income and operating expenses, net

The net amount increased to income of SEK 29 million (10), which is mainly due to insurance compensation and changes in net currency gains/losses, which had a significantly positive impact in 2024. The insurance compensation was matched by equally high costs for the repair of property and equipment, although these were recognized in cost of goods sold.

Operating profit

Operating profit increased to SEK 913 million (717 excluding a non-recurring item in 2023, and 657 including it). The improvement in earnings is largely due to the Engineered Solutions business area, which has had a favorable product mix and cost savings, primarily in the Chinese business, giving a positive impact on earnings. In the Medical Solutions business area, strategic price revisions and cost savings were contributing factors.

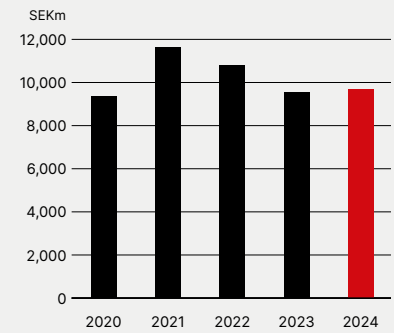
Net financial income/expense

Net financial income/expenses amounted to SEK -65 million (-41). Compared with the previous year, net exchange gains/losses were negative, interest income was lower and in 2023 there was a revaluation of a contingent consideration regarding the acquisition of GW Plastics, which made a positive contribution of SEK 10 million.

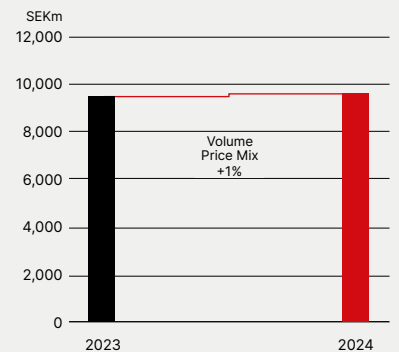
Profit after tax

Profit after tax amounted to SEK 658 million (545 excluding non-recurring items in 2023, and 435 including them). The sharp improvement in the profitability of the Group's operations, including a margin improvement of a full 2.6 percentage points, has primarily contributed to the improved profit after tax. Basic and diluted earnings per share were SEK 2.44 (2.02 excluding non-recurring items in 2023, and 1.61 including them). The effective tax rate was 22.4% (19.4 excluding non-recurring items in 2023 and 29.4 including them).

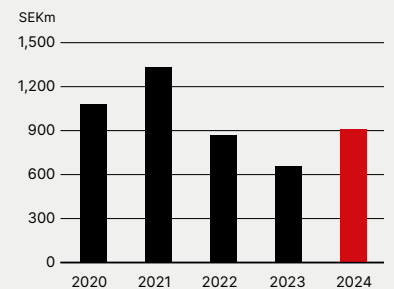
Sales



Change in sales



Operating profit (EBIT)



Consolidated balance sheet

SEKm	Note	2024	2023
Assets			
Non-current assets			
Non-current intangible assets	11	2,526	2,401
Property, plant and equipment	12	3,129	2,812
Rights of use	13	181	282
Non-current financial assets	14	2	2
Other non-current receivables		1	1
Deferred tax assets	9	13	14
Total non-current assets		5,852	5,512
Current assets			
Inventories	15	1,183	1,196
Trade receivables	14	1,558	1,525
Current tax assets		55	74
Other current assets	16	365	292
Other current financial assets	14	3	13
Cash and cash equivalents	14	672	688
Total current assets		3,836	3,788
Total assets		9,688	9,300
Shareholders' equity and liabilities			
Equity attributable to Parent Company shareholders			
Share capital		135	135
Other capital contributed		488	488
Other reserves	18	773	455
Retained earnings, (incl. profit for the year)		4,342	4,093
Total shareholders' equity		5,738	5,171
Non-current liabilities			
Provisions for pensions and similar obligations	20	241	228
Non-current financial liabilities	13, 19	1,487	1,757
Deferred tax liabilities	9	241	237
Other provisions	21	65	71
Total non-current liabilities		2,034	2,293
Current liabilities			
Trade payables	19	704	620
Current tax liabilities		114	85
Other current financial liabilities	13, 19	48	124
Other current liabilities	22	1,050	1,007
Total current liabilities		1,916	1,836
Total liabilities		3,950	4,129
Total liabilities and shareholders' equity		9,688	9,300

Comments on the consolidated balance sheet

Assets

Non-current assets increased to SEK 5,852 million (5,512), mainly due to increased investments that were higher than depreciation, as well as currency effects. For non-current intangible assets, the currency effect amounts to SEK 171 million (-40), while for property, plant and equipment the currency effect is SEK 143 million (-13).

Current assets increased by SEK 48 million. The balance sheet item 'inventories' declined by SEK 13 million. Trade receivables increased by SEK 33 million. Other current assets rose by SEK 73 million, mainly contract assets relating to development work. Cash and cash equivalents declined by SEK 16 million, amounting to SEK 672 million (688).

Shareholders' equity

Shareholders' equity increased as a result of comprehensive income for the year of SEK 964 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 7 million. Furthermore, dividends paid of SEK 404 million

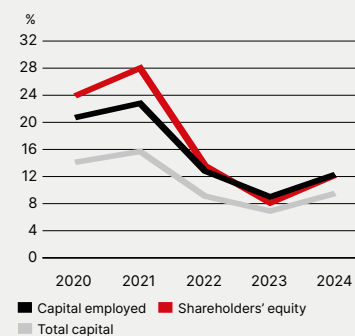
have reduced shareholders' equity. Return on shareholders' equity was 12.2% (8.1) and the increase was due to improved post-tax earnings.

Liabilities

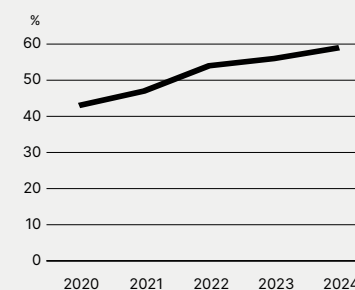
Non-interest-bearing liabilities and provisions increased, amounting to SEK 2,178 million (2,025), largely due to trade payables and other current liabilities increasing. Currency effects have also resulted in increased liabilities when translated into Swedish kronor. The average total working capital requirement in relation to sales was 13.8% (13.0). The return on capital employed amounted to 12.3% (9.0) and the higher return is due to the improvement in earnings.

Interest-bearing liabilities and provisions declined to SEK 1,772 million (2,104), mainly through increased amortization. Interest-bearing assets amounted to SEK 672 million (688), which means that net debt totaled SEK 1,100 million (1,416) including pension and lease liabilities.

Return



Equity/assets ratio



Changes in consolidated shareholders' equity

SEKm	Attributable to Parent Company shareholders					
	Share capital	Other capital contributed	Hedging reserves	Translation reserve	Retained earnings	Total shareholders' equity
Opening balance, January 1 2023	135	488	1	558	4,210	5,392
Profit/loss 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
Opening balance, January 1, 2024	135	488	6	449	4,093	5,171
Profit/loss for the year	—	—	—	—	658	658
Other comprehensive income for the year	—	—	-8	326	-12	306
Comprehensive income for the year	—	—	-8	326	646	964
Warrants included in incentive program	—	—	—	—	7	7
Dividend for 2023	—	—	—	—	-404	-404
Closing balance, December 31 2024	135	488	-2	775	4,342	5,738

Consolidated cash flow statement

SEKm	Note	2024	2023
	25		
Operating activities			
Operating profit		913	657
<i>Adjustments for items not included in cash flow:</i>			
Depreciation/amortization and impairment		538	512
Amortization of right-of-use assets		66	84
Provisions		3	12
Capital gain from sale of property, plant and equipment		—	-3
Unrealized exchange rate differences		9	-19
Other items		1	-3
Pension payments		-7	-6
Provisions paid		-41	-18
Interest received		7	14
Interest paid		-68	-69
Realized exchange rate differences		-2	-1
Income tax paid		-140	-151
Cash flow from operating activities before changes in working capital		1,279	1,009
Cash flow from changes in working capital			
Changes in inventories		64	81
Changes in trade receivables		39	-20
Changes in trade payables		23	-137
Other changes in working capital		-28	-152
		98	-228
Cash flow from operating activities		1,377	781
Investing activities			
Acquisition of non-current intangible assets		-5	-4
Acquisition of property, plant and equipment		-635	-426
Business combinations, excluding cash and cash equivalents	31	—	-19
Sale of property, plant and equipment		4	5
Cash flow from investing activities		-636	-444
Cash flow before financing activities		741	337
Financing activities			
Borrowings	25	—	56
Amortization of loans, including lease liabilities	25	-401	-183
Warrants paid for incentive program		7	8
Dividend paid		-404	-512
Cash flow from financing activities		-798	-631
Cash flow for the year		-57	-294
Cash and cash equivalents, opening balance		688	1,011
Exchange rate difference in cash and cash equivalents		41	-29
Cash and cash equivalents, closing balance		672	688

Comments on the consolidated cash flow statement

Cash flow from operating activities

Cash flow before investments amounted to SEK 1,377 million (781). Changes in working capital had an impact of SEK 98 million (-228) on cash flow. The improved cash flow is mainly due to improved operating profit and a lower working capital requirement.

Cash flow from investing activities

Net investments affecting cash flow, excluding acquisitions and disposals, totaled SEK 636 million (425). Investments in property, plant and equipment largely comprised machinery and equipment as well as construction in progress, but also investments in buildings and land. Net investments affecting cash flow excluding acquisitions and disposals are allocated between the Group's business areas as SEK 558 million (306) for Medical Solutions and SEK 78 million (119) for Engineered Solutions. For Medical Solutions investments have primarily consisted of expanded production capacity, for new customer projects chiefly in buildings, machinery and other technical facilities. An operating property in Sweden that was previously leased has been acquired for SEK 141 million. Engineered Solutions' investments have mainly consisted of technology initiatives and increased production capacity in the form of machinery and technical facilities for new customer projects.

Investments (net)	2024	2023
Non-current intangible assets	5	4
Buildings and land	153	6
Machinery and equipment	122	121
Construction in progress	356	294
Total investments	636	425

Affecting cash flow, excluding acquisitions and disposals.

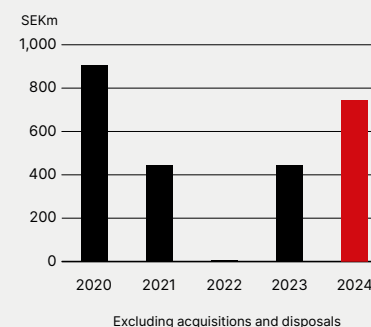
Cash flow after investing activities

Cash flow after investments was SEK 743 million (446), excluding acquisitions and disposals. Including acquisitions and disposals, cash flow amounted to SEK 741 million (337).

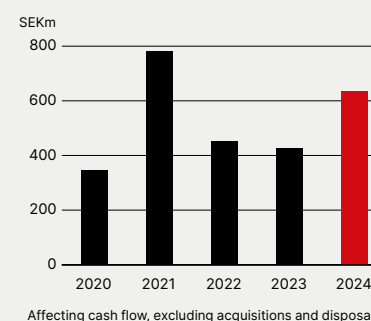
Cash flow from financing activities

Financing activities describe the Group's financing and dividends to shareholders, and totaled a net amount of SEK -798 million (-631). This consists of net amortized borrowings of SEK -401 million (-127), dividends paid totaling SEK -404 million (-512) and warrants paid for under the incentive program of SEK 7 million (8).

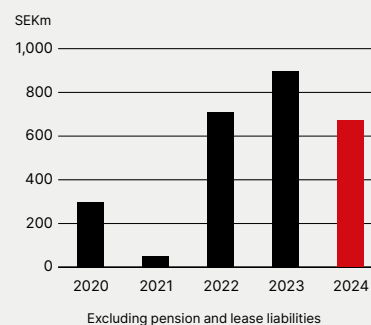
Cash flow after investments



Investments



Net financial 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.

For the 2024 financial year, no new standards have entered into force, except amendments to IAS 1 Presentation of Financial Statements, which clarify the classification of liabilities as current or non-current and introduce new disclosure requirements. The Nolato Group's classification of borrowings is not affected and disclosures provided on the Group's covenants have been supplemented.

New IFRSs and interpretations not yet applied

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

On January 1, 2027, a new accounting standard that replaces the amendment to IAS 1 Presentation of Financial Statements comes into effect, with retroactive application for the comparative year. The application of IFRS 18 may require new judgments and amendments to both the presentation of the primary reports, in particular the income statement, and the presentation of disclosures in notes and disclosure of performance indicators. The standard has not yet been approved by the EU but is expected to be approved before January 1, 2027.

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 policy

The Group's internal reporting covers two segments: Medical Solutions and Engineered 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 – development and manufacture of complex product systems and components for medical devices, the pharmaceutical industry and diagnostics. A more detailed presentation of the business area is provided on pages 28–31.

Engineered Solutions – design, development, industrialization and manufacture of advanced components, subsystems and ready-packaged products for a range of industries, including offerings within EMC and thermal solutions. A more detailed presentation of the business area is provided on pages 32–35.

	Medical Solutions		Engineered Solutions		Group adjustment, Parent Company		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
External sales	5,431	5,308	4,233	4,238	—	—	9,664	9,546
Internal sales	3	—	10	7	-13	-7	—	—
Net sales¹⁾	5,434	5,308	4,243	4,245	-13	-7	9,664	9,546
Profit								
Operating profit/loss (EBITA)	586	525	409	266	-37	-90	958	701
Amort. of intang. assets arising from acq.	-33	-31	-12	-13	—	—	-45	-44
Operating profit	553	494	397	253	-37	-90	913	657
Financial income							7	29
Financial expenses							-72	-70
Tax expenses for the year							-190	-181
Profit/loss for the year							658	435
¹⁾ For the breakdown of net sales by geographical areas, see Note 4 Revenue.								
Receivables and liabilities								
Segments' assets	6,411	5,916	3,574	3,449	-996	-782	8,989	8,583
Unallocated assets							699	717
Total assets	6,411	5,916	3,574	3,449	-996	-782	9,688	9,300
Segments' liabilities	1,203	1,038	1,498	1,274	-829	-592	1,872	1,720
Unallocated liabilities							2,078	2,409
Total liabilities	1,203	1,038	1,498	1,274	-829	-592	3,950	4,129
Non-current assets by geographical area								
Sweden	702	617	320	327	2	1	1,024	945
Switzerland	248	265	535	595	—	—	783	860
United States	2,356	2,230	344	325	—	—	2,700	2,555
Other areas	1,023	772	306	363	—	—	1,329	1,135
Total non-current assets	4,329	3,884	1,505	1,610	2	1	5,836	5,495
Other information								
Investments (capitalized)	553	294	128	228	2	—	683	522
Depreciation/amortization and impairment	367	356	235	230	—	—	602	586
Significant items, other than depr./amort./impairment with no offsetting payments, impairment and provisions	-42	13	7	5	—	—	-35	18

Cash flow from operations, allocated by segment

	2024			2023		
	Medical Solutions	Engineered Solutions	Total	Medical Solutions	Engineered Solutions	Total
Cash flow from operating activities before changes in working capital	921	633	1,554	849	492	1,341
Changes in working capital	125	-22	103	-5	-181	-186
Cash flow from operating activities	1,046	611	1,657	844	311	1,155
Unallocated items ¹⁾			-280			-374
Total cash flow from operations			1,377			781

Cash flow from investing activities, allocated by segment

	2024			2023		
	Medical Solutions	Engineered Solutions	Total	Medical Solutions	Engineered Solutions	Total
Acquisition of non-current assets ²⁾	-559	-81	-640	-307	-123	-430
Sale of non-current assets	1	3	4	1	4	5
Business combinations, excl. cash and cash equivalents			—			-19
Cash flow from investing activities	-558	-78	-636	-306	-119	-444

¹⁾ For 2024, the Group's change in working capital was SEK 98 million (-228) and, allocated by business area according to the above, it was SEK 103 million (-186). The difference of SEK 5 million (42) is included in the amount of SEK -280 million (-374). Other unallocated items consist chiefly of operating earnings of SEK -37 million (-89), with the Parent Company accounting for the majority; unrealized exchange rate differences of SEK 9 million (-19); income tax paid at SEK -140 million (-150), 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 35 million (-18).

Note 4 Revenue

Accounting policy

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. 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 2024, 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 revenue

	2024				2023			
	Total	Elim.	Medical Solutions	Engineered Solutions	Total	Elim.	Medical Solutions	Engineered Solutions
Total	9,664	-13	5,434	4,243	9,546	-7	5,308	4,245
Europe	5,656	-6	2,905	2,757	5,613	-4	2,766	2,851
Sweden	1,122	-3	170	955	1,040	-4	152	892
Hungary	1,343	—	799	544	1,183	—	680	503
Rest of Europe	3,191	-3	1,936	1,258	3,390	—	1,934	1,456
North America	2,790	—	2,193	597	2,826	—	2,200	626
United States	2,533	—	2,048	485	2,596	—	2,085	511
Rest of North America	257	—	145	112	230	—	115	115
Asia	1,032	-7	176	863	915	-3	171	747
Rest of the world	186	—	160	26	192	—	171	21

The above table essentially covers products transferred following delivery.

For 2024, the Group has a reduced provision for anticipated credit losses on trade receivables and contract assets, with SEK 1 million recognized in the cost of goods sold; see also Note 14.

Contract balances

	2024	2023
Trade receivables	1,558	1,525
Opening balance for contract liabilities relating to development work and development of production tooling	117	163
Recognized in income during the year	-189	-354
Additional during the year	216	287
Reclassification to contract liabilities	-5	37
Currency effects	22	-16
Closing balance for contract assets relating to development work and development of production tooling (see also Note 16)	161	117
Opening balance for contract liabilities relating to development work and development of production tooling	283	311
Recognized in income during the year	-241	-468
Additional during the year	262	433
Reclassification to contract assets	-17	9
Currency effects	-29	-2
Closing balance for contract liabilities relating to development work and development of production tooling (see also Note 22)	258	283

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

	2024	2023
Development expenditure for customer-specific products	583	546

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

	2024	2023
Material costs	3,171	3,312
Employee benefits	2,454	2,411
Social security contributions	337	307
Employee pensions	151	150
Energy costs	316	330
Other costs	1,748	1,793
Depreciation/amortization and impairment	603	596
Total	8,780	8,899
Depreciation/amortization and impairment are included in operating expenses as follows:	2024	2023
Software	6	5
Customer relationships	45	44
Buildings and land improvements	137	150
Machinery and other technical facilities	375	363
Equipment, tools, fixtures and fittings	40	34
Total non-current assets	603	596
Trade receivables (- reduced provision/+ increased provision) for anticipated bad debt losses	-1	-10
Total	602	586
Depreciation/amortization and impairment have been allocated as follows:	2024	2023
Cost of goods sold	550	538
Selling expenses	45	44
Administrative expenses	7	4
Total	602	586

Note 7 Other operating income and operating expenses

	2024	2023
Other operating income		
Effect of exchange rate on operating receivables/liabilities	5	—
Capital gain from sale of property, plant and equipment	—	4
State subsidy received in China	1	3
Insurance compensation	11	—
Other	12	10
Total	29	17
Other operating expenses		
Effect of exchange rate on operating receivables/liabilities	—	-6
Acquisition expenses	—	-1
Total	—	-7
Other operating income and operating expenses, net	29	10

Note 8 Financial income and expenses

Accounting policy

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.

	2024	2023
Interest income	7	14
Interest expenses	-60	-57
Foreign exchange gains and losses, net	-3	5
Other financial income	—	10
Other financial expenses	-9	-13
Net financial income/expense	-65	-41
<i>Recognized as:</i>		
Financial income	7	29
Financial expenses	-72	-70
Net financial income/expense	-65	-41

Total net financial income/expense by category

	2024			2023			
	Interest income	Interest expenses	Foreign exchange gains/losses, net	Interest income	Interest expenses	Foreign exchange gains/losses, net	Other
Derivatives used to hedge intra-group loans	—	—	—	—	—	1	—
Bank deposits	7	—	—	14	—	—	—
PRI pension liability	—	-5	—	—	-5	—	—
Borrowings and lease liabilities	—	-55	—	—	-52	—	—
Revaluation of previous provision for liability for contingent consideration on acquisition in the US	—	—	—	—	—	—	10
Customer finance agreements	—	-3	—	—	-4	—	—
Other financial assets/liabilities	—	-6	-3	—	-9	4	—
Total	7	-69	-3	14	-70	5	10

Note 9 Tax

Accounting policy

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 insofar 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

	2024	2023
Current tax expenses		
Tax expenses for the period	-207	-162
Adjustment for tax attributable to previous years	-15	4
	-222	-158
Deferred tax in relation to temporary differences	32	-23
Total recognized tax expense	-190	-181
Reconciliation of effective tax		
	2024	2023
Profit before tax	848	616
Tax according to applicable Parent Company tax rate	-175	-127
Effect of other tax rates for foreign Group companies	14	2
Non-deductible expenses	-5	-16
Non-taxable income	14	38
Deferred tax attributable to previous years	—	4
Deferred tax in relation to temporary differences	-15	—
Effect of change in tax rates	-1	—
Effect of non-capitalized deficits arising during the year	-21	-81
Standard interest on tax allocation reserve	-1	-1
Recognized effective tax	-190	-181

Swedish corporation tax amounted to 20.6% (20.6) and the effective tax rate was 22.4% (29.4). Excluding non-recurring items, the effective tax rate was 22.4% (19.4).

Recognized in the balance sheet

	Deferred tax assets		Deferred tax liabilities		Net	
	2024	2023	2024	2023	2024	2023
Non-current intangible assets	—	—	78	80	-78	-80
Property, plant and equipment	26	37	202	205	-176	-168
Right-of-use assets	—	—	38	61	-38	-61
Inventories	19	18	8	10	11	8
Provisions for pensions	35	30	8	6	27	24
Tax allocation reserves	—	—	73	62	-73	-62
Lease liabilities	40	64	—	—	40	64
Other	118	110	62	61	56	49
Loss carry-forwards	3	3	—	—	3	3
Tax assets/liabilities	241	262	469	485	-228	-223
Offsetting	-228	-248	-228	-248	—	—
Tax assets/liabilities, net	13	14	241	237	-228	-223

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in the Group concerning loss carry-forwards for operations in China amounting to SEK 430 million (353) and can be utilized for a period of five years. It is unlikely that it will be possible to utilize them against future taxable gains.

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

	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	-63	2	—	—	-61
Inventories	8	—	—	—	8
Trade receivables	2	-2	—	—	—
Provisions for pensions	15	—	9	—	24
Tax allocation reserves	-52	-10	—	—	-62
Lease liabilities	66	-2	—	—	64
Other	69	-19	-1	—	49
Loss carry-forwards	3	—	—	—	3
Total	-207	-25	8	1	-223

	Balance at Jan. 1, 2024	Recognized in profit for the year	Recognized in other comp. income	Business acquisitions	Balance at Dec. 31, 2024
Non-current intangible assets	-80	2	—	—	-78
Property, plant and equipment	-168	-8	—	—	-176
Right-of-use assets	-61	23	—	—	-38
Inventories	8	3	—	—	11
Provisions for pensions	24	—	3	—	27
Tax allocation reserves	-62	-11	—	—	-73
Lease liabilities	64	-24	—	—	40
Other	49	5	2	—	56
Loss carry-forwards	3	—	—	—	3
Total	-223	-10	5	—	-228

Tax attributable to other comprehensive income

	2024	2023
Deferred tax attributable to provisions for pensions (PRI)	3	9
Deferred tax on currency forwards	2	-1
Total	5	8

Global minimum tax Pillar II (additional tax)

Following adopted Pillar II legislation, the Group has reported additional tax of SEK 1 million in Switzerland. The Group's other jurisdictions come under the transitional safe harbor rules (relief rules).

Note 10 Earnings per share

	2024	2023
Profit for the year attributable to Parent Company shareholders	658	435
Average number of ordinary shares outstanding	269,377,080	269,377,080
Earnings per share in kronor, basic and diluted (SEK)	2.44	1.61
Non-recurring items*	—	110
Profit for the year attributable to Parent Company shareholders after adjustment for non-recurring items	658	545
Earnings per share in kronor excluding non-recurring items, basic and diluted (SEK)	2.44	2.02

*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.

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 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 1,525,000) 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 policy**

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 impairment. Impairment testing has been conducted for Medical Solutions at segment level/business area level and for Engineered Solutions at segment level/business area level, but excluding the constituent business unit Materials, which is tested separately.

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 judgments by 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, 2023	44	4	551	2,163	2,762
Investments	3	—	—	—	3
Acquisitions	—	—	4	10	14
Reclassifications	1	—	—	—	1
Translation effects	—	—	-8	-33	-41
At January 1, 2024	48	4	547	2,140	2,739
Investments	5	1	—	—	6
Reclassifications	2	—	—	—	2
Translation effects	1	—	39	150	190
At December 31, 2024	56	5	586	2,290	2,937
ACCUMULATED DEPRECIATION					
At January 1, 2023	-32	-3	-255	—	-290
Depreciation for the year	-5	—	-44	—	-49
Translation effects	—	—	1	—	1
At January 1, 2024	-37	-3	-298	—	-338
Depreciation for the year	-6	—	-45	—	-51
Reclassifications	-3	—	—	—	-3
Translation effects	-1	—	-18	—	-19
At December 31, 2024	-47	-3	-361	—	-411
Carrying amount at December 31, 2023	11	1	249	2,140	2,401
Carrying amount at December 31, 2024	9	2	225	2,290	2,526

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

Goodwill is allocated to Group segments as follows:

	2024	2023
Medical Solutions	1,756	1,632
Engineered Solutions	481	460
Materials	53	48
Total	2,290	2,140

Assumptions in impairment testing

	Medical Solutions		Engineered Solutions		Materials	
	2024	2023	2024	2023	2024	2023
Risk-free rate, %	3.47	3.43	3.97	3.95	2.27	2.38
Tax rate, %	19.4	19.2	17.2	18.1	21.5	21.6
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, %	12.2	12.1	13.6	13.7	12.2	12.3

Note 12 Property, plant and equipment

Accounting policy

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

The principle of componentization is applied for the depreciation of property, plant and equipment. 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, 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 January 1, 2024	1,541	4,570	491	289	6,891
Investments	153	120	14	382	669
Sales/disposals	-1	-340	-5	—	-346
Reclassifications	42	151	4	-197	—
Translation effects	66	162	15	18	261
At December 31, 2024	1,801	4,663	519	492	7,475
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
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 January 1, 2024	-596	-3,132	-351	—	-4,079
Depreciation/amortization for the year	-74	-376	-37	—	-487
Sales/disposals	1	333	4	—	338
Translation effects	-16	-102	—	—	-118
At December 31, 2024	-685	-3,277	-384	—	-4,346
Carrying amount at December 31, 2023	945	1,438	140	289	2,812
Carrying amount at December 31, 2024	1,116	1,386	135	492	3,129

Note 13 Leases

Accounting policy

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, 2023	446	15	17	478
Additional contracts during the year	85	—	1	86
In new companies on acquisition	5	—	—	5
Other revaluations of IFRS 16 contracts	-81	-12	-4	-97
Translation effects	-9	—	—	-9
At January 1, 2024	446	3	14	463
Additional contracts during the year	8	—	—	8
Disposals for the year	-129	—	—	-129
Revaluations of IFRS 16 contracts	-55	—	—	-55
Translation effects	20	—	—	20
At December 31, 2024	290	3	14	307
ACCUMULATED DEPRECIATION/AMORTIZATION				
At January 1, 2023	-167	—	-6	-173
Depreciation/amortization for the year	-81	—	-3	-84
Other revaluations of IFRS 16 contracts	69	-2	4	71
Translation effects	5	—	—	5
At January 1, 2024	-174	-2	-5	-181
Depreciation/amortization for the year	-63	—	-3	-66
Other revaluations of IFRS 16 contracts	129	—	—	129
Translation effects	-8	—	—	-8
At December 31, 2024	-116	-2	-8	-126
Carrying amount at December 31, 2023	272	1	9	282
Carrying amount at December 31, 2024	174	1	6	181

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

	2024	2023
Opening balance	293	314
Other revaluations of IFRS 16 lease liabilities	-55	-26
Additional IFRS 16 lease liabilities for the year	8	91
Repayments	-69	-82
Translation effects	11	-4
At December 31	188	293
Long-term financial lease liability	146	213
Short-term financial lease liability	42	80
Total financial lease liability	188	293

Maturity structure for lease payments

	2024	2023
Matures 2024	—	81
Matures 2025	43	46
Matures 2026	26	32
Matures 2027	19	26
Matures 2028	19	—
Matures 2029 (2028) and after	108	143
Total financial lease liability	215	328

Maturity structure for lease liabilities

	2024	2023
Matures 2024	—	80
Matures 2025	42	43
Matures 2026	25	30
Matures 2027	18	24
Matures 2028	16	—
Matures 2029 (2028) and after	87	116
Total financial lease liability	188	293

Carrying amounts for leases in the consolidated income statement

	2024	2023
Amortization of rights of use	-66	-84
Interest expenses on lease liabilities	-7	-10
Lease expenses for short-term leases	-5	-3
Lease expenses for low-value assets	-1	-1
Total in consolidated income statement	-79	-98

Effects of IFRS 16 on consolidated income statement

	2024	2023
Cost of goods sold	77	93
EBITDA (increase in performance indicator)	77	93
Depreciation in cost of goods sold	-66	-84
EBITA/EBIT (increase in performance indicator)	11	9
Interest expenses	-7	-10
Profit after financial income and expenses (increase/reduction in performance indicator)	4	-1
Tax	-1	—
Profit after tax (increase/reduction in performance indicator)	3	-1
Effect on basic earnings per share (SEK)	—	—

Effects of IFRS 16 on consolidated cash flow statement

	2024	2023
Operating profit	11	9
<i>Adjustments for items not included in cash flow:</i>		
Depreciation/amortization	66	84
Interest paid	-7	-10
Cash flow from operating activities before changes in working capital	70	83
Other changes in working capital	—	—
Cash flow from operating activities	70	83
Cash flow from financing activities	-70	-83
Cash flow for the period	—	—

Note 14 Financial assets

Accounting policy

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 2024

	Amortized cost	Fair value via other comprehensive income	Derivatives – identified for hedge accounting	Derivatives at fair value via profit or loss	2024 Total
Non-current financial assets ¹⁾	—	2	—	—	2
Trade receivables	1,558	—	—	—	1,558
Other current financial assets (see Note 30)	—	—	—	3	3
Cash and cash equivalents	672	—	—	—	672
Carrying amount	2,230	2	—	3	2,235
Fair value	2,230	2	—	3	2,235

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	32
Standard & Poor's: AAA	63
Standard & Poor's: AA-	28
Standard & Poor's: A+	56
Standard & Poor's: A	66
Standard & Poor's: A-	403
Standard & Poor's: BBB+	11
Standard & Poor's: BBB	11
Other (credit rating not available)	2
	672

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).

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 essentially 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.

	2024	2023
Trade receivables	1,565	1,533
Deduction: Provision for expected credit losses	-7	-8
Carrying amount	1,558	1,525

The average period of credit in 2024 was 58 days (58). Trade receivables as a percentage of sales amounted to 16.1% (16.0%). During the year, the Group reversed SEK 2 million (12) of provisions for expected credit losses at the start of the year. Provisions for the year totaled SEK 1 million (2). The credit quality of trade receivables not past due and not impaired, and of other financial receivables is deemed to be good.

Trade receivables

	Total	Not past due	Past due ≤ 15 days	Past due 16–30 days	Past due 31–60 days	Past due > 60 days
Expected gross amount	1,565	1,253	163	63	30	56
Expected credit losses	-7	-3	-1	—	—	-3
December 31, 2024	1,558	1,250	162	63	30	53
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

Note 15 Inventories

Accounting policy

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.

	2024	2023
Raw materials and supplies	585	613
Products in manufacturing	82	88
Finished goods and goods for resale	516	495
Total	1,183	1,196

During the year, the Group impaired inventories by SEK 32 million (50). Impairment losses are included in cost of goods sold in the income statement.

During the year, reversed impairment losses amounted to SEK 29 million (34). 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

	2024	2023
Other receivables	81	81
Prepaid expenses	110	80
Accrued income	13	14
Contract assets relating to development work and development of production tools (see also Note 4)	161	117
Closing balance	365	292

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.:

	2024	2023
Share capital	135	135
Other capital contributed	488	488
Translation reserve	775	449
Hedging reserves	-2	6
Retained earnings, incl. profit for the year	4,342	4,093
Total capital attributable to Parent Company shareholders	5,738	5,171

The Group has an incentive program – Incentive Program 2022/2028. Upon full subscription of remaining warrants, the program provides a maximum of 4,960,000 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. Target fulfillment is shown below.

	2024		2023	
	Financial targets	Outcome	Financial targets	Outcome
EBITA margin	>10%	9.9%	>10%	7.3%
Cash conversion	>75%	86.0%	>75%	65.0%
Equity/assets ratio	>35%	59.0%	>35%	56.0%

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 2024, the Board proposes an unchanged dividend of SEK 1.50 per share (1.50), corresponding to SEK 404 million (404). The pay-out ratio is 61% (74, excluding non-recurring items in 2023).

Note 18 Other reserves

	Hedging reserves	Translation reserve	Total
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
Opening balance, January 1, 2024	6	449	455
Cash flow hedges:			
Loss from fair value measurement during the year	-10	—	-10
Tax from fair value measurement	2	—	2
Translation differences	—	326	326
Closing balance, December 31, 2024	-2	775	773

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 policy

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.

	Year of maturity	2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
<i>Non-current financial liabilities</i>					
Bank loan in CHF (variable rate) ¹⁾	2026	243	³⁾	240	³⁾
Bank loan in CHF (variable rate) ¹⁾	2027	206	³⁾	406	³⁾
Bank loan in USD (variable rate) ²⁾	2027	825	³⁾	753	690
Bank loan in USD (variable rate)	2027	65	³⁾	141	³⁾
Contingent consideration P&P Technology Ltd (GBP)	2026	2	2	4	4
Lease liabilities (see Note 13)		146	146	213	213
Subtotal of non-current financial liabilities		1,487		1,757	
<i>Current financial liabilities</i>					
Trade payables	2024–2025	704	704	620	620
Bank loan in SEK (variable rate)	< 3 months	—	—	37	37
Contingent consideration P&P Technology Ltd (GBP)	< 12 months	2	2	2	2
Derivatives identified for hedge accounting, at fair value via other comprehensive income (see Note 30)		4	4	5	5
Lease liabilities (see Note 13)		42	42	80	80
Subtotal of current financial liabilities		752		744	
Total		2,239		2,501	

¹⁾ Comprises financing and also hedging instruments for hedging of net investment in foreign business, concerning Nolato Treff AG. These loans carry a variable rate of interest until December 22, 2026 and December 20, 2027.

²⁾ Comprises financing and also hedging instruments for hedging of net investment in foreign business, concerning the United States. This loan carries a variable rate of interest until December 20, 2027.

³⁾ Assessment that the interest rate on the interest-bearing liabilities is on market terms as at December 31, 2024 and that the fair value at the balance sheet date therefore in all material respects corresponds to the carrying amount.

Interest-bearing liabilities

At year-end, the Group's interest-bearing liabilities excluding pension liability and lease liabilities amounted to SEK 1,343 million (1,583).

Terms and repayment periods

Total credit lines granted in the Group amount to SEK 3,428 million (3,213). Of this amount, SEK 1,149 million matures on December 22, 2026, SEK 450 million on April 25, 2027, and SEK 1,829 million on December 20, 2027. Credit facilities totaling SEK 3,428 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). Verification that the loan terms are met is performed quarterly. The Group has fulfilled the loan covenants throughout the entire period. There are no indications that the Group would have difficulty fulfilling the covenants when next tested as at the quarterly reporting date of March 31, 2025. 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 policy

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 for employees and former employees is payable based on their salary at the time they retired and the number of vesting years. 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 mortgage 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.

	2024	2023
Net present value of defined benefit pension schemes in Sweden	142	133
Net present value of pension scheme in Switzerland	97	92
Other provisions for pensions	2	3
Total	241	228

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, invested in a Swiss pension fund. The fair value of the pension assets is established in accordance with Level 1: according to prices listed on an active market for the same instrument.

Fair value of the defined benefit pension schemes:

	2024	2023
Opening balance	225	171
Benefits vested during the period in Sweden	3	2
Change in scheme provision in Switzerland	-2	-4
Interest expenses	5	5
Pension payments	-7	-6
Exchange rate effect	2	3
Actuarial gain (-)/loss (+)	13	54
Total	239	225

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

	2024	2023
Net present value of pension commitments, funded pension scheme	541	491
Fair value of pension assets	-444	-399
Net debt, funded pension scheme*	97	92

* The net present value of expected net debt for 2025 is SEK 99 million (balance sheet date rate at Dec. 31, 2024).

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

	2024	2023
Cash and cash equivalents	0.0%	0.0%
Shares	30.1%	29.4%
Bonds	47.5%	48.0%
Property funds	19.6%	19.9%
Other investments	2.8%	2.7%

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

	2024	2023
Expenses related to service during the current year in Sweden	3	2
Change in scheme provision in Switzerland	-2	-4
Expense for special employer's contribution in Sweden	1	1
Total pension expenses in operating earnings from defined benefit schemes	2	-1
Interest expense	5	5
Total expenses from defined benefit pension schemes	7	4
Expense for defined contribution schemes	129	133
Expense for special employer's contribution	15	13
Total pension expenses	151	150

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

	2024	2023
Actuarial gains (+)/losses (-)	-13	-54
Special employer's contribution	-2	-3
Deferred income tax	3	9
Total	-12	-48

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

	2024	2023
Discount rate	3.00%	3.20%
Inflation	1.80%	1.60%
Future annual salary increases	2.90%	2.70%
Employee turnover	5.00%	5.00%
Lifespan	DUS23	DUS23
Duration regarding pension commitments (years)	15.0	15.0

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

	2024	2023
Discount rate	0.90%	1.50%
Interest on pension credits	1.25%	1.75%
Inflation	1.20%	1.50%
Future annual salary increases	1.50%	2.00%
Future annual pension increases	0.00%	0.00%
Duration regarding pension commitments (years)	15.3	14.9

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

	Sweden 2024	Switzerland 2024
Discount rate +0.5%	-11	-38
Discount rate -0.5%	10	43
Inflation +0.5%	8	5
Inflation -0.5%	-9	-5
Salary increase +0.5%	3	7
Salary increase -0.5%	-3	-7

Pension commitments within Alecta in Sweden

Charges for the year for pension insurance policies held with Alecta totaled SEK 8 million (7). Expected charges in next reporting period for ITP 2 policies held with Alecta amount to SEK 4 million. Alecta's surplus can be allocated to policyholders and/or insured parties. At December 31, 2024, Alecta's surplus, in the form of the collective funding ratio, amounted to 162% (158). 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 policy

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:

	2024	2023
Special employer's contribution acc. to IAS 19 for PRI pension liability	12	10
Special employer's contribution regarding endowment insurance	8	7
Product guarantees and customer claims	43	52
Other	2	2
Closing amount	65	71

Note 22 Other current liabilities

	2024	2023
Customer advances relating to products	49	15
Contract liabilities relating to development work and development of production tools (see also Note 4)	258	283
Other current liabilities	113	126
<i>Accrued expenses and deferred income</i>		
Salary liabilities	245	199
Social security contributions	101	75
Deliveries of goods received, not invoiced	28	30
Energy costs	22	22
Claims	25	30
Maintenance	16	19
Tooling	8	5
Machinery and spare parts	19	25
Other items	166	178
Subtotal of accrued expenses and deferred income	630	583
Total	1,050	1,007

Note 23 Pledged assets and contingent liabilities

Pledged assets*

	2024	2023
Company mortgage	4	3

* Pledged assets for liabilities to credit institutions.

Contingent liabilities

	2024	2023
Guarantee commitment, FPG/PRI	2	2
Guarantee commitment, EU subsidy	43	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:

	2024	2023
Cash and bank balances	649	685
Credit balance on Group account in Parent Company	23	3
Total cash and cash equivalents reported in the cash flow statement	672	688

Unutilized credit

At the balance sheet date, unutilized credit within the Group stood at SEK 2,089 million (1,636).

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

	2024	2023
Opening balance for non-current and current financial liabilities	1,881	2,044
<i>Changes affecting cash flow</i>		
Borrowings	—	56
Repayment of loans	-332	-101
Amortization of lease liabilities	-69	-82
<i>Changes not affecting cash flow</i>		
Translation effects	103	-86
Other revaluations and additional IFRS 16 lease liabilities for the year, see Note 13	-47	65
Revaluation of contingent consideration GW Plastics Inc. acquisition	—	-10
Change in derivatives	-1	-5
Closing balance for non-current and current financial liabilities	1,535	1,881

Note 26 Events after the end of the financial year

No significant events have occurred since the end of the period, but 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 for senior executives

Salaries and other remuneration for 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 2024, Group management comprised six individuals, in addition to the President and CEO. These individuals included CFO Per-Ola Holmström, President of Medical Solutions Johan Iveberg, President of Engineered Solutions Anders Björklund, Head of Materials within Engineered 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 62.

Any assignment taken on by individual Board members on behalf of the company in addition to Board work was 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 two other Board members. 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 for 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 and environmental KPI. 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 2024, the outcome for the President and CEO was 52% of base salary (23) and for senior executives it was 21–44% of base salary (10–23).

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 consequently entitles the holder to subscribe for one (1) new B share. The warrants were transferred to some 20 individuals on Nolato's management team on market terms, at a price established based on estimated market value for the warrants, applying the Black & Scholes valuation model. The maximum dilution effect of all of the incentive programs' three series was expected to amount to a total of approximately 3% of share capital and 1.6% of votes (calculated based on the number of existing shares), assuming full subscription and full exercise of all warrants.

Incentive Program 2019/2024 – Series 2019/2022

It was decided not to implement this part of the program.

Incentive Program 2019/2024 – Series 2020/2023

Total subscribed warrants amounted to 287,500 and the price per warrant was SEK 7.10. The subscription price for a B share 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 was SEK 140.20. The warrants could be exercised to subscribe for shares as of May 1, 2024, up to and including December 15, 2024. No warrants have been exercised to subscribe for shares during the subscription period.

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.

Incentive Program 2022/2028 – Series 2024/2028

Total subscribed warrants amounted to 1,525,000 and the price per warrant was SEK 4.66. The subscription price for a B share is SEK 68.00. The warrants can be exercised to subscribe for shares as of December 15, 2027, up to and including June 15, 2028.

Pensions

The retirement age for the President and CEO and other senior executives is 65. The President and CEO's pension premium amounted to 33% (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 2024, the average pension premium was 31% of base salary (31). 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

	2024		2023	
	Men	Women	Men	Women
Parent Company Board including CEO	8	3	8	3
Group management including CEO	6	1	6	1

Remuneration for 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 premium	Other remuneration ⁴⁾	Total
Remuneration and other benefits in 2024						
Chairman of the Board, Fredrik Arp	1,132	—	—	—	—	1,132
Board member, Carina van den Berg	462	—	—	—	—	462
Board member, Tomas Blomquist	325	—	—	—	—	325
Board member, Sven Boström	325	—	—	—	—	325
Board member, Klas Forsström	366	—	—	—	—	366
Board member, Lovisa Hamrin	366	—	—	—	—	366
Board member, Åsa Hedin	395	—	—	—	—	395
Board member, Erik Lynge-Jorlén	395	—	—	—	—	395
President and CEO, Christer Wahlquist	6,444	4,517	133	2,133	284	13,511
Executive Vice President, Per-Ola Holmström	3,600	2,142	112	1,275	132	7,261
Other senior executives in Group management (5 people)	12,720	6,723	380	3,836	862	24,521
Total	26,530	13,382	625	7,244	1,278	49,059

SEK thousand	Base salary/ Director's fee ¹⁾	Variable remuneration ²⁾	Other benefits ³⁾	Pension premium	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
Executive 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

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 for auditors

The company's auditing firm received remuneration as follows:

SEK thousand	2024	2023
EY		
Auditing	6,695	8,337
Tax assignments	546	168
Other assignments	677	959
Total	7,918	9,464

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 for other auditing firms for auditing assignments has amounted to SEK 1,081 thousand (1,555).

Note 29 Average number of employees

	2024		2023	
	Number	Of which men	Number	Of which men
Parent Company in Sweden				
Nolato AB, Torekov	13	69%	12	75%
Subsidiaries in Sweden				
Be-Må Molds AB, Värnamo	9	78%	4	50%
Nolato Cerbo AB, Trollhättan	166	72%	170	68%
Nolato Gota AB, Götene	207	73%	206	76%
Nolato Lövepac AB, Skånes Fagerhult	64	61%	54	65%
Nolato MediTech AB, Hörby	247	64%	259	66%
Nolato MediTor AB, Torekov	114	53%	118	51%
Nolato Plastteknik AB, Gothenburg	122	73%	113	67%
Nolato Polymer AB, Torekov	81	80%	82	80%
Nolato Silikonteknik AB, Hallsberg	90	56%	85	66%
	1,100	67%	1,091	68%
Subsidiaries abroad				
Avenue Mould Solutions Ltd, Ireland	105	81%	99	79%
Cerbo France Sarl, France	1	0%	1	0%
GW Plastics (Dongguan) Ltd, China	400	50%	251	53%
GW Plastics Hong Kong Ltd, China	—	—	2	100%
GW Plastics Mexicana, S. de R.L de C.V., Mexico	109	66%	109	67%
GW Plastics San Antonio, Inc., United States	108	66%	132	71%
GW Plastics Tucson, Inc., United States	199	62%	211	60%
GW Silicones, Inc., United States	55	75%	48	75%
Lövepac Converting Ltd, China	22	55%	36	53%
Lövepac Technology (Shenzhen) Co., Ltd, China	91	42%	118	40%
Nolato Contour, Inc., United States	316	65%	279	65%
Nolato EMC Kft, Hungary	42	40%	37	38%
Nolato GW, Inc., United States	301	69%	305	68%
Nolato Hungary Kft, Hungary	789	56%	757	50%
Nolato Jabar LLC., United States	76	67%	79	67%
Nolato Jaycare Ltd, UK	177	81%	170	79%
Nolato (Malaysia) SDN BHD, Malaysia	177	42%	108	54%
Nolato Medical Device Co. Ltd, China	57	49%	60	47%
Nolato Mobile Comm. Polymers (Beijing) Ltd, China	305	59%	972	54%
Nolato PPT Ltd, UK	22	73%	14	71%
Nolato Romania Srl, Romania	50	48%	50	40%
Nolato Silikonteknik (Beijing) Co., Ltd, China	203	56%	214	55%
Nolato Solutions India Private Ltd., India	10	100%	—	—
Nolato Stargard Sp.zo.o., Poland	126	22%	132	22%
Nolato Technology (Dongguan) Co., Ltd, China	627	62%	81	41%
Nolato Technology (Suzhou) Co., Ltd, China	66	45%	60	43%
Nolato Treff AG, Switzerland	290	62%	304	63%
	4,724	59%	4,629	57%
	5,837	61%	5,732	59%

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 control 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 2024, Nolato's sales to countries outside Sweden accounted for 88% (89) 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 5 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 2024, the Group had currency hedges in relation to anticipated payment flows in 2025 in 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

	2024					2023				
	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
SEKm										
Hedging for intra-group loans										
CHF sold for SEK (Q4)	—	—	—	—	—	128	128	12.2092	—	5
EUR sold for SEK (Q4)	33	33	11.5072	—	—	12	12	11.2754	1	—
GBP sold for SEK (Q4)	62	61	13.6680	—	-2	91	89	12.9642	-1	4
PLN sold for SEK (Q4)	32	32	2.5968	—	—	32	31	2.5432	1	—
USD purchased with SEK (Q4)	20	18	10.7337	—	6	134	129	10.2983	—	-5
Total	147	144		—	4	397	389		1	4
Cash flow hedges EUR										
EUR sold for SEK (Q1)	39	38	11.5189			27	26	11.6154		
EUR sold for SEK (Q2)	25	25	11.4669			17	16	11.8479		
EUR sold for SEK (Q3)	20	20	11.4317			12	11	11.5971		
EUR sold for SEK (Q4)	8	8	11.4780			5	5	11.3377		
Total	92	91			-2	61	58		1	3
Cash flow hedges USD										
USD sold for SEK (Q1)	50	52	10.6858			45	42	10.6590		
USD sold for SEK (Q2)	41	43	10.5966			34	31	10.8232		
USD sold for SEK (Q3)	24	24	10.5775			25	23	10.7274		
USD sold for SEK (Q4)	13	13	10.7060			11	10	10.3297		
Total	128	132		-3	-8	115	106		2	3

Gains and losses in other comprehensive income in relation to currency forward contracts at December 31, 2024 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	182	92	51%	11.4823
USD	255	128	50%	10.6390
Total	437	220	50%	

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	90	+/-5%	+/-5
USD	127	+/-5%	+/-6
Total	217		+/-11

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	868	-43
Nolato Mobile Comm. Polymers (Beijing), CNY	251	-13
Nolato Technology (Suzhou), CNY	74	-4
Nolato (Malaysia), SDN, BHD, USD	57	-3
Nolato Silikonteknik (Beijing), CNY	42	-2
Nolato Stargard, PLN	25	-1
Nolato Romania, RON	20	-1
Nolato Medical Device (Beijing), CNY	-6	—
Lövepac Technology (Shenzhen), CNY	-10	1
Lövepac Converting, CNY	-19	1
Nolato Technology (Dongguan), CNY	-73	4
Total	1,229	-61

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 2024 (SEKm)	Future interest expense year 2025	Year 2026	Year 2027	Maturity date	Interest sensitivity in case of +1%
Interest-bearing liabilities (non-current)						
Bank loans, USD (variable rate) ¹⁾	825	14	14	14	Dec. 20, 2027	8
Bank loans, USD (variable rate) ¹⁾	65	4	4	4	Dec. 20, 2027	1
Bank loans, CHF (variable rate) ¹⁾	206	4	4	4	Dec. 20, 2027	2
Bank loans, CHF (variable rate) ¹⁾	243	4	4	—	Dec. 22, 2026	2
Contingent consideration P&P Technology Ltd, GBP	2					
Subtotal	1,341	26	26	22		13
Interest-bearing liabilities (current)						
Contingent consideration P&P Technology Ltd, GBP	2					
Subtotal	2					
Pension liabilities						
Pension liability, SEK ²⁾	144	4				
Pension liability, CHF ²⁾	97	1				
Subtotal	241	5				
Total liabilities	1,584					
Interest-bearing assets						
Cash and cash equivalents	672					
Net financial liabilities	912					

¹⁾ The future variable interest is based on the interest charge in 2024 and will vary in subsequent years.

²⁾ As per forecast.

At year-end, the Group's financial liabilities stood at SEK 2,480 million (2,729). 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	512	178	10	4	704

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 2,235 million (2,228) at the balance sheet date. The exposure comprises the carrying amount of all financial assets.

Credit risk (SEKm)

	2024	2023
Trade receivables	1,558	1,525
Other receivables	2	2
Derivatives	3	13
Cash and cash equivalents	672	688
Total	2,235	2,228

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. in 2023

Description of P&P Technology Ltd.

Nolato has acquired UK-based P&P Technology. The company, which has annual sales equalling 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, 2023 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 earnings for the period 2023–2025. 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 Materials business unit, which is part of the Engineered Solutions business area. The goodwill is not tax-deductible under UK tax rules.

Net assets

	Balance sheet at time of acquisition	Adjust- ment 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 in 2023

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, 2023 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

	2024	2023	2022	2021	2020
Performance indicators according to IFRS¹⁾					
Operating profit (EBIT) (SEKm)	913	657	867	1,333	1,048
Diluted earnings per share after tax (SEK)*	2.44	1.61	2.59	4.32	3.02
Performance indicators (alternative performance measures)¹⁾					
Reversal of amortization of intangible assets arising in connection with acquisitions	45	44	41	36	18
Operating profit (EBITA) (SEKm)	958	701	908	1,369	1,066
Performance indicators per share (alternative performance measures)¹⁾					
Profit after tax for the year (SEKm)	658	435	697	1,160	806
Average number of shares, basic*	269,377,080	269,377,080	269,377,080	268,491,580	266,311,680
Basic earnings per share, (SEK)*	2.44	1.61	2.58	4.32	3.03
Non-recurring items	—	110	-41	-165	25
Profit after tax for the year excluding non-recurring items	658	545	656	995	831
Basic earnings per share excluding non-recurring items (SEK)*	2.44	2.02	2.44	3.71	3.12
Average number of shares, diluted*	269,377,080	269,377,080	269,377,080	268,779,516	266,560,960
Diluted earnings per share (SEK)*	2.44	1.61	2.59	4.32	3.02
Diluted earnings per share excluding non-recurring items (SEK)*	2.44	2.02	2.44	3.70	3.12
Sales and profit (alternative performance measures)¹⁾					
Net sales (SEKm)	9,664	9,546	10,774	11,610	9,359
Sales growth (%)	1	-11	-7	24	18
Profit after financial income and expenses (SEKm)	848	616	875	1,401	1,014
Profit for the year (SEKm)	658	435	697	1,160	806
Cash flow (alternative performance measures)¹⁾					
Cash flow from operating activities (SEKm)	1,377	781	406	1,228	1,164
Investing activities (SEKm)	-636	-444	-451	-782	-1,695
Cash flow after investing activities (SEKm)	741	337	-45	446	-531
Cash flow from operating activities per share, before dilution (SEK)*	5.11	2.90	1.51	4.58	4.37
Cash flow after investing activities excluding acquisitions and disposals per share, before dilution, (SEK)*	2.76	1.66	0.03	1.66	3.40
Cash conversion (%)	86	65	1	35	87
Financial position (alternative performance measures)¹⁾					
Total assets (SEKm)	9,688	9,300	10,007	10,055	8,684
Shareholders' equity (SEKm)	5,738	5,171	5,392	4,768	3,699
Interest-bearing liabilities and provisions (SEKm)	1,772	2,104	2,206	2,041	2,417
Net financial liabilities, excluding pension and lease liabilities (SEKm)	671	895	708	51	298
KPIs (alternative performance measures)¹⁾					
Return on total capital before tax (%)	9.5	6.9	9.1	15.7	14.3
Return on capital employed before tax (%)	12.3	9.0	12.8	22.8	20.7
Return on operating capital before tax (%)	13.5	9.7	14.4	27.1	29.2
Return on net shareholders' equity (%)	12.2	8.1	13.6	28.0	23.9
EBITA margin (%)	9.9	7.3	8.4	11.8	11.4
Profit margin (%)	8.8	6.5	8.1	12.1	10.8
Equity/assets ratio (%)	59	56	54	47	43
Debt/equity ratio (times)	0.3	0.4	0.4	0.4	0.7
Interest coverage ratio (times)	13	10	17	34	28
Average number of employees	5,837	5,732	6,627	8,669	6,721

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 103.

* At the end of the period, the Group has incentive programs, for more information see Note 27.

Alternative performance measures

SEKm unless otherwise specified	2024	2023
Operating profit (EBITDA)	1,517	1,253
Non-recurring items	—	60
Adjusted operating profit (EBITDA)	1,517	1,313
Operating profit (EBIT)	913	657
Reversal of amortization of intangible assets arising in connection with acquisitions	45	44
Operating profit (EBITA)	958	701
Non-recurring items	—	60
Adjusted operating profit (EBITA)	958	761
EBITA margin (%)	9.9	7.3
Adjusted EBITA margin (%)	9.9	8.0
Profit after financial income and expense	848	616
Non-recurring items	—	60
Adjusted profit after financial income and expenses	848	676
Profit margin (%)	8.8	6.5
Adjusted profit margin (%)	8.8	7.1
Profit after tax	658	435
Non-recurring items	—	110
Adjusted profit after tax	658	545
Cash flow after investments, excluding acquisitions and disposals	743	446
Non-recurring items (affecting cash flow)	41	18
Adjusted cash flow after investments, excluding acquisitions and disposals	784	464
Operating profit (EBIT)	913	657
Non-recurring items	—	60
Adjusted operating profit (EBIT)	913	717
Cash conversion (%)	86	65

Including a non-recurring item of SEK 41 million (18) in cash flow after investments, excluding acquisitions and disposals, which relates to concentration of the Chinese operations and was commenced in the third quarter of 2023.

Including a non-recurring item of SEK -60 million in operating profit related to concentration of the Chinese operations and SEK -50 million in tax expense, which had a total effect on profit after tax in 2023 of SEK -110 million. These non-recurring items were recognized at Group level and have consequently not affected the profit of the business areas.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
SEKm unless otherwise specified	2024	2024	2024	2024	2023	2023	2023	2023	2022
Profit after financial income and expenses, rolling 12 mths	848	782	675	652	616				
Financial expenses, rolling 12 mths	69	77	77	74	70				
Adjusted profit after financial exp., rolling 12 mths	917	859	752	726	686				
Total capital at end of period	9,688	9,476	9,809	9,746	9,300	9,924	10,211	10,147	10,007
Average total capital, past five quarters	9,604	9,651	9,798	9,866	9,918				
Return on total capital (%)	9.5	8.9	7.7	7.4	6.9				
Adjusted profit after financial exp., rolling 12 mths	917	859	752	726	686				
Capital employed at end of period	7,510	7,366	7,595	7,691	7,275	7,581	7,826	7,726	7,597
Average capital employed, past five quarters	7,487	7,502	7,594	7,620	7,601				
Return on capital employed (%)	12.3	11.5	9.9	9.5	9.0				
Operating profit (EBIT), rolling 12 mths	913	850	749	701	657				
Capital employed at end of period	7,510	7,366	7,595	7,691	7,275	7,581	7,826	7,726	7,597
Cash and bank balances at end of period	672	718	770	664	688	720	815	932	1,011
Operating capital at end of period	6,838	6,648	6,825	7,027	6,587	6,861	7,011	6,794	6,586
Average operating capital, past five quarters	6,785	6,790	6,862	6,856	6,768				
Return on operating capital (%)	13.5	12.5	10.9	10.2	9.7				
Profit after tax, rolling 12 mths	658	570	475	461	435				
Shareholders' equity at end of period	5,738	5,315	5,280	5,540	5,171	5,382	5,349	5,534	5,392
Average shareholders' equity, past five quarters	5,409	5,338	5,344	5,395	5,366				
Return on shareholders' equity (%)	12.2	10.7	8.9	8.5	8.1				

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 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 with measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS.

> 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 program is added if they are in the money, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

> Cash conversion

Cash flow after investments, excluding acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted to take account of any non-recurring items.

> Cash flow from operating activities per share

Cash flow from operating activities divided by 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 (EBITA)

Earnings before interest, taxes and amortization of intangible assets arising from acquisitions.

> Operating profit (EBITDA)

Earnings before interest, taxes, depreciation and amortization.

> 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

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.

> Clean room

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 Electro Magnetic Compatibility, which is the purpose of the shielding.

Parent Company income statement

SEKm	Note	2024	2023
Net sales	2	96	81
Selling expenses	6, 12	-6	-6
Administrative expenses	3, 6, 12	-86	-74
Other operating income	4	10	6
Other operating expenses	5	-49	-50
	12	-131	-124
Operating profit/loss		-35	-43
Revenue from investments in Group companies	7	8	42
Financial income	8	52	54
Financial expenses	9	-62	-79
		-2	17
Profit/loss after financial income and expense		-37	-26
Appropriations	10	346	390
Tax	11	-63	-68
Profit/loss for the year		246	296

Parent Company comprehensive income

SEKm	2024	2023
Comprehensive income for the year	246	296

Parent Company balance sheet

SEKm	Note	2024	2023
Assets			
Non-current assets			
Non-current intangible assets		2	—
Property, plant and equipment		—	1
Total non-current assets		2	1
Non-current financial assets			
Investments in Group companies	13	3,424	3,424
Receivables from Group companies	16	723	810
Deferred tax assets	11	6	5
Other non-current receivables		2	2
Total non-current financial assets		4,155	4,241
Total non-current assets		4,157	4,242
Current assets			
Receivables from Group companies		615	660
Other receivables		7	7
Prepaid expenses and accrued income		28	23
Total current assets		650	690
Cash and bank balances		23	3
Total assets		4,830	4,935
Shareholders' equity and liabilities			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital (269,377,080 shares)	14	135	135
Statutory reserve		488	488
Total restricted equity		623	623
<i>Unrestricted equity</i>			
Retained earnings		1,761	1,869
Profit/loss for the year		246	296
Total unrestricted equity		2,007	2,165
Total shareholders' equity		2,630	2,788
Untaxed reserves	19	351	296
Provisions			
Other provisions	17	8	7
Total provisions		8	7
Non-current liabilities			
Liabilities to credit institutions	15	1,274	1,399
Liabilities to Group companies	16	262	55
Total non-current liabilities		1,536	1,454
Current liabilities			
Trade payables		8	15
Liabilities to Group companies		219	310
Current tax liabilities		35	32
Other liabilities		14	17
Accrued expenses and deferred income	18	29	16
Total current liabilities		305	390
Total liabilities and shareholders' equity		4,830	4,935

Parent Company changes in shareholders' equity

SEKm	Restricted equity		Unrestricted equity	Total shareholders' equity
	Share capital	Statutory reserve	Retained earnings	
Opening balance, Jan. 1, 2023	135	488	2,381	3,004
Profit/loss 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
Opening balance, Jan. 1, 2024	135	488	2,165	2,788
Profit/loss for the year	—	—	246	246
Other comprehensive income for the year	—	—	—	—
Comprehensive income for the year	—	—	246	246
Dividend for 2023	—	—	-404	-404
Closing balance, Dec. 31, 2024	135	488	2,007	2,630

Parent Company cash flow statement

SEKm	Note	2024	2023
Operating activities			
Operating profit		-35	-43
Adjustments for items not included in cash flow		6	3
Dividends from subsidiaries		16	33
Interest received		52	54
Interest paid		-55	-46
Realized exchange rate differences		7	-11
Income tax paid		-61	-40
Cash flow from operating activities before changes in working capital		-70	-50
Changes in working capital			
Changes in operating receivables and operating liabilities		-81	615
Cash flow from operating activities		-151	565
Investing activities			
Acquisition of non-current intangible assets		-2	
Acquisition of non-current financial assets		-1	
Shareholders' contribution		-7	-320
Cash flow from investing activities		-10	-320
Cash flow before financing activities		-161	245
Financing activities			
Repayment of loans	15	-208	-94
Change in long-term intra-Group transactions		354	128
Dividend paid		-404	-512
Group contribution received		439	230
Cash flow from financing activities		181	-248
Cash flow for the year		20	-3
Cash and cash equivalents, opening balance		3	6
Cash and cash equivalents, closing balance*		23	3

* 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 IFRSs 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 with due consideration for 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 864 thousand (783). Over the next three years, lease payments will amount to a total of approx. SEK 1,149 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, 2024 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 225 k (239). 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

	2024	2023
Sales of services to subsidiaries	96	81
Purchase of services from subsidiaries	36	29

Note 3 Information on remuneration for auditors

The company's auditing firm received remuneration as follows:

SEK thousand	2024	2023
EY		
Auditing	1,092	1,339
Tax assignments	448	168
Other assignments	645	929
Total	2,185	2,436

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

	2024	2023
Effect of exchange rate on operating receivables/liabilities	10	6

Note 5 Other operating expenses

	2024	2023
Effect of exchange rate on operating receivables/liabilities	4	13
Costs for personnel who are not employed by the Parent Company and their overheads	45	37
Total	49	50

Note 6 Personnel

Average no. of employees

	2024		2023	
	Number	Of which men	Number	Of which men
Nolato AB, Torekov	13	69%	12	75%

Employee benefits expense

	2024	2023
Salaries and remuneration	45	34
Pension expenses, defined contribution schemes	8	7
Social security contributions	16	13
Total	69	54

Expensed remuneration and benefits for Board members and the CEO at the Parent Company during the year totaled SEK 15 million (13), of which SEK 5 million (2) relates to bonuses. Social security contributions to Board members and the CEO amounted to SEK 5 million (4). 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

	2024		2023	
	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

	2024	2023
Liquidation and impairment losses	-8	—
Dividend received	16	33
Anticipated dividend	—	9
Total	8	42

Note 8 Financial income

	2024	2023
Interest income, Group companies	49	51
Interest income, credit institutions	3	3
Total	52	54

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

Note 9 Financial expenses

	2024	2023
Interest expenses, Group companies	9	6
Interest expenses, credit institutions	40	34
Other financial expenses	6	6
Exchange rate differences	7	33
Total	62	79

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

Note 10 Appropriations

	2024	2023
Group contributions received	401	439
Reversal of tax allocation reserve	30	46
Provision to tax allocation reserve	-85	-95
Total	346	390

Note 11 Tax

Recognized in the income statement

	2024	2023
Current tax expense (-)/income (+)		
Tax expenses for the period	-64	-74
	-64	-74
Deferred tax expense (-)/income (+)		
Deferred tax in relation to temporary differences	1	6
Total recognized tax expense	-63	-68

Reconciliation of effective tax

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

	2024	2023
Profit before tax	309	364
Tax according to applicable Parent Company tax rate	-64	-75
Coupon tax on anticipated dividends	—	-1
Non-deductible expenses	-2	-1
Non-taxable income	3	9
Recognized effective tax	-63	-68
Deferred tax recognized in the balance sheet	2024	2023
Other provisions	1	1
Other	5	4
Total	6	5

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

	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

	Balance at Jan. 1, 2024	Recognized in profit for the year	Balance at Dec. 31, 2024
Other provisions	1	—	1
Other	4	1	5
Total	5	1	6

Note 12 Expenses allocated by type of cost

	2024	2023
Employee benefits expense	-69	-54
Consulting expenses	-5	-10
Travel expenses	-4	-4
Advertising and PR	-4	-5
Effect of exchange rate on operating receivables/liabilities, net	6	-7
Costs for personnel who are not employed by the Parent Company and their overheads (charged on)	-45	-37
Other costs	-10	-7
Total	-131	-124

Note 13 Investments in Group companies

	2024	2023
Opening acquisition cost	3,791	3,471
Shareholders' contribution	7	320
Newly formed subsidiary	1	—
Closing accumulated acquisition cost	3,799	3,791
Opening accumulated impairment losses	-367	-367
Impairment losses and liquidation for the year	-8	—
Closing accumulated impairment losses	-375	-367
Carrying amount	3,424	3,424

	Participating interest		Carrying amount	
	2024	2023	2024	2023
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, Värnamo, Sweden	100%	100%	7	7
Injection Moulding Solutions Europe AB, Götene, 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%	—	1
Nolato EMC Kft, Hungary*	100%	100%	24	24
Nolato Holding USA Inc., United States	100%	100%	1,973	1,973
Nolato Contour Inc., United States*	100%	100%		
Nolato Jabar LLC, United States*	100%	100%		
Nolato GW Inc., United States*	100%	100%		
GW Plastics Mexicana, S. de R.L. de C.V., Mexico*	100%	100%		
GW Plastics Services, S. de R.L. de C.V., Mexico	100%	100%		
GW Silicones Inc., United States*	100%	100%		
GW Plastics San Antonio Inc., United States*	100%	100%		
GW Plastics Tucson Inc., United States*	100%	100%		
GW Plastics HoldCo Ltd, Ireland	100%	100%		
Avenue Mould Solutions Ltd, Ireland*	100%	100%		
GW Plastics Hong Kong Ltd, China	100%	100%		
GW Plastics (Dongguan) Ltd, China*	100%	100%		
Nolato Gota AB, Götene, Sweden*	100%	100%	129	129
Nolato Holdings UK Ltd, UK	100%	100%	70	70
C A Portsmouth Ltd, UK	100%	100%		
Nolato Jaycare Ltd, UK*	100%	100%		
Nolato PPT Ltd, UK	100%	100%		
Nolato Hungary Kft, Hungary*	100%	100%	46	46
Nolato Incentive AB, Torekov, Sweden	100%	100%	—	—
Nolato Lövepac AB, Skånes Fagerhult, Sweden*	100%	100%	10	10
Nolato (Malaysia) SDN BHD, Malaysia*	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 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 Solutions India Private Ltd, India	100%	—	1	—
Nolato Stargard Sp.zo.o., Poland*	100%	100%	27	27
Nolato Technology (Dongguan) Co., Ltd, China*	100%	100%	—	—
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	3,424

* Operating units that are included in the sustainability report, which has been reported as 30 units in total.

Note 14 Share capital

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

	Number of shares	Quotient value	Share capital
Share capital, Dec. 31, 2023	269,377,080	SEK 0.50	SEK 134,689 thousand
Share capital, Dec. 31, 2024	269,377,080	SEK 0.50	SEK 134,689 thousand

Note 15 Borrowings

	Maturity date	2024	2023
Long-term bank loan in CHF (variable rate)	2026	243	240
Long-term bank loan in CHF (variable rate)	2027	206	406
Long-term bank loan in USD (variable rate)	2027	825	753
Total		1,274	1,399

Reconciliation of liabilities attributable to financing activities

	2024	2023
Opening balance for non-current and current financial liabilities	1,399	1,486
<i>Changes affecting cash flow</i>		
Repayment of loans	-208	-94
<i>Changes not affecting cash flow</i>		
Translation effects	83	7
Closing balance for non-current and current financial liabilities	1,274	1,399

Note 16 Receivables and liabilities, Group companies

Receivables from Group companies

At Jan. 1, 2023	955
Change	-145
At Jan. 1, 2024	810
Change	-87
At Dec. 31, 2024	723

Liabilities to Group companies

At Jan. 1, 2023	55
At Jan. 1, 2024	55
Change	207
At Dec. 31, 2024	262

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

	2024	2023
Opening amount	7	4
Provisions for the year	1	3
Closing amount	8	7

Relates to future salary tax for endowment insurance.

Note 18 Accrued expenses and deferred income

	2024	2023
Salary liabilities	20	9
Social security contributions	7	5
Other items	2	2
Total	29	16

Note 19 Untaxed reserves

	2024	2023
Provision to tax allocation reserve (taxation year 2019)	—	30
Provision to tax allocation reserve (taxation year 2020)	40	40
Provision to tax allocation reserve (taxation year 2021)	83	83
Provision to tax allocation reserve (taxation year 2022)	48	48
Provision to tax allocation reserve (taxation year 2023)	95	95
Provision to tax allocation reserve (taxation year 2024)	85	—
Total	351	296

Note 20 Contingent liabilities

	2024	2023
Guarantees on behalf of subsidiaries	282	265

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 96 million (81), 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 49 million (51) and interest expenses of SEK 9 million (6) 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 723 million (810) and liabilities to Group companies amount to SEK 262 million (55).

During the year, the Parent Company received dividends from subsidiaries totaling SEK 16 million (42), of which SEK 0 million (9) refers to anticipated dividend.

Note 22 Appropriation of profit

Proposed allocation of earnings

	2024	2023
The Board proposes that unappropriated funds:		
Retained earnings	1,761	1,869
Profit/loss for the year	246	296
	2,007	2,165
be allocated as follows:		
Dividend to the shareholders	404	404
To be carried forward	1,603	1,761
	2,007	2,165

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, 2025. 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, 2025.

Torekov April 3, 2025



Fredrik Arp
Chairman of the Board



Carina van den Berg
Board member



Tomas Blomquist
Board member



Sven Boström
Board member



Klas Forsström
Board member



Lovisa Hamrin
Board member



Åsa Hedin
Board member




Erik Lynge-Jorlén
Board member



Steven Gorial
Employee representative



Björn Jacobsson
Employee representative



Christer Wahlquist
President and CEO

Our auditor's report was submitted on April 10, 2025
Ernst & Young AB



Joakim Falck
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Nolato AB (publ), company reg. no 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 financial year 2024. The annual accounts and consolidated accounts of the Company are included on pages 63–110 of 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 at December 31, 2024, 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, 2024, and their financial performance and cash flow for the year then ended in accordance with 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 annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and 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 in the annual accounts and consolidated accounts. 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 recognized at SEK 2,290 million and investments in Group companies are recognized in the parent company at SEK 3,424 million at December 31, 2024. Nolato conducts annual tests and on indication of a decline in value to ensure that carrying amounts do not exceed 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 2024 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 this area was addressed in the audit

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 annual accounts is appropriate.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and is found on pages 1–62. The other information also includes the remuneration report and was 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.

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 intend to liquidate the company, to cease operations, or have 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,

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and Managing Director are responsible for ensuring that the annual accounts and consolidated accounts are prepared and that they provide a true and fair view in accordance with the Annual Accounts Act and, as regards the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by

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 part of the company's internal control that is of significance for our audit in order to develop auditing measures that are appropriate in view of the circumstances, but not in order to give an opinion on the effectiveness of such internal control.
- evaluate the suitability of the accounting policies used and the reasonableness of the Board of Directors' and Managing Director's estimates in the accounts and associated disclosures.
- draw a conclusion about the suitability of the Board of Directors and the Managing Director using the assumption of going concern in preparing the annual accounts and the 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 circumstances may mean that a company can no longer continue its operations

- 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.
- plan and perform the group audit to 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 review of the audit work performed for purposes 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 Noloto AB (publ) for the financial year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the directors' 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 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 are otherwise 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 a 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 to enable assessing 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 as 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 2024.

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 the 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 guidelines 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 May 6, 2024 and has been the company's auditor since April 29, 2015.

Torekov April 10, 2025

Ernst & Young AB



Joakim Falck
Authorized Public Accountant

Nolato's Sustainability Report

Nolato's statutory sustainability report for the 2024 financial year has been prepared as a separate report from the directors' report, in accordance with the Annual Accounts Act, and can be found on the pages specified in the table on page 140. As part of the Group's move toward reporting according to the Corporate Sustainability Reporting Directive (CSRD), the sustainability information is presented in the report as inspired by European Sustainability Reporting standards (ESRS). The information complies as far as possible with the disclosure requirements associated with the sustainability topics that Nolato has identified as material for the business, and fairly reflects the Group's sustainability work. In the coming year, work on the disclosure requirements will be deepened and Nolato will issue a full report in accordance with the ESRS for the 2025 financial year.

The contact for the sustainability report is
Glenn Svedberg, Group Sustainability & Technology Director.

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ESRS 2 General disclosures	
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Disclosure area

Governance

NOLATO'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODY

Nolato's Board of Directors

Nolato's Board of Directors bears primary responsibility for the Group's sustainability work and supervision thereof, and makes decisions on the company's policies. The members possess experience from different geographical areas and industry sectors, and many have their backgrounds in management positions at global, industrial companies. Consequently, the Board has extensive experience from managing environmental, social and governance-related effects from the business and within its value chain.

Nolato applies the Swedish Code of Corporate Governance, item 4.1 of which specifies that the board of directors should have an appropriate composition that reflects diversity and breadth of knowledge, experience and background. The Board includes ten members, 30% of whom are women. Within the Board, 20% (2) of the members are employee representatives. In addition to the union representatives, none of the Board members are employed or work in the company's operations, and all members elected by the general meeting are independent in relation to the company.

In order to ensure compliance with Nolato's sustainability strategy and the relevance of the strategy to the business development constantly pursued in the Group, the Board of Directors conducts supervision in the form of consultation with Group management and its sustainability function.

The Board of Directors' representative for sustainability issues

A specific Board member has primary responsibility for overseeing sustainability issues. The member represents the Board's sustainability-related expertise regarding the company's material impacts, risks and opportunities and, on behalf of the Board, has been involved in preparing Nolato's double materiality analysis together with the Audit Committee. The Board is regularly informed about sustainability work through a standing agenda item.

CEO and Group management

Implementation of sustainability work is delegated to Nolato's President and CEO, who is responsible for keeping the Board continuously informed by means of monthly reports and, at least annually, by means of an oral presentation by Nolato's Sustainability and Technology Director. Besides being responsible for the ongoing operation of the company and reporting to the Board, Group management has overarching responsibility for Nolato's sustainability strategy and agenda. At Group management meetings, sustainability work is included as a standing agenda item. Operational implementation and monitoring of the sustainability strategy is allocated to the Group's business areas and subsidiaries. Each Group company is responsible for ensuring that action plans and a sustainability strategy plan, with a horizon of one to five years, are included as part of overall strategy plans. These are approved by the board of directors and management group of each company, in consultation with the Group's CEO and CFO, to ensure that the Group companies' strategy plans are aligned with Group policies and objectives.

Sustainability Director

The Sustainability and Technology Director is a member of Group management and represents its sustainability-related expertise. Coordination of the Group's sustainability work is managed by the Group's sustainability function, with its work headed by Nolato's Sustainability and Technology Director and with responsibility for consolidating and reporting on key performance indicators (KPIs) for Group-level performance monitoring. The Sustainability and Technology Director is responsible for keeping Group management informed of the work by means of a standing agenda item.

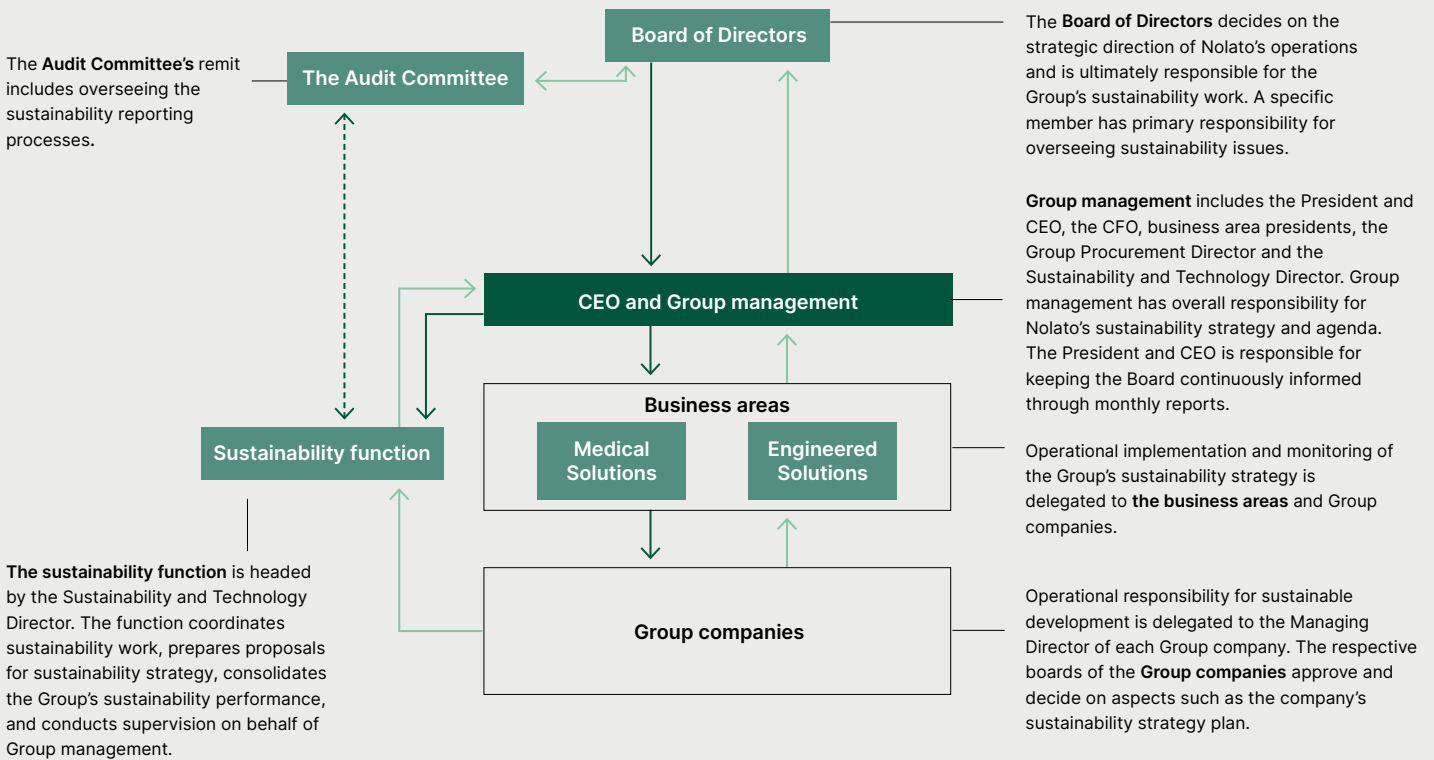
Together with the Board of Directors' representative for sustainability issues, the Sustainability and Technology Director is responsible for the implementation of Nolato's double materiality analysis and updating it, and thereby for continuously overseeing the company's material impacts, risks and opportunities. This includes ensuring that the assessment is kept up-to-date and that it forms a natural element of Group management's ongoing oversight of the company's strategy, business model, performance monitoring and objective.

The Audit Committee

The Audit Committee is appointed by the Board of Directors to prepare the Board's work to ensure the quality of Nolato's financial and sustainability reporting. The committee meets at least three times a year and reports on its work to both the Board and the CFO on an ongoing basis. However, responsibility is limited to the elements that are audited by the company's auditor, while responsibility for other elements of sustainability work (such as overall strategy, linkages with customers and commercial aspects, marketing of sustainability work) is held by the Board as a whole.

SIMPLIFIED ORGANIZATIONAL CHART

- ↓ = Instructions
- ↑ = Reporting
- ↕ = Consultation



MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Nolato's double materiality analysis is central to the Group's identification and assessment of the material impacts, risks and opportunities of the business.

Through its responsibility for implementing and updating the analysis, it is a duty for the Sustainability and Technology Director to keep Group management informed at its monthly meetings of any changes regarding the company's material impacts, risks and opportunities. Similarly, the Board of Directors receives an annual update, whereby sustainability is included as a separate reporting item at one Board meeting per year at minimum. Impacts and risks are a natural part of the ongoing review of potential acquisitions and new investments, which takes place either at Group or company level. During the accounting period, Group management has addressed the following:

- › Health and safety – After Group management's annual follow-up, a decision was made that the boards of the respective Group companies shall have a standing agenda item to follow up on the issue of health and safety in the workplace.
- › Transition to sustainable raw materials – To accelerate the transition and reduce the Group's dependence on fossil-based raw materials, a network within the Group was initiated to contribute to knowledge sharing between Group companies, which is a long-term measure to achieve one of the Group's sustainability goals.
- › Decision on the Group's climate targets, which were validated during the year by the Science Based Targets initiative (SBTi).
- › Renewable electricity – A decision in principle was taken during the year to secure access to renewable electricity. This will be done by actively seeking out opportunities to enter into more long-term purchase agreements for renewable electricity and gradually continue to increase the share of renewable electricity globally by purchasing guarantees of origin.

DUE DILIGENCE STATEMENT

Core elements of due diligence	Paragraphs in the sustainability statement	Linkage with people and/or environment
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, page 118 ESRS 2 GOV-3, page 57 ESRS 2 SBM-3, page 121	People and Environment
	E1: SBM-3, page 145	Environment
	S1: SBM-3, page 164	People
	S2: SBM-3, page 172	
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 SBM-2, page 125	People
	ESRS 2 IRO-1, page 127	People and Environment
c) Identifying and assessing adverse impacts	ESRS IRO-1, page 127 ESRS 2 SBM-3, page 121	People and Environment
	E1: SBM-3, page 145	Environment
	S1: SBM-3, page 164	People
	S2: SBM-3, page 172	
d) Taking actions to address those adverse impacts	E1-1, page 144 ESRS 2 MDR-A: E1-3, page 148 E5-2, page 160	Environment
	ESRS 2 MDR-A: S1-4, page 166 S2-4, page 173 G1-4, page 179	People
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-T: E1-4, page 144 E5-3, page 161	Environment
	ESRS 2 MDR-T: S1-5, page 167 S2-5, page 173	People
	ESRS 2 MDR-M: E1-5, page 150 E1-6, page 152 E5-3, page 161 E5-4, page 160	Environment
	ESRS 2 MDR-M: S1-9, page 171 S1-10, page 168 S1-11, page 171 S1-12, page 171 S1-13, page 168 S1-14, page 169 S1-15, page 170 S1-16, page 170 S1-17, page 171	People

RISK MANAGEMENT AND INTERNAL CONTROL OF SUSTAINABILITY REPORTING

Internal control process

Prior to the compilation of the information to be included in the Group's sustainability reporting, narrative and data-derived information is collected from the Group companies, with each production unit contributing quantitative and qualitative information according to Nolato's sustainability reporting form.

This stage includes an internal control element at each company, which performs a self-assessment of the reliability of the information by comparing the information for the year with the average for the last three financial years. The head of each company/unit is responsible for assuring the quality of, and approving, the submitted information. A further examination and reasonableness assessment of the data are performed in the Group's central sustainability function, in which performance for the year is compared and verified in relation to the previous year's data. Further quality controls are conducted in connection with interviews and site visits.

Risk management in sustainability reporting

The most significant risks associated with sustainability reporting concern the fact that values expressed in local units of measurement may cause inaccuracies when converted and compiled. This is the case, for example, in the reporting of resource use, in which use of conversion factors and conversion to SI units can cause errors. Similarly, rounding and estimation procedures may also vary between different national contexts. There is also considerable uncertainty in data collected from suppliers, which is assumed to derive from degree of maturity and the fact that their readiness for sustainability reporting is under development. An example is information concerning Scope 3 emissions, for which completeness and reliability of numbers are largely determined by capabilities and resources at the local level, as well as information obtained from official third party data.

To minimize these risks, an internal audit is performed within Nolato's central sustainability function, in which data from the Group companies is verified. By means of the Group companies reporting financial and sustainability information in a common

reporting system on a monthly basis wherever possible, the data collected on a full-year basis can be compared with monthly values, which improves the reliability and accuracy of the information. All Group companies are informed that sustainability reporting is equal in importance to financial reporting, and access to certain data is also included in the expectations placed on the Group's suppliers. Reliability of submitted data has been included in the Audit Committee's reporting to the Board since 2023.

INFORMATION INCORPORATED BY REFERENCE

- › Disclosure requirement GOV-1: The role of the administrative, management and supervisory bodies; point 21a, b and 23 – See the Corporate Governance Report section on pages 60–61.
- › Disclosure requirement GOV-3: Integration of sustainability-related performance in incentive schemes – See the Remuneration guidelines section on pages 57–58.



Disclosure area

Strategy

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

The Nolato Group is positioned as a specialist in the design and production of components and products primarily based on polymer materials. The Company's business strategy is based on assisting its customers in all stages – from development and design to production – with producing customized, technologically advanced, sustainable and cost-effective products. The Company's business model is based on its position in the value chain, which places Nolato strategically between material suppliers and product owners to contribute to improved sustainability performance by optimizing manufacturing design based on better material choices and lower resource use. This in turn can help minimize environmental impact and maximize both cost-effectiveness and customers' profitability.

Group targets

The Group's product solutions and customer groups are organized according to the Medical Solutions and Engineered Solutions business areas, which are distributed across the three principal geographic markets – Europe, North America and Asia. Nolato's sustainability-related targets, which are overall Group-wide targets for the business, currently refer to the climate targets to reduce the Group's total Scope 1 and Scope 2 emissions by 70% and, upstream, to reduce Scope 3 emissions by 25% by 2030 compared with the 2021 base year.

Throughout the latest period, the Group has worked on the basis of targets set until 2025 concerning energy consumption, energy efficiency and phasing out hazardous chemical substances. The targets are to reduce emissions specifically from energy use (Scope 1 and 2) by 80% com-

pared with the average for 2011 and 2012 (tons CO₂e/net sales), to reduce energy use by 55% (GWh/net sales) on the basis of the same baseline value, and to identify and, wherever possible, phase out hazardous chemical substances.

In addition, there is also a product-related target to generally increase the proportion of bio-based raw materials in the Group's products, and in this respect conditions for achieving the target vary based on local regulations, legislation and technical conditions. While the target of increasing the proportion of recycled materials in production applies to the entire Group, it is limited in Medical Solutions by regulatory and quality requirements and the need for virgin raw materials, because of medical technology and patient safety considerations.

Nolato's decentralized organization enables a high degree of flexibility, with the companies in the business areas having the freedom to develop and adapt their offerings based on customers' specific needs and requirements. Similarly, the Group companies have a responsibility to implement the Group-wide sustainability strategy at the local level. They are therefore able to adapt implementation to their specific conditions and thus break down the goals into concrete action plans.

Challenges presented by the strategy

The company's climate strategy has long been to reduce its own carbon footprint (Scope 1 and 2) and, through its EcoDesign model, optimize customers' footprint already in the development stage.

In recent decades, the Group has gradually increased the proportion of renewable electricity. In the long term, however, this may pose somewhat of a challenge, as supply in some regions of the world is

anticipated to be uncertain and rules on trading in guarantees of origin may change. The Nolato Group therefore strives to secure long-term purchase agreements for fossil-free electricity, combined with securing access at the local level, for powering its production units.

A considerable challenge is the lack of recycled materials of the right quality, which affects ability to meet targets linked to 'E5 Circular economy'. There are difficulties in ensuring access to the right materials of the right quality, which affects outcome. A related factor is also that customers' readiness to choose non-fossil or recycled raw materials may vary, as these choices may entail higher costs for procuring raw materials and meeting regulatory requirements.

Based on calculations made these show that over 96% of the Group's total climate impact is in Scope 3, the Group has expanded its focus to also include footprint reduction in the value chain.

The Nolato Group's chosen method for measuring emissions according to Scope 3 data also presents certain challenges. The majority of indirect emissions consist of purchases of goods and services, the majority of which can be calculated with good certainty given the known tonnage and carbon dioxide equivalent of each material and grade. Other emissions, such as transport, are however measured using cost-based emission factors. Since sustainability improvements in transport and emissions usually cause costs to increase, this calculation methodology results in a rise in reported emissions instead. To address this, better measurement methods for these types of emissions, as well as updated emission factors, are needed to better reflect reality.

Nolato introduced a program in 2024 that encourages and recognizes suppliers' work in various climate-related areas at the central level in the Group. That way, the Group strives to propel its suppliers' sustainable development forward and intensify cooperation with those that share Nolato's goals and that perform well in selected sustainability areas, such as limiting greenhouse gas emissions.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Nolato's business model is based on the development, industrialization and manufacture of components, subsystems and products from polymer materials. The

materials on which the company relies have historically consisted of fossil-based raw materials, but can be replaced with non-fossil and recycled resources, enabling a high degree of flexibility in production. Nolato's strategy of continuing to operate on the basis of its existing business model therefore stands firm, and makes the company resilient in the face of evolving customer needs, legislation and costs as regards fossil-based materials.

Production of Nolato's products in its own operations, and raw materials under the direction of suppliers, is highly energy-intensive and this, together with by far the largest factor – fossil raw materials – has been a source of the operations' greatest climate impact. The fact that Nolato invests in the development of self-generated elec-

tricity, for example using solar panels, and has entered into several long-term agreements with solar farms, is important in reducing exposure to what might be an unstable energy market and a potential future lack of access to renewable energy.

Nolato also analyzes its operations' climate-related risks and opportunities based on TCFD's guidelines, which are founded on governance, strategy, risk management, metrics and targets. In the coming years, Nolato will expand the scenario analysis of climate-related risks and opportunities in line with the disclosure requirements of SBM-3 within E1 Climate change. In this year's reporting, Nolato chooses to include its TCFD reporting, see page 145.



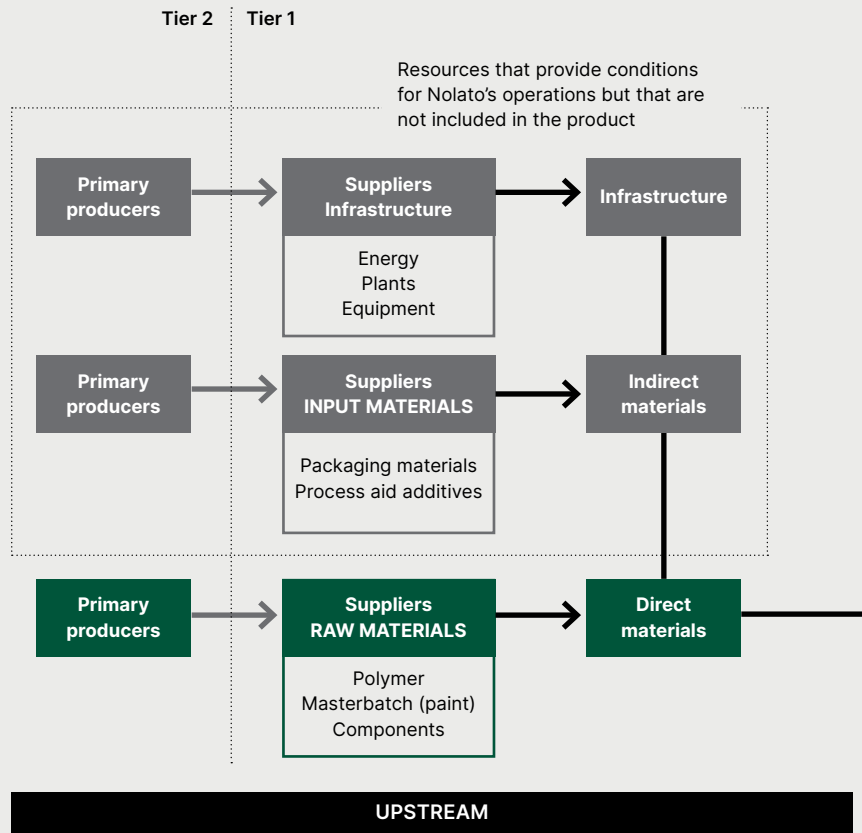
Upstream

Upstream, Nolato has close relationships with direct suppliers of raw materials, input materials and infrastructure products and services (Tier 1). The relationships are primarily established through signed supplier agreements, the Supplier Code of Conduct, meetings with suppliers, site visits and audits. The close ties with the supply chain thus enable a greater influence on how suppliers conduct their operations in terms of environmental and social aspects. In the next step, there are primary producers (Tier 2), with which Nolato only has indirect relationships through direct suppliers, and where the level and possibility of influence is significantly lower.

Nolato's adverse climate impact derives primarily from purchased raw materials, input materials and transport, the purchase of capital goods, as well as from direct and indirect emissions arising from energy consumption in production. Besides, there is also a negative impact from employee commuting, waste management and activities downstream in the value chain.

Emissions cause damage to the environment and add to global warming. In the medium term, this may pose financial risks by weakening Nolato's reputation and competitive conditions. The impact and the associated risks are managed by Nolato prioritizing reducing its carbon footprint, for example by establishing and implementing concrete measures to achieve the Group's set SBTi targets. In the long term, this can improve business opportunities in that customers, in their endeavor to achieve their own climate targets, are expected to prioritize suppliers with a low climate impact in future. Nolato also has a positive impact through purchase agreements with solar farms, which enables local expansion of renewable electricity production.

Waste management, such as hazardous waste, combined with tougher legislation, can pose a risk of increased costs. This is managed through clear requirements placed on suppliers in the area, which should help enable attaining circular flows.



Impacts, risks, opportunities

- Greenhouse gas emissions*
- Energy consumption in production*
- Waste management*
- Working conditions for value chain workers*
- Corruption and bribery*

Actions and resources

- Increase the proportion of sustainable raw materials*
- Prioritization in reducing carbon footprint*
- Supplier requirements in waste management*
- Due diligence process that encompasses suppliers*
- Whistleblowing system*
- The Nolato Supplier Code of Conduct*

→ The strength of the arrow represents Nolato's level of influence over entities along the value chain. Influence decreases with distance from Nolato.

Employees by geographical area

Europe: 46%
North America: 20%
Asia: 34%



CREATED VALUE FOR NOLATO'S KEY STAKEHOLDERS

- Employees**
A safe, equal and stimulating workplace that offers significant development opportunities
- Shareholders**
Nolato's established position and innovativeness 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
- Customers**
Advice and customized solutions that meet customers' challenges and needs and help them achieve their sustainability goals
- Products and customer segments**
Medical Solutions
Engineered Solutions
- Markets**
Europe
North America
Asia



OWN OPERATIONS

Impacts, risks, opportunities

Greenhouse gas emissions in own production
Energy consumption in own production
Resource use and waste
Business conduct matters
Working conditions
Equal treatment of own employees

Actions and resources

Own energy production
Purchase of renewable electricity
Nolato's EcoDesign model
Create circular flows
Training and skills development
Whistleblowing system
The Nolato Supplier Code of Conduct

DOWNSTREAM

Impacts, risks, opportunities

Climate impact in product use
Product recycling
End-of-life treatment of sold products
Climate impact from transport and distribution

Actions and resources

Nolato's EcoDesign model
Create circular flows
Whistleblowing system

The impacts for workers in the value chain are primarily associated with potential problems related to the work environment and human rights. There may therefore be a potential risk of negative social impact on working conditions and rights, which could also damage Nolato's reputation and sales. However, this risk is mainly found further upstream in the supply chain (Tier 2) and, to address this, Nolato has implemented control mechanisms, such as a supplier due diligence process.

Any instance of corruption and bribery may result in a potentially negative impact as well as risks to Nolato's brand, and financial risks through fines. This is managed through an advanced whistleblowing system, as well as a training package in both the Nolato Code of Conduct and the Supplier Code of Conduct, which enables better monitoring and swift action in the event of any incidents.

Own operations

Nolato's own operations include proprietary production facilities located in Europe, North America and Asia. At these locations, the core functions development, industrialization and manufacturing of components, subsystems and products are pursued on behalf of the company's customers categorized according to the Medical Solutions and Engineered Solutions business areas.

The energy consumed in Nolato's production, both directly and indirectly, generates greenhouse gas emissions, which harms the environment and adds to global warming. The transition in Nolato's industry will entail increased demand for fossil-free energy, which in the long term could pose financial risks for the company in the form of a lack of supply creating energy shortages, potential disruptions in production and delivery, and increased costs. This is managed by Nolato's expansion of its own energy production, for example through long-term direct agreements with electricity producers or installation of solar panels, and pursuing continuous improvement efforts with energy efficiency enhancements.

A negative environmental impact arises from a high inflow of resources of virgin raw materials. Future legislation to curb the

use of non-renewable raw materials also exposes Nolato to a possible financial risk through lack of access to critical resources. A shift toward bio-based or recycled materials is therefore an important means of addressing this, although the challenges inherent in ability to procure sufficient volumes of quality materials could lead to increased costs, which are passed on to customers. Nolato's current strategy according to the EcoDesign model helps to reduce risks by ensuring a higher degree of resource optimization, which could lead to important business opportunities.

Large volumes of waste due to scrapping entail a potential adverse environmental impact which, in combination with tougher waste legislation, could lead to financial risks through heightened production costs. Nolato's work as part of ISO 9001 and 14001 involves the company engaging in continuous improvement efforts that ensure optimization of waste handling and minimization. This helps to reduce scrappage and waste volumes through sorting and collaboration with local waste managers. At the same time, active efforts are under way to develop circular flows in the company's business model, enabling use of waste from raw material scrappage as a raw material in production.

A high frequency of occupational accidents and workplace inequality presents a potential adverse social impact and could impair the company's growth, lead to financial remedies and harm both reputation and stakeholder relations. This is managed through continuous work to improve occupational safety, such as investments in equipment, regular risk assessments and safety initiatives. Training, as well as the principles of equal treatment and equal opportunities for all, are important factors for both safety and well-being in the workplace. An absence of adequate training could pose social and environmental risks, and impair the company's reputation and future recruitment prospects. Nolato works actively to be an attractive and secure employer and prioritizes skills analysis and development for all positions in the business.

Downstream

Downstream, subsequent production takes place under the customer's direction, using Nolato's components in the production of the final product, as well as distribution and use. Nolato has a direct relationship with the customers, in place mainly based on agreements entered into, customers' codes of conduct prescribed to Nolato, and customer meetings and site visits. The close relationships mean that Nolato has an important, but limited, influence in subsequent production and the environmental and social aspects that may arise, primarily due to its ability to offer advice and other forms of support in the development stage. In the subsequent stages (Distribution and Use), Nolato only has an indirect relationship and a very low degree of influence.

An adverse climate impact arises in the usage phase for products containing Nolato's components. Nolato's influence over this impact is limited, as scope and scale are determined by the specific product, the type of Nolato component included, and how the component was produced. In this context, Nolato's strategy and business model create an important opportunity. By introducing sustainability aspects in various ways already in the development stage, Nolato contributes to the customer's ability to achieve its sustainability targets, for example by steering choice of raw materials toward bio-based and recycled options, or by optimizing the volume of material to reduce the end product's overall resource use.

A significant actual adverse environmental impact arises at the end of the product life cycle, when the possibility of recycling and reuse can be crucial to both scope and scale. Nolato's work to manufacture components in mono-material enables sorting the product at source, which also allows for reuse of important materials in the production of new components.

STAKEHOLDERS' INTERESTS AND VIEWS

Nolato's operations affect many stakeholders from numerous angles and are in turn affected by their requirements and expectations. A feature of Nolato's most important stakeholders is that they have a direct relationship with the company and an active interest in the running of the business from both a financial and sustainability angle.

Monitoring and harnessing stakeholders' focus areas and views are key for Nolato, and dialogues and collaborations are pursued through a number of organized channels. Dialogues are held regularly to ensure that the company can address their issues meaningfully and manage their impact on Nolato's strategy and business model in both the short and long term. The results of ongoing stakeholder dialogues are presented to Nolato's Board of Directors and Group management through the standing agenda items for sustainability.

Particular focal areas in 2024 included:

- › Management of climate issues – risks, opportunities and work on limiting the company's carbon emissions.
- › Contributions to a circular economy – development of materials and products with a lower carbon footprint.
- › Effects of sustainable development legislation – several stakeholders have drawn attention to the EU directive on compulsory sustainability reporting (CSRD).



Nolato has identified the following stakeholders, which express an interest in how the Group – and its individual Group companies – conducts its environmental and social efforts and, at the overarching level, controls and monitors sustainability work. There are also stakeholder groups that are potentially affected by the Group's activities, products and business model. There is regular engagement and communication to ensure that Nolato can meaningfully discuss and address issues that concern the Group and its stakeholders. In addition, the Group looks at the results of various ESG evaluations, as well as trends in the business sector, politics and society as a whole.

Stakeholder group	Main channels for dialogue and cooperation	Results and relevance for Nolato's strategy and business model
Customers	Customer meetings Audits and site visits Surveys Customers' codes of conduct Customers' double materiality analysis	<ul style="list-style-type: none"> › Requirements and expectations concerning how Nolato manages climate impact › Requirements concerning certified environmental management systems › Requirements concerning the use of conflict minerals and phasing out hazardous chemical substances › Requirements concerning implementation of sustainability issues and due diligence among Nolato's suppliers › Interest in the use of bio-based and/or recycled raw materials
Employees	Employee surveys Performance reviews Training initiatives Departmental meetings Coordination with trade unions	Requirements and expectations concerning: <ul style="list-style-type: none"> › Work environment › Health › Safety › Financial compensation › Personal development › Work-life balance › Sound business conduct
Suppliers	Ongoing supplier dialogues Contract negotiations The Nolato Supplier Code of Conduct Supplier evaluations	<ul style="list-style-type: none"> › Quality aspects in the delivery of direct and indirect materials › Suppliers' financial stability and security of supply › Integrating sustainability into strategy, business model, working methods and procedures › Access to relevant sustainability information for Nolato's reporting › Suppliers' expectations of consistent and clear requirements
Shareholders	Shareholder meetings and AGM Capital markets day Board meetings Bank and investor dialogs Surveys from banks and investors	<ul style="list-style-type: none"> › Nolato's long-term growth and profitability › Share dividend › Integration of sustainability issues into business strategy › Risk awareness and structured risk mitigation work › Competitiveness based on environmental adaptation, resource efficiency, investment in environmentally sustainable technology
Society	Local community engagement Ongoing dialogue with local communities	<ul style="list-style-type: none"> › Engagement in local community projects bolsters Nolato's brand and relationship with the local community › Collaboration with universities can drive innovation and the development of more sustainable solutions, which is a core element of the company's strategy
Authorities	Environmental inspections Health and safety inspections Permit cases	<ul style="list-style-type: none"> › Local, municipal and/or regional cooperation
The natural environment Silent stakeholder	Indirectly through environmental and sustainability organizations	<ul style="list-style-type: none"> › Nolato's sustainable development targets aim to minimize adverse environmental impact

Disclosure area

Management of impacts, risks and opportunities

DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Nolato's double materiality assessment recurs annually and is a core element of the company's sustainability strategy and reporting. The process aims to identify, assess and prioritize material impacts, risks and opportunities, both from an inside-out impact perspective and outside-in financial perspective, in accordance with the principle of double materiality under the EU's CSRD.

1. Method and assumptions

In its assessment of the materiality of sustainability topics, Nolato has proceeded on the basis of the principle of double materiality as defined in ESRS 1 section 3. The process included detailed assessments of the sustainability topics' impacts, risks and opportunities from an impact and financial perspective.

In its assessment of impact and financial materiality, Nolato has used standardized grading methods, which means that the assessments are based on a numerical scale with fixed intervals. Grading has been used consistently to ensure robust identification and prioritization of the sustainability topics.

In the impact perspective, the materiality of a sustainability topic is assessed based on its linkage with the company's actual or potential, positive or negative impacts for people or the environment in the short,

medium and long term. Nolato's grading method for impact materiality is based on an estimate of the severity of the sustainability topics based on the aspects of scale, scope and recoverability. The aspects were graded on a numerical scale from 1 to 3, while probability was graded from 1 to 4.

According to the financial perspective, the financial materiality of a sustainability topic is assessed on the basis of the extent to which, and the probability at which, the topic generates risks or opportunities that have, or could be expected to have, a material financial impact on the company. The financial impact was assessed on the basis of the following aspects: The company's development, financial position, financial results, cash flows, access to financing or capital costs in the short, medium or long term. Nolato's grading method for financial materiality is based on an estimation of the size of the financial impact, with each aspect being graded on a numerical scale from 1 to 5, and also the probability of it occurring in the medium term being graded from 1 to 5.

The basis for the assessment has been stakeholder dialogues, operating environment analysis, market trends and Nolato's strategic sustainability priorities. Since the stakeholder perspective has been an important aspect of the analysis, in 2024 Nolato conducted interviews with both internal and external stakeholders, such as suppliers, customers, investors, owners, Board representatives and employees.

Several employees from different functions within the Group have also contributed their knowledge. Group management and other Group functions have been involved throughout the process.

2. The impact perspective

As a starting point for the analysis, Nolato's value chain was mapped, taking into account the company's specific operations, geographical areas and business relationships. For each sustainability topic, impacts, risks and opportunities were identified, as well as where these arise in the value chain and whether they occur through Nolato's own operations or as a result of its business relationships.

In the process of mapping the value chain, stakeholders affected by Nolato's operations were also identified. Key stakeholder groups to be included in the dialogue were selected on the basis of a number of assessment criterias, such as impact on and insight into the company's operations, geography, sustainability expertise and position in the value chain. A selection of stakeholders that were considered to best represent the stakeholder groups was then selected for consultation and interviewed based on their views of Nolato's impacts, risks and opportunities.

The information gathered during the stakeholder dialogues formed an important basis for assessing the identified impacts, risks and opportunities of the sustainability topics. The assessment was conducted based on Nolato's standardized grading method,

in which the sum of the three aspects of severity was multiplied by the probability value. The materiality threshold was set on the basis of a multiplied value of 18, which represents Nolato's most significant impacts according to ESRS 1 § 42. The results of the assessment have been validated and approved by Nolato's Group management and Board.

3. The financial perspective

Sustainability-related risks form an integral part of the Group's risk assessment work and are measured using the same methodology as other risks based on scope, scale and probability. As a starting point for the assessment according to the financial perspective, a complete list of financial risks and opportunities related to sustainability was prepared in consultation with the company's finance department. Group management members were then asked individually to assess the list and evaluate probability and impact based on Nolato's standardized grading method, as well as the role played by the company's dependencies and business relationships for each risk or opportunity.

Both the aggregated and individual assessments were presented to Group management, in which the assessments were discussed with an emphasis on the sustainability topics about which opinions differed. After this, the Group management

went through their assessments again and updated them in accordance with agreed decisions. The final aggregation showed the multiplied value of the average assessments for financial impact and probability. The threshold for financial materiality was set on the basis of a multiplied value of 3, which represents Nolato's most significant impacts and opportunities.

The financial risks considered to be material were then linked to a relevant sustainability topic and the corresponding topic-specific ESRS. The risks that could not be linked to topic-specific standards were instead incorporated into the financial risk analysis. The final assessment was presented to Nolato's Audit Committee and Board of Directors.

4. Integration and validation

Nolato's identified impacts and risks arising from its double materiality analysis are integrated into the company's overall risk profile and risk management process as of 2024. In that the materiality assessment process is repeated annually, it is expected that changes in the sustainability topics' materiality might be noted over time. The process is examined and approved by Group management and the Board of Directors, which ensures that its results are also integrated into the company's ongoing management process.

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE COMPANY'S SUSTAINABILITY STATEMENT

The list below shows the disclosure requirements that Nolato follows as a result of its materiality assessment and that are thus included in the company's sustainability statement. The list also includes specifications of the impacts, risks and opportunities covered by the disclosure requirements of Nolato's material ESRSs. Determination of material information in relation to Nolato's material impacts, risks and opportunities is based on Nolato's perception of its stakeholders' requirements, expectations and interests. The purpose of this information is to provide stakeholders with a fair and comprehensive presentation of the impacts, risks and opportunities arising from Nolato's operations and value chain, and that affect the company's strategy and business model.

ESRS	Sub-topic	Materiality		Reason for assessment	Impact, risk or opportunity*	Stage in the value chain*	Page in sustainability statement*
		Impact	Financial				
E1 Climate change	Climate adaptation	Non-material	Non-material	Nolato sees no need for substantial investments in facilities to adapt to climate change or extreme weather. Nolato reports physical and transient risks that can be derived from the global temperature increase.			
	Climate change mitigation	Material	Material	Nolato impacts climate change through energy consumption – that is, electricity, district heating and use of fossil-based fuels, and resource use, with raw materials making up the majority.	Negative impact Financial risk and opportunity	Upstream Own operations Downstream	148
	Energy	Material	Material	Nolato itself, and upstream in the supply chain, consumes large amounts of energy. Nolato mainly purchases renewable electricity and also encourages its key suppliers to increase their share of renewable electricity.	Negative impact Potential positive impact Financial risk and opportunity	Upstream Own operations Downstream	149
E2 Pollution	Pollution of air	Non-material	Non-material	Nolato's operations do not pollute air, water or soil. Non-greenhouse gas emissions are very low and manufacturing facilities are primarily located in industrial areas and hold relevant environmental permits.			
	Pollution of water	Non-material	Non-material				
	Pollution of soil	Non-material	Non-material				
	Pollution of living organisms and food resources	Non-material	Non-material				
	Substances of concern	Non-material	Non-material	The use of chemical substances is very limited in Nolato's production, but nevertheless has an impact. We monitor, and are phasing out hazardous chemical substances as far as possible.			
	Substances of very high concern	Non-material	Non-material				
	Microplastics	Non-material	Non-material	Nolato's manufacturing processes do not generate any microplastics and impact associated with the sustainability topic is therefore limited.			
E3 Water and marine resources	Water	Non-material	Non-material	Nolato's manufacturing does not use any water. There is a certain degree of water withdrawal for auxiliary processes and sanitary purposes, which is reported. Water discharges are processed by water treatment plants and Nolato does not discharge any water directly into the oceans.			
	Marine resources	Non-material	Non-material	Nolato does not extract or use marine resources.			

* Stated only for material sustainability topics

ESRS	Sub-topic	Materiality		Reason for assessment	Impact, risk or opportunity*	Stage in the value chain*	Page in sustainability statement*
		Impact	Financial				
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Non-material	Non-material	Nolato's direct operations have a low impact on biodiversity, but the impact is higher upstream in the value chain. Nolato needs to acquire more knowledge to gain insight into its full impacts and associated risks/opportunities. An investigation has therefore been initiated in the fourth quarter of 2024 to examine this sustainability topic in more detail.			
	Impacts on the state of species	Non-material	Non-material				
	Impacts on the extent and condition of ecosystems	Non-material	Non-material				
	Impacts and dependencies on ecosystem services	Non-material	Non-material				
E5 Circular economy	Resources inflows, including resource use	Material	Material	Nolato uses large amounts of raw materials in its production. Nolato's use of almost all resources in the value chain concerns virgin materials that are extracted, processed and transported. Extraction of virgin materials can have negative social and environmental impacts.	Negative impact Potential positive impact Financial opportunity	Own operations	160
	Resource outflows related to products and services	Non-material	Non-material	Nolato is a manufacturer, not a brand owner. As a supplier, Nolato provides design consulting for manufacturing services to the brand owner and encourages low resource consumption and a design that promotes circular economy. However, it is the brand owner that determines function and that controls the product's cycle of use, which limits Nolato's scope of influence.			
	Waste	Material	Non-material	Nolato generates relatively large volumes of waste in its operations, primarily production-related. Nolato considers that waste volumes are significant both upstream and downstream, partly due to the quality and product safety requirements in Nolato's customers' applications.	Negative impact Potential positive impact Financial risk	Upstream Own operations Downstream	160

* Stated only for material sustainability topics

ESRS	Sub-topic	Materiality		Reason for assessment	Impact, risk or opportunity*	Stage in the value chain*	Page in sustainability statement*
		Impact	Financial				
S1 Own workforce	Working conditions	Material	Material	In communities, Nolato has a significant impact on its own workforce's working conditions. Secure employment, equal treatment and equal opportunities are fundamentals for Nolato's own employees.	Positive impact Potential negative impact Financial risk	Own operations	164
	Equal treatment and opportunities for all	Material	Material				
	Other work-related rights	Non-material	Non-material	Nolato does not consider child and/or forced labor to be a material topic in its own workforce, as the probability of potential impact is low. Nolato has a well-established corporate culture, and follows and complies with the OECD Guidelines for Multinational Enterprises and the ten principles of the UN Global Compact. Nolato has zero tolerance of child or forced labor and will report any cases should they emerge.			
S2 Workers in the value chain	Working conditions	Material	Non-material	Nolato's impact is primarily upstream in the value chain; the possibility of impact is much lower downstream.	Potential negative impact Financial risk	Upstream	172
	Equal treatment and opportunities for all	Non-material	Non-material	The area is included in the Nolato Supplier Code of Conduct, although the topic is not considered material due to the small scope of impact and the shorter irreversibility time compared to working conditions for workers in the value chain.			
	Other work-related rights	Non-material	Non-material	The likelihood of potential impact of child and/or forced labor among direct suppliers in the value chain is lower than the potential impact for areas such as working conditions and equal treatment. Nolato has an established process for monitoring suppliers' compliance with its Supplier Code of Conduct, thereby avoiding adverse social impacts. The supplier management guidelines include both comprehensive self-assessment questionnaires and site visits for selected cases based on risk profile. Overall, this minimizes the risk in terms of other work-related rights.			

* Stated only for material sustainability topics

ESRS	Sub-topic	Materiality		Reason for assessment	Impact, risk or opportunity*	Stage in the value chain*	Page in sustainability statement*
		Impact	Financial				
S3 Affected communities	Communities' economic, social and cultural rights	Non-material	Non-material	Manufacturing facilities are mainly located in industrial areas and hold relevant permits. Nolato has no indication that communities are adversely affected in terms of social rights, political rights, rights of indigenous peoples or the like.			
	Communities' civil and political rights	Non-material	Non-material				
	Rights of indigenous peoples	Non-material	Non-material				
S4 Consumers and end users	Information-related impacts for consumers and/or end users	Non-material	Non-material	Nolato's operations are based on manufacturing for OEM customers, which means that Nolato's products are manufactured for industrial customers/brand owners in accordance with customer specifications and regulatory requirements. In many cases, these customers perform assembly and/or further processing before launching the complete end products on the market. With the thousands of potential areas of use of these products, it is not possible for Nolato to identify every potential impact associated with them. However, it should be noted that Nolato has a guideline for "Exclusion of non-ethical products" that limits manufacturing for certain specific product areas. For further information, see: Nolato's website.			
	Personal safety of consumers and/or end users	Non-material	Non-material				
	Social inclusion of consumers and/or end users	Non-material	Non-material				
G1 Business conduct	Corporate culture	Material	Non-material	Nolato's corporate culture is of tremendous importance and affects the entire value chain both upstream and downstream, as well as other stakeholders and society.	Positive impact Financial risk	Own operations	176
	Protection of whistleblowers	Material	Non-material	Protection of whistleblowers is highly significant and important to ensure in a global group. Nolato's whistleblower protection affects the entire value chain both upstream and downstream.	Potential negative impact Financial risk and opportunity	Upstream Own operations Downstream	176
	Animal welfare	Non-material	Non-material	Nolato is not directly involved in activities that could affect animal welfare.			
	Political engagement and lobbying activities	Non-material	Non-material	Nolato is not involved in any political engagement, and contributions to political activities are prohibited at Nolato.			
	Management of relationships with suppliers including payment practices	Material	Non-material	Relationships with suppliers are of great importance to Nolato.	Positive impact	Upstream	176
	Corruption and bribery	Material	Non-material	Anti-bribery and corruption measures cover the entire value chain and are part of the ten principles of the Global Compact.	Potential negative impact Financial risk	Upstream Own operations Downstream	178

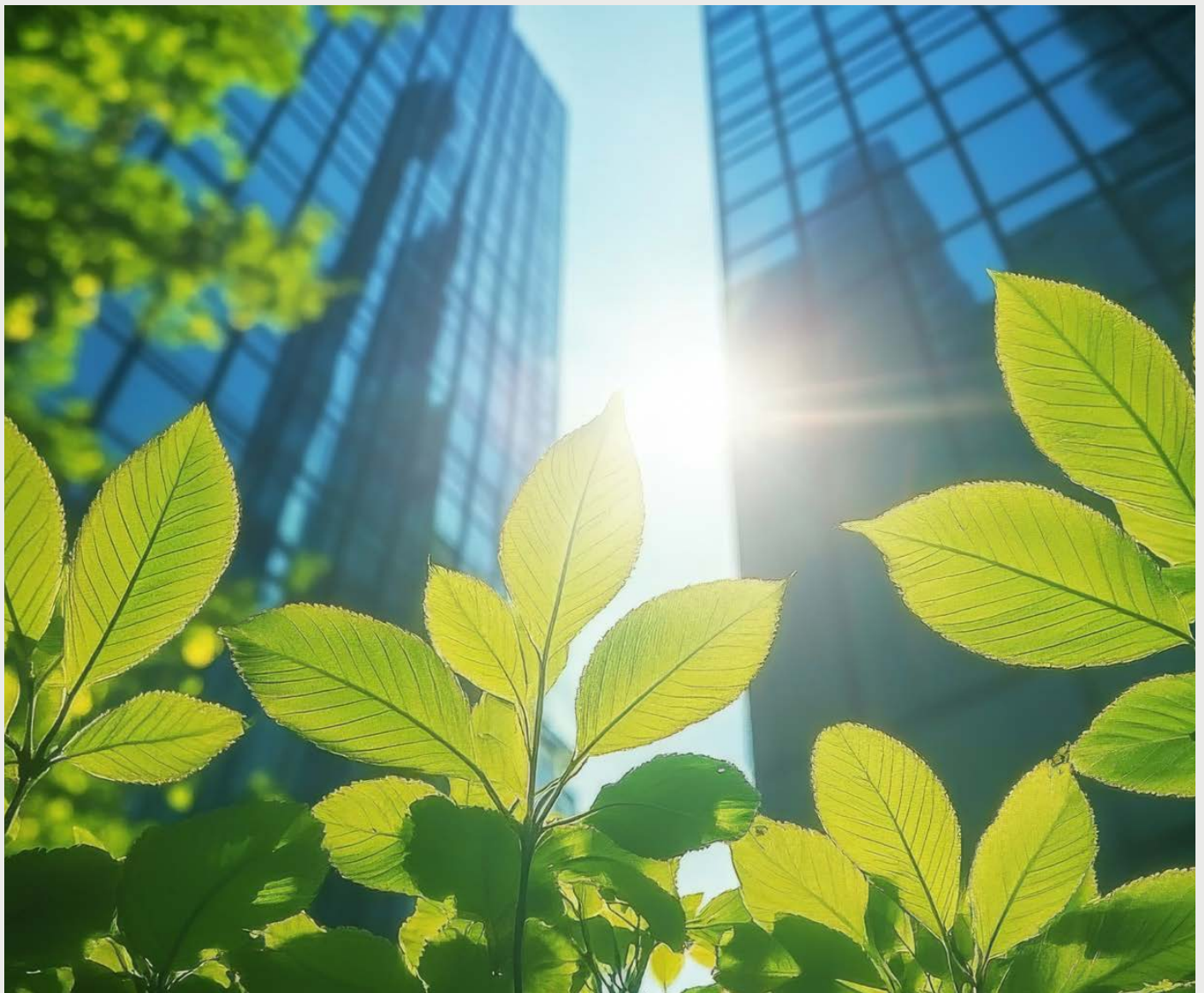
* Stated only for material sustainability topics

List of the disclosure requirements that Nolato follows in the preparation of the company's sustainability statement as a result of its materiality assessment.

ESRS	Sub-topic	Disclosure requirements	Page in sustainability statement
E1 Climate change	Climate change mitigation	GOV-3: Integration of sustainability-related performance in incentive schemes	144
	Energy	E1-1: Transition plan for climate change mitigation	144
		SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	145
		IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	145
		E1-2: Policies related to climate change mitigation and adaptation	148
		E1-3: Actions and resources in relation to climate change policies	148
		E1-4: Targets related to climate change mitigation and adaptation	144
		E1-5: Energy consumption and mix	150
		E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions	152
E5 Circular economy	Resources inflows, including resource use	IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	160
	Waste	E5-1: Policies related to resource use and circular economy	160
		E5-2: Actions and resources related to resource use and circular economy	160
		E5-3: Targets related to resource use and circular economy	161
		E5-4: Resource inflows	162

ESRS	Sub-topic	Disclosure requirements	Page in sustainability statement
S1 Own workforce	Working conditions	SBM-2: Stakeholders' interests and views	125
	Equal treatment and opportunities for all	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	164
		S1-1: Policies related to own workforce	164
		S1-2: Processes for engaging with own workers and workers' representatives about impacts	165
		S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns	165
		S1-4: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	166
		S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	167
		S1-6: Characteristics of the undertaking's employees	167–168
		S1-7: Characteristics of non-employee workers in the undertaking's own workforce	168
		S1-8: Collective bargaining coverage and social dialog	170
		S1-9: Diversity metrics	171
		S1-10: Adequate wages	168
		S1-11: Social security	171
		S1-12: Persons with disabilities	171
		S1-13: Training and skills development metrics	168
		S1-14: Health and safety metrics	169
		S1-15: Work-life balance metrics	170
S1-16: Compensation metrics (pay gap and total compensation)	170		
S1-17: Incidents, complaints and severe human rights impacts	171		
S2 Workers in the value chain	Working conditions	SBM-2: Stakeholders' interests and views	125
	Equal treatment and opportunities for all	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	172
		S2-1: Policies related to value chain workers	172
		S2-2: Processes for engaging with value chain workers about impacts	172
		S2-3: Processes to remediate negative impacts and channels for value chain workers to raise concerns	173
		S2-4: Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	173
		S2-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	173

ESRS	Sub-topic	Disclosure requirements	Page in sustainability statement
G1 Business conduct	Corporate culture	GOV-1: The role of the administrative, supervisory and management bodies	176
	Protection of whistleblowers	G1-1: Business conduct policies and corporate culture	176
	Management of relationships with suppliers including payment practices	G1-2: Management of relationships with suppliers	177
		G1-3: Prevention and detection of corruption and bribery	178
	Corruption and bribery	G1-4: Confirmed incidents of corruption or bribery	179
		G1-6: Payment practices	178



The following is a list of all data points derived from other EU legislation as listed in ESRS 2 Annex B, indicating where they are found in the sustainability statement and including those that the company has deemed non-material. A page reference is provided if the disclosure requirement concerns a sustainability topic that has been identified as material for Nolato's operations.

Disclosure requirements	Data point		SFDR reference	Pillar 3	Reference regulation	EU climate law	Page in statement
ESRS 2 GOV-1	21 d	Board's gender diversity	✓		✓		116
ESRS 2 GOV-1	21 e	Percentage of board members who are independent			✓		116
ESRS 2 GOV-4	30	Due diligence statement	✓				118
ESRS 2 SBM-1	40 d i	Involvement in activities related to fossil fuel activities	✓	✓	✓		Non-material
ESRS 2 SBM-1	40 d ii	Involvement in activities related to chemical production	✓		✓		Non-material
ESRS 2 SBM-1	40 d iii	Involvement in activities related to controversial weapons	✓		✓		Non-material
ESRS 2 SBM-1	40 d iv	Involvement in activities related to cultivation and production of tobacco			✓		Non-material
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				✓	144
ESRS E1-1	16 g	Undertakings excluded from Paris-aligned Benchmarks paragraph		✓	✓		Not applicable
ESRS E1-4	34	GHG emission reduction targets	✓		✓	✓	144
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources	✓				150
ESRS E1-5	37	Energy consumption and mix	✓				150
ESRS E1-5	40–13	Energy intensity associated with activities in high climate impact sectors	✓				150
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	✓	✓	✓		152
ESRS E1-6	53–55	Gross GHG emissions intensity	✓	✓	✓		152
ESRS E1-7	56	GHG removals and carbon credits				✓	Not applicable
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			✓		Not applicable
ESRS E1-9	66 a	Disaggregation of monetary amounts by acute and chronic physical risk		✓			Not applicable
ESRS E1-9	66 c	Location of significant assets at material physical risk		✓			Not applicable
ESRS E1-9	67 c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		✓			Not applicable
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			✓		Not applicable

Disclosure requirements	Data point		SFDR reference	Pillar 3	Reference regulation	EU climate law	Page in statement
ESRS E2-4	28	The amount of each pollutant listed in Annex II to the regulation concerning the establishment of a European register for pollutant releases and transfers to air, water and soil	✓				Non-material
ESRS E3-1	9	Water and marine resources	✓				Non-material
ESRS E3-1	13	Dedicated policy	✓				Non-material
ESRS E3-1	14	Sustainable oceans and seas	✓				Non-material
ESRS E3-4	28 c	Total water recycled and reused	✓				Non-material
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	✓				Non-material
ESRS 2 – IRO 1 – E4	16 a i		✓				Non-material
ESRS 2 – IRO 1 – E4	16 b		✓				Non-material
ESRS 2 – IRO 1 – E4	16 c		✓				Non-material
ESRS E4-2	24 b	Sustainable land/agriculture practices or policies	✓				Non-material
ESRS E4-2	24 c	Sustainable oceans/seas practices or policies	✓				Non-material
ESRS E4-2	24 d	Policies to address deforestation	✓				Non-material
ESRS E5-5	37 d	Non-recycled waste	✓				163
ESRS E5-5	39	Hazardous waste and radioactive waste	✓				Not applicable
ESRS 2 – SBM3 – S1	14 f	Risk of incidents of forced labor	✓				Non-material
ESRS 2 – SBM3 – S1	14 g	Risk of incidents of child labor	✓				Non-material
ESRS S1-1	20	Human rights policy commitments	✓				164
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			✓		164
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	✓				Non-material
ESRS S1-1	23	Workplace accident prevention policy or management system	✓				164
ESRS S1-3	32 c	Grievance/complaints handling mechanisms	✓				165

Disclosure requirements	Data point		SFDR reference	Pillar 3	Reference regulation	EU climate law	Page in statement
ESRS S1-14	88 b, c	Number of fatalities and number and rate of work-related accidents	✓		✓		169
ESRS S1-14	88 e	Number of days lost to injuries, accidents, fatalities or illness	✓				169
ESRS S1-16	97 a	Unadjusted gender pay gap	✓		✓		170
ESRS S1-16	97 b	Excessive CEO pay ratio	✓				170
ESRS S1-17	103 a	Incidents of discrimination	✓				171
ESRS S1-17	104 a	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	✓		✓		Not applicable
ESRS 2 - SBM3 - S2	11 b	Significant risk of child labor or forced labor in the value chain	✓				Non-material
ESRS S2-1	17	Human rights policy commitments	✓				172
ESRS S2-1	18	Policies related to value chain workers	✓				172
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	✓		✓		172
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			✓		172
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	✓				173
ESRS S3-1	16	Human rights policy commitments	✓				Non-material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	✓		✓		Non-material
ESRS S3-4	36	Human rights issues and incidents	✓				Non-material
ESRS S4-1	16	Policies related to consumers and end users	✓				Non-material
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	✓		✓		Non-material
ESRS S4-4	35	Human rights issues and incidents	✓				Non-material
ESRS G1-1	10 b	United Nations Convention against Corruption	✓				177
ESRS G1-1	10 d	Protection of whistleblowers	✓				177
ESRS G1-4	24 a	Fines for violation of anti-corruption and anti-bribery laws	✓		✓		Not applicable
ESRS G1-4	24 b	Standards of anti-corruption and anti-bribery	✓				179



Disclosure area

Basis for preparation of the sustainability statement

General basis for the preparation of the sustainability statement

Nolato's sustainability statement has been prepared on the basis of CSRD and related ESRS and has been prepared on a consolidated basis. Nolato sees this report as a step in the process of gradually aligning the sustainability report with CSRD.

The scope is the same as for the Group's financial statements and applies to all manufacturing units in the Group. The content of the sustainability statement takes its starting point in Nolato's value chain, the scope of which is presented in more detail on pages 122–123. The materiality assessment for impacts, risks and opportunities mainly covers the subcontractor level (Tier 2) of the upstream value chain up to and including the usage stage of customers' products downstream. The same scope also applies to policies, actions and targets, as well as related disclosures linked to Nolato's material sustainability topics.

Reporting on sustainability work is an important tool for communicating sustainability performance, and Nolato has opted to integrate the statement into its annual report.

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 2024 full year are included in the report. Data was contributed by a total of 30 (29) production facilities.

Information relating to specific circumstances

In its use of time horizons, Nolato has proceeded on the basis of the definitions for medium and long term according to ESRS 1 section 6.4.

The calculation method for Scope 1, 2 and 3 greenhouse gas emissions is reported under each topic-specific standard.

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.

Scope 3 for 2023 has been corrected as a number of calculations had been mapped toward the incorrect emission factors in the calculation of emissions. Hence, total Scope 3 emissions for 2023 have been revised upwards by 11,442 tons CO₂e.

Information derived from other legislation

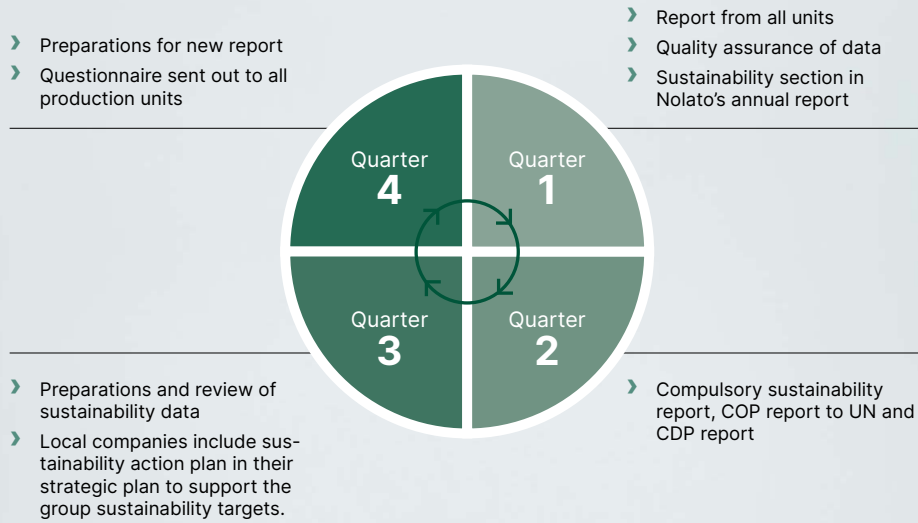
In accordance with the Swedish Annual Accounts Act (Chapter 6, Sections 10–14), the company has opted to include its sustainability report in the annual report. The table below gives details of where the statutory information can be found in the annual report.

Area	Page
Business model	14, 122–123
Policies, framework, stakeholders and material topics	148, 160, 164, 172, 176
Environmental responsibility	144–163
Working conditions and social responsibility	164–174
Human rights	164,172
Anti-corruption	176, 178
Risks and risk management	67–69
Diversity on the Board and in management	116, 164

Incorporation by reference

Information related to disclosure requirements that have been incorporated by reference is as follows:

- › Disclosure requirement GOV-1: The role of the administrative, management and supervisory bodies; point 21a, b and 23 – See the Corporate Governance Report section on pages 60–61.
- › Disclosure requirement GOV-3: Integration of sustainability-related performance in incentive schemes – See the Remuneration guidelines section on pages 57–58.



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

Topic-specific disclosures



Sustainable development in a ten-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 long been established, and improvements therefore need to focus on the right things, clear targets 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 important 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 figures	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ENVIRONMENTAL RESPONSIBILITY											
Compliance	Number of breaches of environmental legislation (fines, sanctions)	0	0	0	0	0	2	0	2	1	2
Energy	Energy consumption (GWh)	211	217	235	229	183	184	182	188	169	167
	Energy consumption/sales (GWh/SEKm)	0.022	0.023	0.022	0.020	0.021	0.023	0.022	0.028	0.038	0.035
	Purchased fossil-free electricity (% of total electricity use)	89	89	84	70	72	75	62	53	23	16
Greenhouse gases	Greenhouse gas emissions from energy consumption, market-based Scope 1 and 2 (tons CO ₂ e)	10,560	12,200	17,800	38,900	36,300	33,900	36,600	49,000	51,200	57,200
	Greenhouse gas emissions Scope 1 and 2/sales (tons CO ₂ e/SEKm)	1.1	1.3	1.7	3.4	4.1	4.3	4.5	7.3	11.5	12.1
	Greenhouse gas emissions Scope 3 (tons CO ₂ e)	329,520	327,240*	374,260	427,660						
Water	Water consumption (m ³ 000s)	134.8	159.4	168.1	181.4	141.0	146.7	146.3	177.9	163.7	179.3
	Water consumption/sales (m ³ /SEKm)	14.0	16.7	15.6	15.6	16.0	18.5	18.1	26.5	36.8	37.9
Waste	Waste volume (tons)	8,400	7,200	8,300	9,100	7,300	6,900	7,300	6,500	5,200	5,000
	Waste volume/sales (tons/SEKm)	0.87	0.76	0.77	0.78	0.83	0.88	0.90	0.97	1.16	1.05
Raw materials	Weight of recycled and bio-based raw materials (tons)	1,694	1,201	756	-						
	Recycled/bio-based plastics (% of total consumption)	3	2	2	2	2	2	2	2	1	1
Management system	ISO 14001-certified plants (% of total)	83	83	72	72	91	100	95	95	91	95
SOCIAL RESPONSIBILITY											
Employees	Number of employees (average)	5,837	5,732	6,627	8,669	6,721	5,941	6,449	7,249	6,418	7,759
Compliance	Number of breaches of health and safety legislation (fines, sanctions)	0	0	0	0	0	0	0	0	0	0
Health and safety	Occupational accidents resulting in absence (number/million hours worked)	7.2	6.4	4.5	5.2	5.2	4.9	4.1	3.7	5.0	2.3
Diversity	Percentage of women in Board of Directors	30	30	30	22	33	30	30	30	22	30
	Percentage of women in local management teams	27	29	28	27	25	25	22	22	20	19
Education	Employee training (hours/employee)	25	23	33	37	36	26	24	47	53	39
Management system	ISO 45001-certified plants (% of total)	30	24	24	24	27	29	24	27	27	30
Code of Conduct	Reported human rights breaches (number)	0	0	0	0	0	0	0	0	0	0
RESPONSIBLE BUSINESS CONDUCT											
Corruption and bribery	Confirmed incidents of corruption or bribery	0	0	0	0	0	0	0	0	0	0

* The figure for Scope 3 greenhouse gas emissions for 2023 has been corrected according to the explanation on page 140.

Environmental information

E1 Climate change

Sustainability targets linked to incentive schemes

Besides fixed base salary, members of Nolato's Group management receive variable cash remuneration based on the outcome of financial and sustainability key performance measures. This remuneration is based on how well the objectives set by the Board have been achieved during the year, and its level is based on a ratio of base salary. The purpose of the variable cash remuneration is to promote the company's business strategy, long-term interests and sustainability.

A portion (10%) of the remuneration is based on the Group's sustainable development work, specifically the environmental target of reducing greenhouse gas emissions in relation to the targets set by the Board. The Group-wide key performance measure is tons of carbon dioxide/net sales. The Nolato Group's target is to reduce Scope 1 and 2 emissions in relation to net sales by 80% by 2025 compared to the average value for 2011–2012.

The Nolato Group's transition plan

Nolato's transition plan is embedded in both the Group's vision and overall business strategy. This means that the plan is also included in the Group companies' strategy plans, which have a five-year horizon and form the basis for the budget work of each Group company. The Group companies are expected to report on how their operations support the Group's transition plan. The strategy plans in the Group companies are approved by each subsidiary's board and then aggregated into a strategy plan for the entire business area, which is presented to and approved by the Board of Directors of the Nolato Group.

Since 2022, the Nolato Group has endorsed the Science Based Targets initiative (SBTi), and in 2024 the Group's climate targets were validated and approved by the organization. This means that Nolato's transition plan is aligned with the Paris Agreement to limit global warming to 1.5°C by 2050. Consequently, the Group is acting to reduce the reliance of its operations and business model on fossil fuels through gradual and methodical investments in renewable energy sources.

Nolato's established SBTi target for Scope 1 and 2 emissions is a reduction of 70% in CO₂e in absolute terms from the 2021 base year by 2030. To achieve this, measures are being implemented to invest in fossil-free energy supply at the Group's production facilities, phasing out fossil fuels such as natural gas and propane, and purchasing renewable electricity certificates. In 2024, 84% of the Group's total energy supply came from renewable sources and 89% of its electricity consumption came from renewable electricity.

For Scope 3 emissions, the target is a 25% reduction over the same period, the majority of which is to be achieved through various measures within raw materials. Examples of measures include reducing product weight, choosing polymer materials with a lower carbon footprint, and above all through the transition from fossil-based raw materials to recycled or bio-based raw materials. Furthermore, there is an expectation that the Group's key suppliers will purchase renewable electricity, and commit to complying with SBTi and set targets aligned with the Paris Agreement.

Because the transition to bio-based or recycled raw materials can be achieved using existing machinery and with existing infrastructure, no significant investments

are needed to implement the transition plan. On the other hand, renewable materials are often more expensive than fossil alternatives, and the transition requires the Group's customers to have a willingness to pay and decisiveness in terms of being part of the transition, as changes to input materials usually have to be approved by the customer. Given the current market climate, Nolato is therefore currently dependent on fossil-based raw materials.

Locked-in greenhouse gas emissions usually originate from fossil-driven systems that are difficult to replace in the short term, thus locking the business into a certain degree of fossil dependence. A small number of Nolato's production facilities are currently dependent on heating systems powered by fossil natural gas. Emissions from these systems equal approximately 10% of the Group's total Scope 1 and 2 emissions, and since the replacement of the heating system is a relatively extensive procedure, this represents the Group's locked-in greenhouse gas emissions. However, it is assessed that these emissions will not present an obstacle to the Group's ability to achieve its reduction targets, as the percentage of emissions is so low, and also this will be counteracted in the medium term by already planned and timed investments in more energy-efficient systems, thus enabling phasing out natural gas as a fossil energy source.

In 2024, progress was made on several fronts in implementing the Group's transition plan.

- ▶ Nolato has continued to increase purchasing of renewable electricity at the manufacturing sites globally, and the share of renewable electricity was 89% of all electricity consumption in 2024 with the goal of a continued increase.

- › During the year, an additional Power Purchase Agreement (PPA) was signed, starting in 2025, which means that Nolato has entered into a long-term agreement for future purchases and deliveries of renewable electricity. The solar farm is forecasted to generate 14 GWh annually for Nolato and is located in Sweden.
- › By relocating the operations in Nolato's Chinese unit in Beijing to Dongguan further south, the need for, and thus emissions from, district heating are reduced. In China, district heating is mainly generated by fossil fuels, causing a relatively substantial climate impact. The emission reduction from this relocation will have an impact in Scope 2 emissions in the 2025 climate statement.
- › A materials network responsible for identifying new alternative materials and disseminating knowledge and sharing experience was established in the Nolato Group to promote and accelerate the transition to bio-based and recycled raw materials.
- › Through the initiative to recognize and reward suppliers that have made significant progress in their climate work, Nolato wishes to support, motivate and accelerate the climate transition upstream in the value chain.

Impacts, risks and opportunities related to Nolato's strategy and business model

Nolato has long followed the recommendations for voluntary and consistent reporting of climate-related financial risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD). Despite considerable similarities, these recommendations nevertheless differ from the disclosure requirements of ESRS 2 SBM-3 and ESRS IRO-1 related to 'E1 Climate change' in terms of scope and depth of information. In 2025, Nolato intends to deepen its work on climate-related impacts, risks (physical and transition-related) and opportunities in accordance with the disclosure requirements set out in the ESRS. At present, however, Nolato chooses to report on the basis of TCFD's recommendations.

Area	TCFD recommendations	References
Governance	<ul style="list-style-type: none"> › 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, Sustainability Director 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.
Strategy	<ul style="list-style-type: none"> › 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 tremendous strategic significance. Important measures include increased energy efficiency, reduced dependency on fossil energy and development of products with a minimal carbon footprint.
Risk management	<ul style="list-style-type: none"> › 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.
Metrics and targets	<ul style="list-style-type: none"> › 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 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 assisting customers with developing 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 that were validated in 2024. As of this year, the Group's Scope 3 emissions will be reported annually.

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 endorse SBTi (Science Based Targets initiative) as a crucial step in demonstrating the company's commitment to limiting its climate impact.

Risks

In Nolato's climate scenario, the Group has proceeded on the basis of a situation in which the world has failed to limit its emissions, and the temperature increase is at

least 2.5°C up until 2100. Climate action is taking place in politics and in the business sector, but at too slow a pace. Dependence on fossil fuels is declining, 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, Nolato has 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 a global temperature increase (> 2.5 °C)

Risk	Event	Impacts	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 Nolato's 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.	One plant in China and one in Mexico are located in areas with an elevated risk of water shortage.	Recurring episodes of high temperatures will impede operations at an increased 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 a global temperature increase (> 2.5 °C)

Risk	Impacts	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 capital through the EU taxonomy for sustainable investments and heightened requirements in terms of climate/sustainability reporting.
Technology development	Greater use of raw materials and processes with reduced climate impact. Increased circularity.	The Group is investing in bio-based and recycled raw materials. Limited access, high prices and regulatory requirements within certain sectors are slowing down 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, or if competing technologies take over, this will have a negative impact for the Group.
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. Altered 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. Independent research reports show that plastic-based products in many applications are better options than alternative materials such as metal and glass.	If the company fails to respond fast enough to increasing demands for a low climate impact for products and processes, there will be significant implications 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 by means of energy efficiency improvements and greater use of fossil-free types of energy.
- › Development of products with a lower carbon footprint.

Climate change also presents potential competitive advantages for the Group:

- › Increased cost efficiency through energy efficiency and effective use of resources.
- › Product development with a focus on bio-based and recycled raw materials.

Nolato's policies related to climate change mitigation

At an overarching level, the Nolato Group's efforts to mitigate greenhouse gas emissions in its own operations and its value chain are guided by the policy documents 'The Nolato Code of Conduct' and 'The Nolato Supplier Code of Conduct'. Nolato's President and CEO is responsible for implementation of the policies and both are available over the Nolato Group's website and in printed versions throughout the entire business. In addition, there is a local environmental policy drawn up at the local level by the respective Group companies, based on relevant sections of 'The Nolato Code of Conduct'. The managing director of each Group company is responsible for implementation of the local environmental policy.

The Nolato Code of Conduct

'The Nolato Code of Conduct' sets out binding guidelines for how Nolato's corporate principles and values are to be applied in practice. It applies to all of the Group's employees and representatives of the company, which includes permanent and

temporary employees, consultants, senior executives and Board members.

The policy contains a specific section dedicated to the environment with particular guidelines for how the Group is to reduce its climate impact. Its general purpose is to ensure that environmental responsibility is integrated into Nolato's offering, strategy and budget processes. Specifically, the policy prescribes addressing climate impact by reducing the Group's carbon footprint through measures such as improving energy efficiency, increasing use of renewable energy, and evaluating the risks and opportunities that climate change has on the business model. The policy also states that the Group supports the Paris Agreement and follows SBTi by setting targets linked to emissions in all Scope categories, and that it shall encourage suppliers and business partners to do the same.

The Nolato Supplier Code of Conduct

In 2024, 'The Nolato Supplier Code of Conduct' was developed, specifically aimed at all of the Group's suppliers. The policy is based on 'The Nolato Code of Conduct', as well as the external agreements and initia-

tives that Nolato follows, and its general purpose is to ensure that upstream entities in the Group's value chain are aware of and uphold Nolato's core principles and values. Specifically, the policy sets out Nolato's expectations for suppliers in terms of managing the material impacts, risks and opportunities associated with climate change that the Group has identified upstream in the value chain, such as energy consumption in production, transition to fossil-free electricity and greenhouse gas emissions.


Policy-related actions, resources and targets

Reduced greenhouse gas emissions

In 2024, Nolato invested SEK 32 million in measures that will directly or indirectly contribute to reduce the Group's environmental impact, focusing on energy and climate measures.

During the year, the Group took the following key measures based on SBTi-related targets to mitigate climate change:

Reduced greenhouse gas emissions in accordance with established SBTi targets

SDG	Targets	Measures	Outcome
	By 2030, Scope 1 and 2 greenhouse gas emissions are to be reduced by 70% in absolute terms compared to the 2021 base year, with a baseline value of 38,898 tons CO ₂ e.	During the year, the following key measures concerning Scope 1 and 2 emission reductions were implemented: <ul style="list-style-type: none"> ▶ Installation of heat pumps ▶ Purchase of fossil-free electricity ▶ Phasing out of fossil fuels 	Nolato's Scope 1 and 2 emissions have been reduced by 73% compared to the baseline value to 10,559 tons CO ₂ e.
	By 2030, Scope 3 greenhouse gas emissions in the upstream value chain are to decrease by 25% compared to the 2021 base year, with a baseline value of 367,392 tons CO ₂ e.	During the year, the following key measures concerning Scope 3 emission reductions were implemented: <ul style="list-style-type: none"> ▶ Development of a Supplier Code of Conduct with specific requirements concerning greenhouse gas emissions ▶ Development of a program to increase supplier engagement ▶ Increased use of sustainable raw materials 	Nolato's Scope 3 emissions in the upstream value chain have, through the measures, decreased by approximately 22% compared to the baseline value to 287,744 tons CO ₂ e.

After endorsing the SBTi in 2022, Nolato's science-based climate targets were validated during the reporting year. The targets include both direct and indirect emissions (Scope 1–3) – that is, Nolato's own operations as well as in its value chain both upstream and downstream – and aim to support the Paris Agreement's objective of limiting global warming.


In 2024, a program was developed to incentivize suppliers that are engaged in particularly ambitious climate work. The expected outcome of this measure is to encourage active climate efforts among the Group's key suppliers by showcasing their efforts among Group companies.



Renewable energy

Nolato endeavors to increase the share of renewable energy in its own energy mix in order to reduce the Group's greenhouse gas emissions. Renewable electricity was procured at four more plants during the year through contracts with electricity suppliers.

Energy consumption

Nolato works continuously to improve the energy efficiency of its own production facilities in order to reduce the Group's energy consumption. The goal of reducing energy consumption has been determined on the basis of the average value for 2011–2012, which was when Nolato's work to optimize its energy consumption began.

SDG	Targets	Measures	Outcome
	Renewable energy and electricity A substantial share of energy shall be renewable. The target is for >90% of purchased electricity to be renewable in 2025.	Phasing out of fossil fuels. Purchase of fossil-free electricity, installation of own solar panels, agreements with solar farms.	During the year, Nolato increased the share of renewable energy in its energy mix to 84%. The share of renewable electricity was 89% of total electricity use.

SDG	Targets	Measures	Outcome
	More efficient energy consumption. By 2025, energy consumption shall decrease by 55% compared with the baseline value of 0.045 GWh/net sales SEKm.	More efficient energy consumption, e.g. installation of heat pumps. During the year, investments were made in more energy-efficient production equipment and infrastructure at ten of the Group's facilities.	Nolato's energy consumption in relation to sales has decreased by 52% since the baseline value to SEK 0.022 GWh/net sales SEKm.
	Emissions from energy use Greenhouse gas emissions from energy consumption (Scope 1 and 2) shall decrease by 80% by 2025 – baseline value 17.3 tons CO ₂ e/net sales SEKm (average for 2011–2012).	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 from energy consumption have decreased by 94% to 1.1 tons CO ₂ e/net sales SEKm.

E1-5: ENERGY CONSUMPTION AND MIX

Disclosure area	Outcome in 2024	
Fossil energy consumption	Fuel consumption from coal and coal products (MWh)	0
	Fuel consumption from crude oil and petroleum products (MWh)	1,268
	Fuel consumption from natural gas (MWh)	4,934
	Fuel consumption from other fossil sources (MWh)	1,073
	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	26,433
	Total fossil energy consumption (MWh)	33,708
	Share of fossil sources in total energy consumption	15.9%
Consumption from nuclear sources	Consumption from nuclear sources (MWh)	0*
	Share of consumption from nuclear sources in total energy consumption	0*
Renewable energy consumption	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	128
	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	177,539
	Consumption of self-generated non-fuel renewable energy (MWh)	85
	Total renewable energy consumption (MWh)	177,752
	Share of renewable sources in total energy consumption	84.1%
Total energy consumption	Total energy consumption (MWh)	211,460

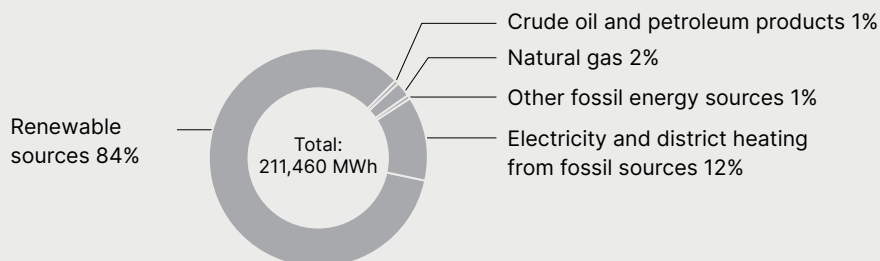
* Electricity from nuclear power is included in the electricity mix in electricity that is reported from fossil sources

Accounting policies

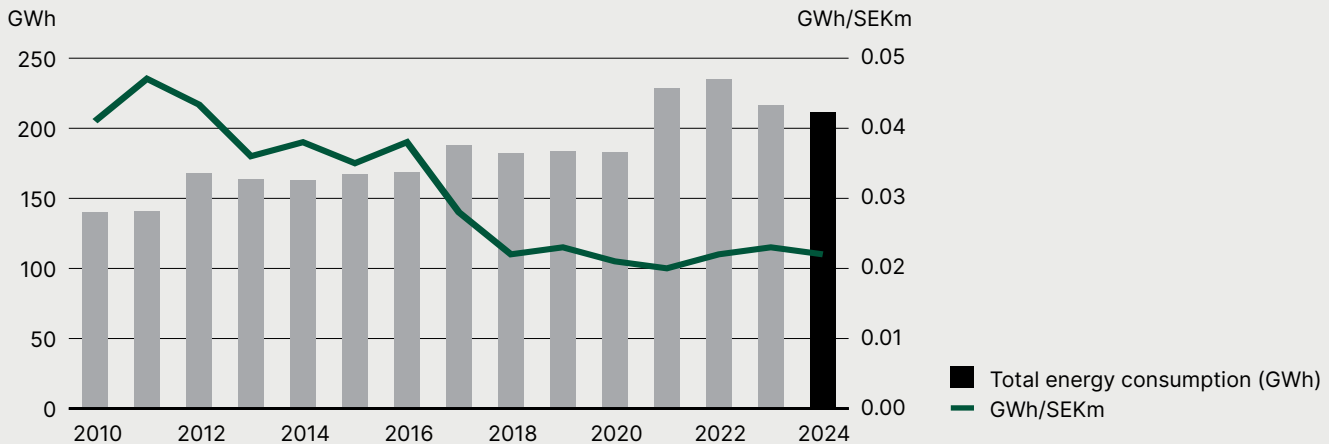
Energy consumption from district heating is divided into consumption from fossil and renewable sources according to a national mix for district heating in China and from the specific district heating providers in Europe. All electricity that is not purchased as renewable electricity is reported as electricity from fossil sources. Fuel consumption from other fossil sources comes primarily from the use of propane gas.

Energy intensity	2024	2023	2022	2021	2020
Total energy consumption (GWh)	211.5	216.6	234.9	229.0	183.0
Intensity (GWh/SEKm)*	0.022	0.023	0.022	0.020	0.021

* See the total net revenue figures on page 70 of the directors' report

Energy consumption and mix

Energy efficiency



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. A new cooling system has been installed at one of the plants that both reduces energy consumption and reduces surrounding noise levels.
- › 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, which are more energy-efficient. Production planning to make the most efficient use of equipment. Shorter cycle times and products with lower weight cut energy consumption. 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; three additional companies in the Group have begun the certification process.

- › Use of surplus heat from equipment to heat premises and warehouse buildings. Installation of systems for free cooling is reducing energy consumption. Lighting is also being replaced with LED bulbs on a large scale. Installation of motion sensors for lighting. Installation of electricity meters at strategic points in buildings. Measures to minimize leakages in compressed air systems and initiatives to reduce pressure in compressed air systems are under way at several subsidiaries; substantial potential energy savings have been identified.
- › Focused 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.
- › Since 2023, energy consumption and energy efficiency (kWh/kg manufactured product) have been part of the financial monthly 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 is working actively, with the collective purpose of identifying and

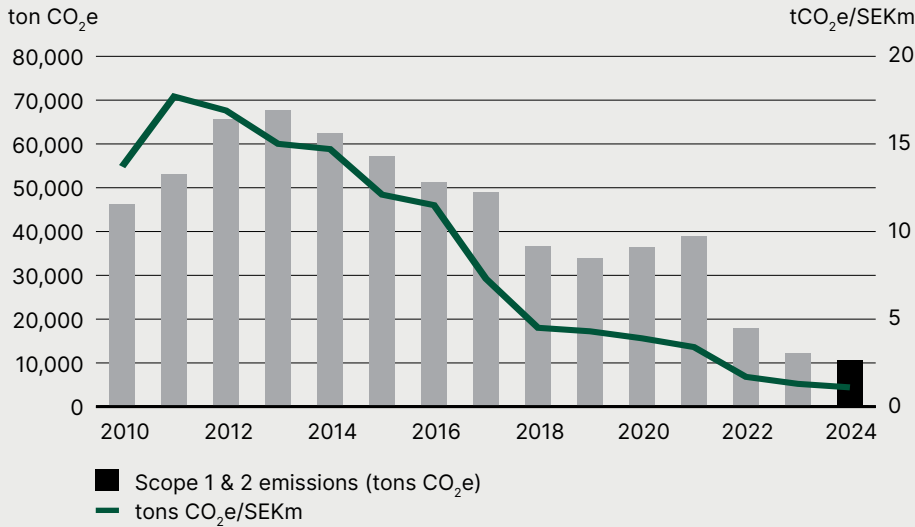
- implementing various efficiency measures. Consequently, many of the companies have started their own energy teams at local level to make continual improvements.
- › Improvements to building insulation were made at a number of the plants to reduce the energy needed for heating.
- › The PPA with the solar farm in southern Sweden produced 7.1 GWh during the year.
- › Nolato Poland installed solar panels during the year and generated 47 MWh; solar panels have now been installed at three of Nolato's plants.
- › In 2023, Nolato Romania 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 using heat spillage from the production processes, which has reduced the plant's direct energy consumption by 78% since 2022.
- › Automation equipment in some manufacturing and assembly processes was implemented during the year, in some cases replacing manual labor and leading to an increase in energy consumption in these processes. In general, automated processes lead to lower scrap and, in some cases, they replace older equipment and thus lead to more energy-efficient processes.

E1-6: GROSS SCOPES 1, 2, 3 AND TOTAL GREENHOUSE GAS EMISSIONS				
	2024	2023	2022	Base year 2021
Scope 1 GHG emissions				
Gross GHG emissions Scope 1 (tCO ₂ e)	1,587	1,585	2,471	2,700
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	2%	-	-	-
Scope 2 GHG emissions				
Gross GHG emissions Scope 2 (location-based, tCO ₂ e)	51,366	40,039	47,066	56,879
Gross GHG emissions Scope 2 (market-based, tCO ₂ e)	8,972	10,607	15,358	36,198
Total Scope 1 and 2 GHG emissions				
Total Scope 1 and 2 GHG emissions (location-based, tCO ₂ e)	52,953	41,624	49,537	59,579
Total Scope 1 and 2 GHG emissions (market-based, tCO ₂ e)	10,559	12,192	17,829	38,898
Scope 1 & 2 intensity (market-based, tons CO ₂ e/SEKm)*	1.1	1.3	1.7	3.4
Scope 3 GHG emissions (tons CO₂e)				
3.1 Purchased goods and services	229,694	243,643**	274,547	321,842
3.2 Capital goods	42,891	22,110**	22,510	26,844
3.3 Fuel- and energy-related activities	3,094	3,065	3,435	3,643
3.4 Upstream transportation and distribution	5,473	5,253	6,679	6,226
3.5 Waste management	384	680	475	645
3.6 Business travel	616	1,638	1,117	560
3.7 Commuting	5,100	7,522	7,425	7,329
3.8 Upstream leased assets	492	1,131	1,068	948
3.9 Downstream transportation and distribution	33,602	32,251**	41,028	38,247
3.10 Processing of sold products	4,971	6,182	7,965	7,760
3.11 Use of sold products	0	395	3,294	6,850
3.12 End-of-life treatment of sold products	3,194	3,362**	4,709	6,753
3.13 Leased assets	-	-	-	-
3.14 Franchise	-	-	-	-
3.15 Investments	10	10	10	10
Total Scope 3	329,521	327,241**	374,263	427,658
TOTAL GHG EMISSIONS				
Total GHG emissions (location-based, tCO ₂ e)	382,474	368,865**	423,800	484,537
Total GHG emissions (market-based, tCO ₂ e)	340,080	339,433**	392,092	466,556
Total GHG emissions intensity (market-based tons CO ₂ e/SEKm)*	35.2	35.6**	36.4	40.2

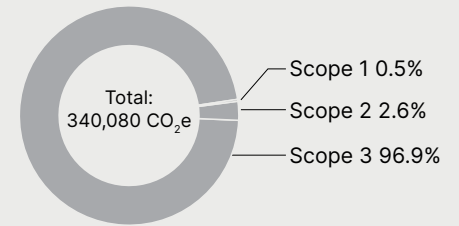
* See the total net revenue figures on page 70 of the directors' report.

** Figures are corrected as explained on page 140.

Scope 1 & 2 emissions



GHG emissions by Scope



Accounting policies

The accounting policies follow ESRS E1 and the GHG Protocol.

Scope 1 GHG emissions

Reporting Scope 1 CO₂e emissions includes CO₂e emissions from direct fuels. The emission factors for each energy type are the latest available from third-party organizations such as DEFRA and the US Environmental Protection Agency. This applies with the exception of the emission factors for propane and natural gas, which are older. The latest available emission factors for these are somewhat lower and, consequently, for 2024 Nolato has reported Scope 1 emissions that are 134 tons too high. Scope 1 emissions with the latest available factors would have been 1,453 tons CO₂e.

Carbon credits and avoided emissions are not included in the Scope 1 reporting.

The share of emissions controlled and addressed under the EU Emissions Trading System (EU ETS) of total Scope 1 was 0% in 2024. For China, 39 tons of Scope 1 emissions are included in the ETS, which accounts for 2% of total Scope 1 emissions.

Scope 2 GHG emissions

Indirect GHG emissions from indirect energy consumption of electricity and district heating.

- Location-based emissions are calculated based on national/regional network averages for emissions in defined geographical areas.
- Market-based Scope 2 emissions refer to indirect GHG emissions linked to purchased electricity and district heating through contractual instruments such as Energy Attribute Certificates (EACs), Renewable Energy Certificates (RECs, IRECs) and Guarantees of Origin (GoOs) from sources such as wind, hydropower, solar energy and biomass. The conversion factor from consumption of renewable electricity is applied at 0 tons CO₂e/MWh. For installations without such agreements, residual mix emission factors for each country/region are used to calculate emissions from consumed electricity. In the absence of supplier-specific or residual mix emission factors, the national average emission factor in the grid is used.
- Emissions from district heating are calculated based on supplier-specific emission values or national averages.

Scope 3 emissions

Indirect GHG emissions from the value chain. The accounting policies follow the GHG Protocol and are described by category below.

- › Category 1: Climate impact from consumed raw materials is calculated using weight per raw material and general emission factors per material type; where supplier-specific data is available, it is used. Consumption data is used for other goods and services.
- › Category 2 is calculated using supplier-specific data, consumption data and average data.
- › Category 4 is calculated using consumption data.
- › Categories 5 and 12 are calculated using hybrid approaches.
- › Climate impact from business travel, category 6, is calculated using supplier-specific data and consumption data.
- › Category 9 is calculated based on estimates and average data.
- › The calculation method for the remaining categories (3, 7, 8, 10, 11 and 15) is based on average data.

In general, the main sources for emission factors include DEFRA, IEA, EPDs and supplier-specific emission factors, procurement authorities and other industry databases and standards.

For the calculations of Scope 3 for 2024, the emission factors were updated and the number of supplier-specific emission factors for raw materials increased.

Climate action during the year

The situation in terms of Nolato's climate impact is affected by a number of factors, such as the following:

- › By purchasing fossil-free electricity for the businesses in Malaysia, Ireland and Romania, and continuing with the gradual increase in the proportion of fossil-free electricity in North America, indirect carbon dioxide emissions are declining. Purchases were made through direct agreements with energy suppliers, or through various types of certificate system (REC, IREC, M-RETS).
- › 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 consumption, 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.
- › Several of the units are implementing energy efficiency measures and energy audits to reduce their energy consumption.
- › Other measures concern replacing equipment, reduced scrap, better waste management, purchasing more fuel-efficient vehicles, increased use of teleconferences and improved logistics.
- › Emissions from the purchase of capital goods in Scope 3 are predicted to fluctuate between years going forward. The accuracy of these figures is low, as emissions from this category are based on consumption data.
- › The decline in production in Beijing, China, reduces emissions considerably from purchased electronics in category 1 and use of sold products, category 11.
- › Several measures are also being implemented to reduce emissions for employees' commuting and transport.
- › The volume of sustainable raw materials (defined as recycled, bio-based or mass-balanced raw materials) used for products increased to 1,694 tons from 1,200 tons, and the proportion thus rose to 3.4%.
- › Two other subsidiaries within the Group obtained ISCC+ certification, which enables providing products made of mass-balanced materials to their customers.
- › A number of workshops were conducted with key suppliers to define roadmaps for reducing carbon footprint.
- › Since 2024, all subsidiaries in the Group have included planned measures to reduce carbon footprint in their strategy plans.



Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 Taxonomy Regulation

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 labeling 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 ACCORDING 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 through internal measures and/or by Nolato helping a stakeholder to contribute to one of the objectives.

Not counteract environmental objectives

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

Fulfill 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 reported as regards alignment for 2024.

The addition of the circular economy environmental objective means that Nolato's manufacture of plastic packaging is now also eligible. Hence, Nolato reports production of pharmaceutical packaging at two of the subsidiaries and plastic packaging at two more subsidiaries. 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. Capital expenditure has been calculated from the percentage of sales related to the plastic packaging 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. Production of plastic packaging is fully integrated into the units, thus the percentage of turnover has been used when calculating operating expenses.

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 2024

Proportion of turnover from products or services that are associated with economic activities that are aligned with or eligible for taxonomy requirements – disclosures for 2024.

2024 financial year	Year			Criteria for substantial contribution						Do No Significant Harm criteria (h) (DNSH)									
	Code (a) (2)	Absolute turnover (3)	Proportion of turnover 2024 (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 2023 (18)	Category enabling activities (19)	Category transitional activities (20)
Economic activities (1)		SEKm	%	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	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)																			
				N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.										
Manufacture of plastic packaging	CE 1.1	747	8%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.								7%		
Turnover for activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		747	8%	-	-	-	-	8%	-								7%		
A. Turnover for activities that are eligible for the taxonomy (A.1 + A.2)		747	8%	-	-	-	-	8%	-								7%		
B. ACTIVITIES THAT ARE NOT ELIGIBLE FOR THE TAXONOMY																			
Turnover for activities that are not eligible for the taxonomy		8,917	92%																
TOTAL		9,664*	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%	8%
PPC	0%	0%
BIO	0%	0%

* Total turnover is taken from Nolato's income statement for 2024 on page 70.

Capex 2024

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 2024.

2024 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 2024 (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 2023 (18)	Category enabling activities (19)	Category transitional activities (20)
	SEKm	%		Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	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)																			
				N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.										
Manufacture of plastic packaging	CE 1.1	29	5%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.								8%		
Capital expenditure for activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		29	5%	-	-	-	-	5%	-								8%		
A. Capital expenditure for activities that are eligible for the taxonomy (A.1 + A.2)		29	5%	-	-	-	-	5%	-								8%		
B. ACTIVITIES THAT ARE NOT ELIGIBLE FOR THE TAXONOMY																			
Capital expenditure for activities that are not eligible for the taxonomy		611	95%																
TOTAL		640*	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%	5%
PPC	0%	0%
BIO	0%	0%

* Total capital expenditure for 2024 is taken from the gross investments in Nolato's cash flow statement on page 78.

Opex 2024

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 2024.

2024 financial year	Year			Criteria for substantial contribution						Do No Significant Harm criteria (h) (DNSH)									
	Code (a) (2)	Operating expenses (3)	Proportion of operating expenses, year 2024 (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 2023 (18)	Category enabling activities (19)	Category transitional activities (20)
Economic activities (1)		SEKm	%	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	Y; N; N/N.A.	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)																			
				N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.	N.A.; N/N.A.										
Manufacture of plastic packaging	CE 1.1	381	5%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.								1%		
Operating expenses for activities that are eligible for the taxonomy but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		381	5%	-	-	-	-	5%	-								1%		
A. Operating expenses for activities that are eligible for the taxonomy (A.1 + A.2)		381	5%	-	-	-	-	5%	-								1%		
B. ACTIVITIES THAT ARE NOT ELIGIBLE FOR THE TAXONOMY																			
Operating expenses for activities that are not eligible for the taxonomy		7,670	95%																
TOTAL		8,051*	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%	5%
PPC	0%	0%
BIO	0%	0%

* Total operating expenses for 2024 are taken from Nolato's income statement as the cost of goods sold on page 70.

Environmental information

E5 Resource use and circular economy

Nolato's circular economy-related work

Nolato has, by adhering to the processes to identify and assess material impacts, risks and opportunities, concluded that the sustainability topics Resource inflows and use, and Waste, are material for the operations. The assessment process has been conducted in consultation with relevant stakeholders.

Resource inflows and use

Nolato's main resource inflows relate to direct materials that are included in the Group's products, and also input materials used in production. Direct materials refer to virgin polymer plastic materials, silicones, elastomers, masterbatch, components and bio-based and recycled materials.

Input materials refer to chemicals, packaging materials and product packaging in plastic, paper and cardboard.

The main impact from Nolato's inflow and use of resources occurs within the Group's own facilities over a medium to long-term time horizon. The negative impact arises from the high resource inflow of virgin materials and components in the form of raw materials, packaging and input goods such as electronics and various metals. In addition, there is an adverse impact as a result of the operations' currently high dependence on fossil raw materials.

Future laws that could prevent use of non-renewable raw materials expose the business, in its current form, to financial risks through limiting the supply of critical resources. This is managed through active work to introduce bio-based and recycled materials into production. However, there is

a risk that supply of renewable raw materials of the quality and volume demanded by Nolato's customers may be impeded, resulting in increased raw material costs.

Demand from customers for products with a high proportion of recycled raw materials and low climate impact is on the rise, and expected to continue increasing. By being at the forefront and monitoring the market for recycled polymer raw materials, there is an opportunity for Nolato to remain a sought-after supplier. Already today, Nolato's EcoDesign model offers concrete steps to enable customers to reduce their products' use of resources early on in the design stage.

Waste

The main waste-related impact arises across the entire value chain over a horizon ranging from short- to long-term. Primarily, the adverse impact arises from resources of various kinds becoming waste that is either incinerated or deposited in landfill sites, which can cause environmental impacts in the form of leakage and emissions. Downstream, the greatest adverse impact arises from how the product is managed in its end-of-life stage, for example for disposable products manufactured in the Medical Solutions business area and other products with a short life.

Incorrect management of waste, hazardous waste and landfill poses a potential financial risk in the form of fines, and thus increased costs, which is also reinforced by new directives for waste and packaging management. In this respect, efficient use of resources aimed at reducing this and hence waste volumes, as well as safe

waste management, is important for reducing both exposure to cost increases and the operations' environmental impact. There are also important cost-saving opportunities in waste from the production process being ground down and reused as a resource, or sold as a resource directly to recycling companies.

Policies and measures for resource use and waste

Nolato has integrated policies for resource use and circular economy into the Group-wide policy document 'The Nolato Code of Conduct' and other related documents to address significant impacts, risks and opportunities (for more information, see see the section 'E1 Climate change' on page 144). Nolato's policies and measures regarding resource inflows and use, and waste, are listed below. As a basis for the measures, continuous investments are made in new technologies. Development is also pursued by the Group's Technical Design Centers (TDC) in materials and product design specifically to integrate recycled and bio-based raw materials into existing production methods. Ongoing internal skills development initiatives are also ongoing through training and internal programs to ensure compliance with sustainability goals throughout the organization.

Efficient use of resources

Nolato minimizes use of natural resources in its own operations through continuous efforts, such as improved production processes, investments in energy-efficient technologies and transition to fossil-free energy – read more in section 'E1 Climate change' on page 144. This has resulted in significant reductions in greenhouse gas

emissions of 94% for Scope 1 and 2, measured as emissions/sales (SEK) compared to the average for the 2011–2012 base years.

Promotion of circular economy

The product’s useful life is examined as a criterion when offering new products. By turning down assignments in which the product does not meet the Group’s sustainability requirements, Nolato can reduce its downstream impact and promote a circular economy. Nolato is increasing use of bio-based and recycled raw materials and ensures sustainability through certification systems such as ISCC Plus, which supports traceability and mass balancing principles and ensures that materials comply with stringent sustainability standards.

The EcoDesign model

Through the EcoDesign model, Nolato works actively to reduce its own and its customers’ downstream impact by optimizing products and reducing their overall environmental impact. Focus is on material choices in the form of bio-based and recycled raw materials, efficient production, and design that supports circularity and recycling. The aim is to create products with lower resource consumption and longer life cycles, including by using monomaterials to facilitate recycling, repair and renovation.

An optimized amount of material both reduces production scrap and makes for a lighter product, which also produces lower emissions from transport, which ultimately reduces both costs and environmental burden. 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 optimize energy consumption and hence minimize carbon footprint in manufacturing.

Waste management


In its own operations and upstream, where Nolato has the greatest influence for driving change, the Group works on the basis of the EU waste hierarchy. The model guides the Group’s approach to prioritizing initiatives, aimed at reusing or recycling the generated waste as far as possible. When waste material arises 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. As a rule, production scrap is reused as far as possible in production, or the material is sold to recycling companies.

Under the ISO 9001 and ISO 14001 frameworks, Nolato endeavors to reduce scrap and waste volumes, with the production units directing these efforts based on their own targets and plans. Waste is sorted in accordance with current legislation and cooperation with local waste managers. In relation to sales, over a ten-year perspective the volume of waste indicates a downward trend.

METRICS AND TARGETS

Targets related to resource use and circular economy

Nolato strives to reduce its use of natural resources through energy efficiency improvements, investments in new technologies and the transition to renewable energy.

SDG	Target area	Nolato’s targets
	Raw materials and products	There should be an increase in the percentage of bio-based and recycled raw materials.

Nolato works on the basis of the EcoDesign model to promote the use of recycled and bio-based materials, and to design products that are easy to recycle and reuse (see description above). This is part of Nolato’s strategy to support a circular economy by reducing waste along the entire value chain, increasing the degree of circular material use, and minimizing raw materials use.

The Group supports the Paris Agreement and the global target of limiting the temperature increase to 1.5 degrees, and is accordingly aligning its operations by means of sustainable materials choices and processes. Based on partnerships with entities in the value chain, Nolato collaborates with customers and suppliers to create sustainable products and solutions, which include innovations that support circular flows and a reduced environmental impact.

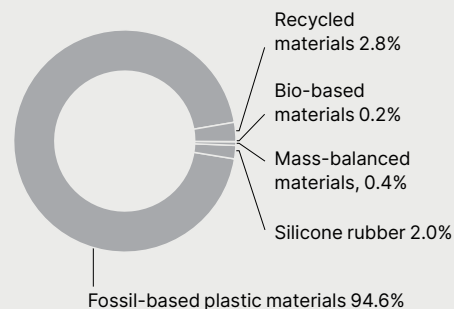
Outcome related to the work on resource use and circular economy

Below is a description of the Nolato Group's metrics and outcomes regarding the sustainability topics Resource inflows and use, and Waste.

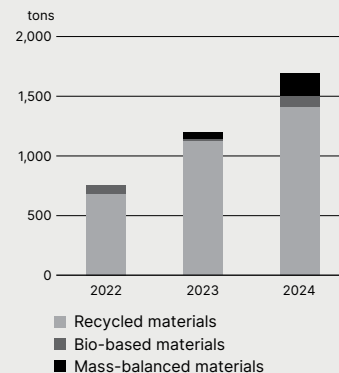
E5-4: RESOURCE INFLOWS

Disclosure area	Outcome in 2024
Total weight (tons), raw material resources	<p>Roughly 50,443 tons (49,000) of polymer materials were used in 2024.</p> <p>During the year, 1,412 tons of recycled plastic materials, 90 tons of bio-based plastics and 192 tons of certified mass-balanced materials were used, amounting in total to 3.4% of total raw material use of polymer materials.</p> <p>The percentage of recycled plastic materials is 2.8% of total raw material use of polymer materials.</p> <p>Nolato used 1,342 tons of metals during the year; metals are for example integrated in some injection-molded products.</p> <p>Other materials used are 54 tons (1,500) of paints, varnish and solvents.</p>
Proportion of biological materials	Nolato does not use biological materials.
Total weight (tons), input materials	Nolato used 5,717 tons (5,090 tons) of packaging materials during the year, including 4,094 tons of cardboard, 170 tons of paper and 1,453 tons of plastic.

Raw material use



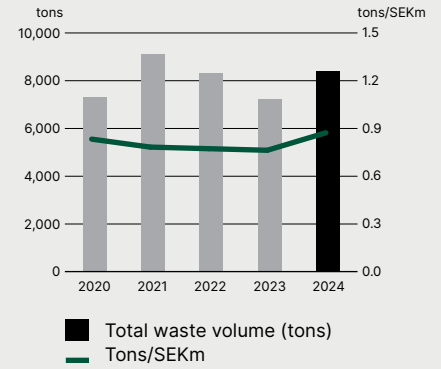
Sustainable raw materials



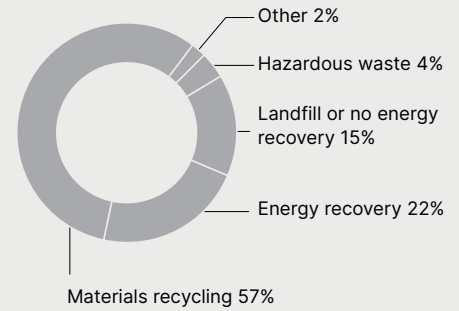
E5-5: RESOURCE OUTFLOWS (WASTE)

Disclosure area	Outcome in 2024
Total weight (tons), waste	8,402 tons (7,200) of waste was generated in 2024. The majority (79%) was recycled externally, either as material (57%) or energy (22%).
Total weight (tons), hazardous and non-hazardous waste	The volume of hazardous waste decreased to 344 tons (410), comprising 6% (4). The remaining 8,058 tons are non-hazardous waste.
Total weight (tons), disposed-of waste	<p>During the year, the total amount of waste incinerated was 1,921 tons and the amount of waste sent to landfill was 1,135 tons.</p> <p>The dominant part of the Group's waste sent to landfill comes from the facilities in North America, where waste recycling infrastructure is not as developed as in other regions.</p>
Total weight (tons), non-recycled waste	The total amount of waste not recycled as energy or material amounted to 1,584 tons and accounted for 19% of the total waste volume.

Waste volume



Waste management



Social information

S1 Own workforce

Impacts, risks and opportunities related to Nolato's strategy and business model

Nolato's procedures for dialogue with its own workforce are an important part of the company's strategy to attract and retain employees and promote their development. By creating an open and dialog-based workplace, Nolato not only boosts employee well-being, but also the company's long-term success and competitiveness.

Based on Nolato's double materiality analysis, the following sustainability topics related to 'S1 Own workforce' have been identified as material: Working conditions, as well as Equal treatment and opportunities for all. Below is a description of the material impacts, risks and opportunities for the identified sustainability topics.

Working conditions

Nolato's ambition to be an attractive employer includes ability to offer a safe and sound workplace for all categories of employees, with good employee development opportunities. Nolato's potential and actual negative and positive impacts related to the topic of Working conditions arise in its own operations and over a short, medium and long-term horizon.

There is also a potential negative impact in occupational safety, with Nolato working to continuously improve safety in the workplace through new machinery, regular risk assessments and safety briefings.

Nolato's operations have a potential negative impact as regards workload. Most of Nolato's employees perceive a balanced workload, which is important as stress can affect well-being and cause health problems. Dialogue with the company's employees is key for continuously monitoring employee workload, and the ongoing development of Nolato's role as an attrac-

tive employer is an important part of the Group's sustainable growth.

Nolato's positive impact on working conditions is primarily based on regular employee reviews and dialogs with employee representatives in various types of advisory committees. These enable providing and receiving continuous feedback, which helps the Group in its effort to promote well-being and skills development among its own workforce.

The most tangible risk lies in a high frequency of accidents, which can affect the company's growth through negative financial remedies, damage to the brand and damaged relationships with employees, customers and other partners. Measures to promote employee well-being and skills development, and to offer a safe working environment, are therefore crucial for the positive trend to continue. Initiatives related to these measures are decided on the basis of dialog in the relevant forums, such as safety committees, at the company's various subsidiaries.

Equal treatment and opportunities for all

A safe workplace also means that employees are treated with respect and not treated unfairly. Nolato's negative and positive impact on the topic of Equal treatment arises in its own operations and over a short, medium and long-term horizon.

In Nolato's operations, there is a potential negative impact in a perceived lack of training for current and future work duties. A core element of Nolato's responsibility as an employer is to offer a workplace in which all employees have equal development opportunities. Encouraging employees to enhance their skills and competence for taking on new tasks paves the way for positive impact. A natural part of the

annual employee reviews is discussing the individual's prospects and willingness for further development and planning different forms of training. Investments in skills development create important financial opportunities, such as heightened productivity and greater adaptability to change, providing both competitive advantages and enhanced risk management.

Nolato also has the opportunity for positive impact based on its endeavor to create equal opportunities for both men and women. An important opportunity arises from this, with equal treatment enhancing the Group's reputation and diversity generating numerous financial benefits.

Nolato's policies related to its own workforce

The Group-wide policy documents 'The Nolato Spirit' and 'The Nolato Code of Conduct' provide a summary of the Group's core values and policies concerning its own workforce, and explain how they relate to the company's business model. Both are based on applicable international conventions and guidelines, including the ten 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 document 'The Nolato Spirit' brings together the Group's core business principles and values in terms of business concept, vision, how the vision is achieved, and the company's Basic Principles. Besides these, there are work environment policies as well as equality plans, diversity plans and discrimination policies at the manufacturing units.

'The Nolato Code of Conduct' document is at the heart of how the Nolato Group is to act and run its business. The Code of Conduct is built around the three Basic Principles – Professional, Well Organized, Responsible – which are also described in the Group-wide document, 'The Nolato Spirit'. The Code applies to all Nolato employees and representatives acting on the Group's behalf, irrespective of workplace or duties, and is available on the website and in printed versions at all facilities.

The Code of Conduct focuses on Nolato's 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 of all kinds, working conditions and development opportunities. The Code of Conduct stipulates that Nolato does not tolerate human trafficking, forced labor and child labor. It also includes the prevention of workplace accidents and zero tolerance of discrimination and harassment with regard to sex, religion, age, disability, sexual orientation, nationality, political opinion, social origin or ethnic origin.

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. This responsibility is delegated to all managers across the Nolato Group, to ensure it is known and applied consistently, irrespective of location in the world. Both the Code of Conduct and 'The Nolato Spirit' are included in training and follow-up programs at all levels in the Group, and are an important part of the onboarding process for every new employee.

Dialogue with own workforce

Procedures and approaches for direct contact with Nolato's own workforce are established in the Group. The aim is to ensure a sound working environment, constructive dialogue and strengthened employee engagement, reflecting Nolato's focus on sustainability, transparency and social responsibility. Operational responsibility for contacts with Nolato's own workforce is held by the managing director of each respective subsidiary. Points of contact for dialogue are listed below.

Workplace meetings: Nolato organizes regular meetings at which employees and management can discuss the business, current challenges and successes. These meetings serve as a channel for sharing information and obtaining feedback from employees.

Employee surveys: Nolato conducts regular employee surveys to measure engagement, job satisfaction and identify areas for improvement. The results are used as a basis for improving the working environment.

Health and safety: Nolato has established procedures to ensure a safe and healthy work environment, including risk assessments, training and safety briefings.

Cooperation with trade unions: Nolato has a good dialogue with trade unions and other employee representatives. This includes negotiations on wages, working conditions and working environment. Employee representatives also participate in Nolato's Board meetings.

Individual talks, training and further development: Nolato holds regular performance reviews in which employees can discuss their performance, career goals and skills development needs. Nolato also offers

continuous training to enhance employee skills and improve their long-term career prospects.

Channels for raising concerns

Acting ethically and taking measures to prevent irregularities form an important part of Nolato's responsibility. Nolato values an open culture in which employees and other stakeholders are to feel safe in raising any irregularities or concerns in the workplace so that they can be remedied. Nolato therefore has an independent external whistleblowing system that is available to employees and other external stakeholders.

The whistleblowing function enables raising concerns in the event of suspected violation of the law or serious breaches of the Nolato Code of Conduct, without risking any form of reprisals. The right to blow the whistle applies to all individuals who, when the irregularities, violation of the law or serious breaches of the Code of Conduct came to their knowledge, were employees or applying for employment at Nolato, doing work for Nolato or were otherwise active at Nolato. For example, as an intern, staffing agency worker, consultant, customer, contractor or subcontractor.

All employees are informed of their possibility of raising grievances both when they are appointed and as part of their training on the Group's Code of Conduct.

Nolato has zero tolerance of violations of the law and of human rights. Any employee, regardless of position or role, who is found to have breached this Code of Conduct or related Group guidelines, directives or applicable laws and regulations will be subject to disciplinary action that may lead to employment termination, or – at worst – prosecution.

The whistleblowing system and any concerns raised in this system are described in section 'G1 Business conduct' on pages 176–179.

Measures regarding material impacts on own workforce

Nolato takes a comprehensive approach to both negative and positive impacts on its own workforce. The measures focus on minimizing risks and adverse impacts, as well as bolstering and promoting positive impacts in the areas of work environment, health and safety, skills development and equal treatment.

Nolato puts safety first and targets the elimination of occupational injuries, which means no employee in the Group's own operations 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 using such equipment or before undertaking potentially high-risk tasks.

In connection with changes, installing new machinery and introducing new production processes, Nolato performs regular risk assessments of varying frequency at its workplaces and implements safety procedures to minimize accidents and injuries. This also includes clear reporting systems for incidents. Nolato also invests in work environment-related measures such as safe work equipment and ergonomic workstations to reduce the risk of occupational injuries.

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 compliance with legislation and requirements. 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 to prevent accidents and ensure that systems are in place to manage and register near misses.

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.

Nolato has clear guidelines and policies against discrimination, harassment and other forms of unethical conduct. An anonymous whistleblowing system enables employees to raise concerns. Nolato acts swiftly on reported incidents and follows up with measures to ensure that the problems do not recur.

Measures to reinforce positive impacts

Employees' expertise plays a vital role in enabling Nolato to offer sustainable solutions of the highest quality. Providing training and development opportunities is therefore important to the Nolato Group's continued competitiveness, in particular in

enabling retaining and attracting individuals with essential skills.


Prioritizing internal candidates when recruiting for a new position ensures that employees have the opportunity to advance their career within the company and that relevant know-how is retained. Nolato's various subsidiaries work with skills development according to local needs and conditions. 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.

Regular surveys are used to collect feedback and identify opportunities to improve the work environment.

Monitoring

To ensure that the measures are effective, Nolato continuously evaluates its work through measurement and monitoring. KPIs are used to measure occupational injuries, incidents, engagement levels and other factors. Ongoing dialogues with trade unions and employees ensure that both negative and positive impacts are managed.

Nolato also reports its progress in the annual sustainability report, which creates transparency and enables continuous improvement.

SDG	Target area	Nolato's targets
	Safe workplaces	No-one should be injured at work, and the number of workplace accidents must be minimized. Systems for registering and managing near misses should be in place at all units.

METRICS AND TARGETS

Working conditions

Nolato strives to have safe and sound working conditions wherever the Group operates. The Group's objective concerning safe workplaces includes its own operations and is aligned with the Nolato Code of Conduct. Employees should feel safe and secure in their workplace, and for this reason Nolato puts safety first through its objective of zero occupational injuries, clear procedures and a systematic approach at all facilities.

S1-6: Characteristics of the undertaking's employees	
Gender	Number of employees 2024
Men	3,541
Women	2,296
Other	0
Not specified	0
Total employees	5,837

Country	Number of employees
Sweden	1,113
Ireland	105
Poland	126
Romania	50
Switzerland	290
Hungary	831
UK	199
United States	1,055
Mexico	109
China	1,771
Malaysia	177
Other	11

	Men	Women	Other	Not specified	Total
Number of employees	3,541	2,296	0	0	5,837
Number of permanent employees	3,077	1,624	0	0	4,701
Fixed-term contract employees	211	244	0	0	455
Standby employees	253	428	0	0	681
Number of full-time employees	*	*	0	0	5,740*
Number of part-time employees	*	*	0	0	97*

* Gender breakdown for full-time and part-time employees is not known.

S1-6: CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

Disclosure area	Outcome in 2024																									
Number of employees	<p>Nolato is a global group and 81% (81) of its employees are based outside Sweden.</p> <p>This figure is presented on page 64 of the financial directors' report.</p>	<p>Employees by country</p> <table border="1"> <caption>Employees by country</caption> <thead> <tr> <th>Country</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>China</td><td>30%</td></tr> <tr><td>US</td><td>18%</td></tr> <tr><td>Hungary</td><td>14%</td></tr> <tr><td>Sweden</td><td>19%</td></tr> <tr><td>Mexico</td><td>2%</td></tr> <tr><td>Malaysia</td><td>3%</td></tr> <tr><td>Ireland</td><td>2%</td></tr> <tr><td>Poland</td><td>2%</td></tr> <tr><td>Romania</td><td>1%</td></tr> <tr><td>Switzerland</td><td>5%</td></tr> <tr><td>UK</td><td>4%</td></tr> </tbody> </table>	Country	Percentage	China	30%	US	18%	Hungary	14%	Sweden	19%	Mexico	2%	Malaysia	3%	Ireland	2%	Poland	2%	Romania	1%	Switzerland	5%	UK	4%
Country	Percentage																									
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Ireland	2%																									
Poland	2%																									
Romania	1%																									
Switzerland	5%																									
UK	4%																									
Total number of employees who left the company	A total of 1,372 employees left the company during the year.																									
Employee turnover	<p>Employee turnover was 24% during the year.</p> <p>The higher employee turnover rate during the year is attributable to the substantial restructuring of the units in China.</p>																									
Description method	The number of employees is reported according to FTE and calculated using total number of hours worked divided by the average for one full-time employee in Sweden (1,800 hours).																									

S1-7: CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE

Disclosure area	Outcome in 2024	
Non-employees	<p>The number of individuals working for but not employed by the Group totaled 772 (850) during the year. The same method as for company employees has been used.</p> <p>The decrease is due to the consolidation of operations in China during the year, which resulted in a decrease in the number of individuals working for but not employed by the Group.</p>	

S1-10: ADEQUATE WAGES

Disclosure area	Outcome in 2024	
Adequate wages	All employees had salaries that exceeded the definitions of adequate wages as per ESR S1.	

S1-13: TRAINING AND SKILLS DEVELOPMENT METRICS

Performance reviews	<p>In 2024, 67% of employees – totaling 3,888 (3,761) – participated in performance reviews, career development or other assessments of their own work, of which 1,497 were women and 2,391 were men.</p> <p>The number of employee appraisals was the same as the number of appraisals planned by the local management teams apart from at three of the Group subsidiaries.</p>	
Training and personal development	<p>Training hours totaled 147,640 (133,600), of which 121,540 hours were spent by production personnel, 17,810 hours by SARs and 8,290 hours by managers.</p> <p>This corresponds to 25.3 hours (23) per employee, averaging 20.3 hours for women and 28.5 hours for men.</p>	

S1-14: HEALTH AND SAFETY METRICS

Disclosure area	Outcome in 2024																																	
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). Currently, 30% of the subsidiaries – nine units – are certified.																																	
Percentage of individuals covered by the company's health and safety management system	99.6% of employees are covered by the company's health and safety management system; one small subsidiary reports that no health and safety management system exists for the plant.																																	
Fatalities	There were 0 fatalities (0) during the year.																																	
Work-related ill health	<p>The rate was 7.2 accidents (6.4) resulting in absence per million hours worked.</p> <p>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 on and prioritization of this area.</p> <p>The most common causes of occupational accidents were falls and slips and accidents caused by machinery/equipment.</p>	<p>Occupational accidents</p> <table border="1"> <caption>Occupational accidents (2020-2024)</caption> <thead> <tr> <th>Year</th> <th>Number of lost work cases (LWC)</th> <th>LWC per million hours worked</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>62</td> <td>5.2</td> </tr> <tr> <td>2021</td> <td>75</td> <td>5.2</td> </tr> <tr> <td>2022</td> <td>52</td> <td>4.8</td> </tr> <tr> <td>2023</td> <td>68</td> <td>6.4</td> </tr> <tr> <td>2024</td> <td>75</td> <td>7.2</td> </tr> </tbody> </table> <p>■ Number of lost work cases (LWC) — LWC per million hours worked</p> <p>Causes of occupational accidents</p> <table border="1"> <caption>Causes of occupational accidents</caption> <thead> <tr> <th>Cause</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Falls, slips</td> <td>38%</td> </tr> <tr> <td>Machinery, equipment</td> <td>29%</td> </tr> <tr> <td>Heavy lifting, repetitive work</td> <td>14%</td> </tr> <tr> <td>Other</td> <td>13%</td> </tr> <tr> <td>Electricity, steam</td> <td>3%</td> </tr> <tr> <td>Chemical substances</td> <td>3%</td> </tr> </tbody> </table>	Year	Number of lost work cases (LWC)	LWC per million hours worked	2020	62	5.2	2021	75	5.2	2022	52	4.8	2023	68	6.4	2024	75	7.2	Cause	Percentage	Falls, slips	38%	Machinery, equipment	29%	Heavy lifting, repetitive work	14%	Other	13%	Electricity, steam	3%	Chemical substances	3%
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Lost work cases (LWC)	During the year there were 75 (69) occupational accidents. One accident (0) was recorded concerning contractors.																																	
Lost work days (LWD)	Occupational accidents resulted in absence totaling 1,619 days (803).																																	
Health and safety committees	Formal health and safety committees are in place at all production facilities apart from two units.																																	
Near misses	Systems for recording near misses have been further developed and during the year, 602 (870) near misses were investigated and corrective and preventive action taken.																																	
Inspections by health and safety authorities	With regard to health and safety, 16 (8) units were inspected by health and safety authorities. No significant discrepancies were identified.																																	
Health and safety legislation breaches	No significant breaches of health and safety legislation were recorded during the year.																																	
Health and safety training	44,550 hours in total were spent on training courses on the environment and health and safety, giving an average of 10.5 hours per male employee and 3.9 hours per female employee. 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.																																	

S1-15: WORK-LIFE BALANCE METRICS


Disclosure area	Outcome in 2024
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, 166 women and 159 men took parental leave. A total of 11,308 working days were taken as parental leave, of which 8,069 were by women and 3,239 were by men.

S1-16: COMPENSATION METRICS

Pay gap	When switching systems in order to meet the ESRS disclosure requirements on the pay gap between men and women, a new data source must be defined for 2025.
Pay gap between highest paid person/ all employees	The annual total remuneration ratio for the highest paid person in relation to the mean value of total remuneration for all employees amounted to 30.4.

Equal treatment and opportunities for all

Nolato has zero tolerance of all forms of discrimination and harassment, and there must be no violations of human rights or instances of child labor or forced labor. The Group's goals related to human rights and gender equality include its own operations and are aligned with the Nolato Code of Conduct.

SDG	Target area	Nolato's targets
	Human rights and gender equality	<ul style="list-style-type: none"> There should be no cases of infringements of human rights, discrimination or forced labor. The proportion of women in management positions should increase at all levels of Nolato. Nolato should be regarded as an attractive employer.




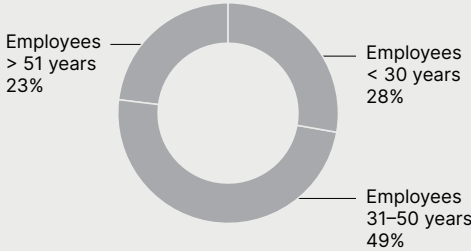
Below is a description of the Nolato Group's metrics and outcomes regarding the sustainability topics Equal treatment and opportunities for all.

S1-8: Collective bargaining coverage and social dialog

All employees at Nolato 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.

Coverage rate	Collective bargaining coverage		Social dialog
	Employees in the EEA (Countries with > 50 employees)	Employees – outside the EEA (Countries with > 50 employees)	Workplace representation (EEA only)
0–19%	Hungary, Ireland, Poland	Malaysia, Switzerland, United Kingdom, United States	
20–39%			
40–59%			
60–79%		Mexico	
80–100%	Sweden, Romania	China	Ireland, Poland, Romania, Sweden, Hungary

S1-9: DIVERSITY METRICS

Disclosure area	Outcome in 2024	
Gender diversity	<p>During the year, women made up 39% (41) of employees.</p> <p>There are three women on Nolato's Board of Directors out of a total of ten who are members of the Board – a 30% share. Group management includes one woman out of a total of seven individuals – a 14% share.</p> <p>Of the company's other senior executives, 53 managers are women – a 27% share (29).</p>	<p>Gender diversity, Board</p>  <p>Gender diversity, Group management</p>  <p>Gender diversity Management teams in Group companies</p> 
Age distribution	<p>28% of employees were aged <30 years, 49% were between 31 and 50 years and 23% >51 years.</p> <p>The age distribution shows a broad generational spread among employees.</p>	<p>Age distribution of employees</p> 

S1-11: SOCIAL SECURITY

Social security	<p>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.</p> <p>These types of leave exist according to the legislation in the respective country.</p>	
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S1-12: PERSONS WITH DISABILITIES

Employees with disabilities	<p>47 employees had some form of disability, accounting for 0.81% of Nolato's workforce.</p> <p>Several subsidiaries do not collect this information due to GDPR.</p>	
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S1-17: INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

Gender equality and combating discrimination	<p>Gender equality work aims to create an even gender diversity in recruitment processes and in career development. Formal equal opportunities plans are in place at 24 of the units (21), and during the year 22 units (22) introduced measures to promote equality, for example relating to recruitment and employment of people with disabilities.</p> <p>0 (3) cases of discrimination were recorded during the year.</p>	
Violence, harassment	<p>3 incidents of violence and harassment were recorded during the year. Relevant action was taken.</p>	

Social information

S2 Workers in the value chain

Impacts, risks and opportunities related to Nolato's strategy and business model

Based on the double materiality analysis prepared by Nolato, the sustainability topic Working conditions has been identified as materially related to 'S2 Workers in the value chain'. Below is a description of the material impacts, risks and opportunities for the identified sustainability topic.

Working conditions

In line with Nolato's desire to pursue responsible business conduct, a natural element is that employees upstream in the value chain are to have safe and sound working conditions. Responsibility for this ultimately rests with the Group's partners, although through available channels and contacts, Nolato acts to ensure sound working methods. The work related to this is ongoing and thus applies over a short- to long-term horizon.

Workers in Nolato's value chain that are materially impacted are mainly those who work in production and manufacturing, both at Nolato's own facilities and at the Group's suppliers. In general, these are primarily workers in areas such as electronics and production equipment manufacturing, as well as raw materials production. Depending on the region, these may include workers who potentially face challenges related to working conditions, safety, health and fair pay, as well as respect for human rights and labor legislation.

Negative impacts are primarily considered to be found in potential violations in the field of health and safety at work, and human rights. The most pressing potential impact is not considered to exist among the Group's direct suppliers, but rather further up the supply chain. Since Nolato's

contacts with subcontractors are limited, so too is insight into working conditions, which is why the risks of negative impact are considered material. Besides the fact that poor working conditions and an unsafe working environment in the supply chain conflicts with Nolato's principles of ethical business conduct, they could cause damage to Nolato's reputation and brand which, in the long run, could affect supply of resources and lead to reduced sales. Consequently, there are numerous opportunities for positive impact – both for workers in the value chain and for Nolato – in the Group thoroughly analyzing and evaluating its supply chain and implementing clear requirements regarding working conditions and work environment.

Nolato's policies concerning value chain workers

Nolato focuses strongly on sustainability and responsibility throughout its entire value chain. In addition to the requirements and principles set out in the 'Nolato Code of Conduct', which is described in detail in section 'S1 Own workforce' on page 164, the Group's upstream impact is managed by a specific Supplier Code of Conduct, through efforts aligned with the UN Global Compact, and compliance with other international guidelines.

The Nolato Supplier Code of Conduct

The Supplier Code of Conduct is evaluated and approved by Group management and applies to Nolato's suppliers and their subcontractors, which are expected to acknowledge the Code's principles or indicate whether equivalent content exists within their own codes of conduct. Suppliers shall also ensure that their employees have access to the information in the Nolato Code of Conduct. Nolato reserves the right to conduct audits or other types

of assessment to ensure compliance, request corrective action and terminate the relationship if serious breaches are found.

The policy document states that suppliers are expected to follow the same high standards for working conditions and the environment with which Nolato itself complies. This includes compliance with local and international labor standards, active efforts to reduce negative environmental impact, and zero tolerance of forced labor, child labor and human trafficking. Under the Code, suppliers shall act in accordance with prevailing conventions and guidelines, including the ten 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. In addition, specific requirements are in place regarding countering discrimination and the possibility to raise concerns anonymously about suspected irregularities – both upstream and downstream.

The UN Global Compact

Nolato is a signatory to the UN Global Compact, and works to fulfill the Sustainable Development Goals. In this effort, Nolato follows the UN's ten principles regarding human rights, labor law, the environment and anti-corruption, and integrates these into its business to promote transparency and long-term goals for the environment, people and society.

Dialogue with value chain workers

Nolato works actively to ensure that the perspectives of value chain workers and their representatives are taken into account so as to manage actual and potential impacts of the Group's operations. By maintaining close partnerships with cus-

tomers and suppliers, and promoting transparency and a continuous sustainability dialog, Nolato strives to reduce negative impacts and improve working conditions along the entire chain. There are contacts with entities in the value chain at several different stages depending on the purpose and current needs.

Nolato has integrated sustainability and continuous improvement as part of the Group's collaborative processes to achieve long-term success and security in the supply chain. In the selection process, the supplier is evaluated and approved according to local procurement processes, which are determined depending on the ISO certifications and customer requirements that apply to the Group company concerned. In addition to this, an annual review of the Group's key suppliers is conducted to verify compliance with their own codes of conduct, with particular emphasis on human rights, working conditions and environmental standards. Over the course of the collaborative relationship, regular risk assessments and audits are then conducted to identify and address any issues, including dialogue with the supplier's employees to ensure compliance and identify any need for improvement. If a violation of Nolato's guidelines is discovered, immediate contact is made to implement corrective actions, with a direct dialogue with the party concerned in the value chain. Besides, there are contacts at the strategic level to promote long-term sustainable partnerships and innovations within the value chain.

Nolato's systematic multi-stage approach to contacts ensures that human rights are respected and integrated in all stages of the value chain. At Nolato, Group management, the President and CEO, is responsible for the operational implementation of the sustainability strategy, which includes contacts with value chain workers and evaluating the effectiveness of these con-

tacts. Focus is on ensuring that insights from these interactions are reflected in strategic decisions and the company's choices.

There are also other forms of contact with value chain workers. For example, the Group organizes training and informative initiatives to ensure that workers and their representatives in the value chain understand sustainability requirements and safety standards.

Channels for raising concerns and remediation

Nolato has established procedures for managing and remedying negative impacts in the value chain. The procedures are based on the Group's due diligence processes, which involve Nolato conducting regular risk assessments and audits to identify and remedy any negative impacts on human rights and working conditions in the value chain. If problems are found, the Group works with the parties concerned to implement improvement measures, such as altered working conditions, compensation or other remedial measures.

Through Nolato's whistleblowing function, value chain workers are able to report suspected or actual violations or other irregularities that breach the Group's Code of Conduct. The whistleblowing function and Nolato's reporting system are described in detail in section 'S1 Own workforce' on page 165. In accordance with Nolato's Supplier Code of Conduct, the Group's partners are expected to make Nolato's policies and guidelines available to their employees. In addition, information about the whistleblowing channel is communicated through supplier agreements and training.

Nolato continuously monitors the impacts of its efforts through audits, reporting and monitoring. The Group evaluates effectiveness by analyzing results and feedback from suppliers and value chain workers.


Key performance indicators (KPIs) related to human rights and working conditions are used to ensure progress.

Targets and measures to address material impacts

Nolato does not currently have a formalized process for formulating time-bound and outcome-based targets linked to the Group's positive and negative impact on value chain workers. The current target relates to the evaluation of key suppliers based on Nolato's guidelines for suppliers. Over the coming year, Nolato will act to set up processes for defining targets, including procedures for consultation with value chain workers or their representatives.

Nolato's primary measure to prevent material negative impacts upstream in the value chain is to require strategic suppliers to sign the Group's Supplier Code of Conduct, the content of which is described above. The Group's work to mitigate risks is pursued through several measures, chiefly through the Group's due diligence process when selecting suppliers, as well as procedures for supplier monitoring and ESG audits. In line with this, Nolato has a set target for all key suppliers to be evaluated in accordance with Code guidelines by 2025.

As a measure to better enable value chain workers to assert their rights, all suppliers are covered by Nolato's whistleblowing system. By enabling them to report violations of Nolato's Supplier Code of Conduct, Nolato can indirectly contribute to attaining positive impacts upstream.

SDG	Target area	Nolato's targets
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Suppliers	By 2025, all key suppliers are to be assessed based on Nolato's guidelines for suppliers.

Disclosure area	Outcome in 2024
Suppliers	<p>In 2024, Nolato had 898 key suppliers. Of these, 717 have been evaluated according to Nolato's supply chain due diligence process and approved Nolato's Supplier Code of Conduct, giving 80% (71%).</p> <p>During the year, 664 suppliers were evaluated using questionnaires and 29 suppliers were audited on site. It was decided to cease working with one supplier during the year as it did not fulfill Nolato's requirements.</p>



Governance information

G1 Business conduct

Material topics related to responsible business conduct

Nolato's Board of Directors and Group management bear primary responsibility for dealing with business conduct issues, as they do for sustainability work in general. This responsibility involves establishing and updating Group-wide policy documents, and monitoring and evaluating the work of the business based on the policies. In the monitoring process, the whistleblowing function is a core tool for detecting and acting on any deviations from the Group's business conduct approach.

Responsibility for business conduct-related matters is based on the substantial combined experience and know-how possessed by the Board of Directors as a whole through previous and existing assignments in the business sector. The management team bears operational responsibility, underpinned by appropriate training in business conduct.

Through Nolato's process to identify material impacts, risks and opportunities related to the area of responsible business conduct, the following sustainability topics have been considered material.

Corporate culture

Corporate culture is an area that primarily encompasses Nolato's own operations. Although the likelihood of serious incidents is considered low, potential negative impacts could be heavy if incidents actually transpired. A cohesive corporate culture reinforces internal relationships and the company's image as an attractive workplace externally.

Protection of whistleblowers

Protection of whistleblowers is paramount, as it is essential for stakeholders throughout Nolato's entire value chain to feel safe in reporting potential breaches. By ensuring the

protection and anonymity of whistleblowers, Nolato reinforces the role of the whistleblowing function as a means for detecting and remedying problems and irregularities, which in turn promotes long-term stability through greater efficiency, improved productivity and greater trust externally.

Relationships with suppliers including payment practices

As a purchaser of products and services, Nolato impacts its suppliers' revenues and opportunities to grow and invest. Having relationships in the supply chain that work well is therefore fundamental to Nolato's ability to set requirements for quality, security of supply and innovation, driving the Group's suppliers to improve their processes and products.

Prevention of corruption and bribery

Fair market conditions are a key issue when it comes to responsible business conduct, and cover Nolato's entire value chain. Not least, the incidence of corruption and bribery can entail substantial financial risks and legal implications, which could put Nolato's long-term stability at risk. Ethically appropriate business practices, fair market conditions and prevention of corruption and bribery can thus strengthen the Group's reputation and trust.

Nolato's business conduct policies

Nolato safeguards good business conduct and strives for long-term relationships with both its customers and its suppliers. All key topics within responsible business conduct are included in the policy documents 'The Nolato Spirit' and 'The Nolato Code of Conduct', and – for upstream in the value chain – in the separate document the 'The Nolato Supplier Code of Conduct'. All can be downloaded from the Group's website and printed versions are available at all facilities. The Board of Directors is responsible for approving the policy documents

and to cascade them to the local companies where the Managing Director is responsible for implementing them.

The document 'The Nolato Spirit' shows the Group's platform of shared values which, through its three basic principles, underpins Nolato's corporate culture.

The Code of Conduct was updated in 2023 and, in connection with this, all employees underwent mandatory training. Regular training will also be offered going forward. The Code is also mandatory part of onboarding training for new employees.

In order to further clarify the requirements that apply to the Group's suppliers, a separate Supplier Code of Conduct was developed at the beginning of 2024. This Code requires ethical business practices, respect for human rights and compliance with labor laws. The Code also sets requirements based on environmental criteria such as resource efficiency, minimization of waste and emissions, compliance with environmental standards and laws.

The policy documents as a whole address many of the main aspects related to the area of responsible business conduct, specifically combating bribery and corruption, managing conflicts of interest, striving for fair competition, compliance with trade agreements, product responsibility, quality, use of company assets, management of personal data, information security and confidentiality, accounting policies, tax management, communication, supplier requirements, and community engagement.

Based on the guidelines in 'The Nolato Spirit' and the Code of Conduct, the Group continuously works with governance and monitoring of the units' way of maintaining a good corporate culture and business operations. Managers and employees in

marketing, sales and purchasing receive training on matters concerning corruption, cartel formation and sound business ethics.

These matters are complex for a global company, and the perception of normal business principles can vary 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 verifying compliance.
- › The training in the Code of Conduct is mandatory for all new employees and shall then be repeated every three years or more frequently, if the Code is substantially updated.
- › The Group continuously verifies costs, expenses and revenues; in this process there are always at least two individuals who approve an invoice, in accordance with the four-eyes principle.
- › 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 are not aligned with the Nolato 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.

All units in the Group have implemented the Code of Conduct and, during the year, approximately 5,200 employees – including 95% of the year's new employees – underwent Code-related training.

Corporate culture

Nolato's whistleblowing function is the central mechanism through which suspected violations of the law and divergences from the Nolato Code of Conduct can be detected, reported and investigated. The function enables anyone who has become aware, in a work-related context, of suspected irregularities, violations of the law or serious breaches of 'The Nolato Code of Conduct', to raise their concerns without facing any risk of reprisals.

Protection of whistleblowers

The whistleblowing 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 they blew the whistle.

Information about the whistleblowing function is available in 'The Nolato Code of Conduct' and on the company's website. Nolato's employees are encouraged to report suspected breaches of the Code of Conduct or other suspected violations to their managers or other management representatives. If this is not possible, suspected violations can be reported anonymously through the whistleblowing function for external assessment.

Nolato's whistleblowing system enables the Group's stakeholders – such as employees, job seekers, interns, staffing agency workers, consultants, customers, contractors and subcontractors – to report serious cases of corruption or bribery without any risk of reprisal. The report is received by an external, independent whistleblowing officer who, within seven days, acknowledges receipt and performs an initial examination of the report. If the examination shows that the report meets the criteria in the Swedish Whistleblowing Act (2021:890), the report is classed as whistleblowing and investigated.

Anonymized information from the report is then handed to the individuals at Nolato whom the whistleblowing officer has identified as suitable to investigate the matter.


This may be, for example, the managing director of the company concerned or the president of the business area that includes the Nolato unit concerned. Depending on the severity of the case, further investigation is conducted internally or in collaboration with external resources, such as legal expertise in the country where the whistleblowing report was submitted.

In this further investigation, the external whistleblowing officer works closely alongside the individuals at Nolato conducting the investigation. The task of the whistleblowing officer is to deal with contacts with the whistleblower, safeguard their interests and ensure continued anonymity. The whistleblowing officer also provides support to the internal investigators in the form of experience. The individuals at Nolato conducting the investigation themselves contact the senior manager(s) who they believe should be informed of the whistleblowing report and the investigation. When processing the case is completed, the whistleblowing officer closes the case, anonymizes anything that could divulge the whistleblower's identity and archives the information in the whistleblowing system.

Relationships with suppliers

The work of key 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 Group Sustainability and Technology Director to ensure it is up to date and aligned with the company's values, objectives and applicable legislation.

Disclosure area	Outcome in 2024
Whistleblowing cases	<p>In 2024, 21 reports were received through these channels. Three of the reports met the criteria to be classified as whistleblowing under the Swedish Whistleblowing Act (2021:890). They concerned the same matter at one of the Group's units and were dealt with in accordance with Nolato's whistleblowing procedures. 13 reports received were instead treated as local HR cases. Five reports contained incomplete information and were closed by the whistleblowing officer, as it was not possible to contact the reporting parties.</p> <p>During the year, information about the whistleblower service was provided to employees in the Group in conjunction with reviews of Nolato's Code of Conduct.</p>

SDG	Target area	Measures
	By 2025 at the latest, all key suppliers are to be assessed based on Nolato's guidelines for suppliers.	<p>During the year, Nolato's subsidiaries have worked to implement the Group's guideline on categorizing suppliers.</p> <hr/> <p>Evaluations of Nolato's strategic suppliers using an extensive questionnaire on management systems and sustainability.</p>

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 categorization based on three criteria. The criteria concern 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 in a particular unit directly used in the manufacture of our products. The supplier's goods also have to meet both regulatory and quality requirements.

In addition, Nolato manages its relationships with suppliers in accordance with the due diligence statement under GOV-4, see page 118. By setting clear requirements and guidelines for its suppliers, Nolato can have a positive impact in responsible business and, by working with strategic man-

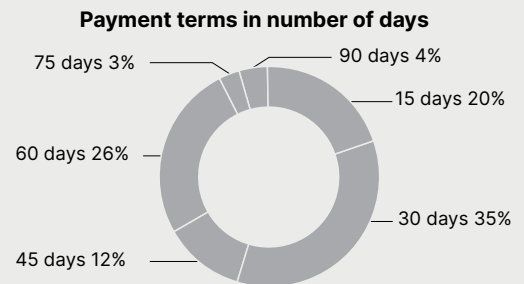
agement of supplier relationships, Nolato can minimize risks and maximize opportunities.

Payment terms

Nolato has various payment terms, depending on the business contracts entered into and on the relevant country, supplier and type of purchase. Standard templates are in place with terms for various types of purchased items.

G1-6: PAYMENT TERMS

Disclosure area	Outcome in 2024
Average payment time	The average payment time for invoices to suppliers was not measured in 2024. In accordance with the ESRS disclosure requirements, Nolato will report this metric for 2025.
Payment terms to suppliers	Payment terms to suppliers were distributed according to the payment times shown in the diagram. This diagram shows the contractual time of the agreed payment terms for suppliers in Nolato's operations. Payment terms may vary depending on supplier type, industry standards and contract negotiations. Regular time ranges include 15, 30 and 60 days, although other payment times also exist.
Number of ongoing legal proceedings for late payment	There are no ongoing legal proceedings for late payment.




Prevention of corruption and bribery

Nolato's preventive efforts

Nolato has zero tolerance of bribery, corruption and cartel formation, which is also included in applicable policy documents. There is a potential risk of corruption and bribery both throughout Nolato's value chain as well as in its own operations, although the likelihood of a potential incident is considered low. If Nolato is linked to

corruption, this could pose financial risks, including legal implications. All Nolato employees undergo anti-corruption training as part of their Nolato Code of Conduct training, which thus encompasses all risk-exposed departments. The management teams of all production units undertook self-evaluation relating to anti-corruption using the UN Global Compact checklists.

SDG	Target area	Measures
	Ensure Code of Conduct and anti-corruption training for all employees.	Application of preventive procedures and the Code of Conduct, as well as compliance monitoring. Code of Conduct and anti-corruption training. Information about Nolato's values, corporate culture and Code of Conduct are part of the onboarding process for all new employees.
	There shall be no cases of bribery, corruption or cartel formation.	Application of the whistleblowing system throughout the Group.

Employees have an obligation to report suspected violations of the Code of Conduct including suspected corruption. Any incident or suspected incident shall be immediately reported to the management function of the unit concerned or through the whistleblowing function. Suspected corruption can lead to legal proceedings depending on the type and value of the benefit.

Once a report has been received through the whistleblowing system, it is examined by Nolato's external whistleblowing report team. This external team is the only entity with access to the whistleblowing system.

Receipt of the report is acknowledged to the reporting party within seven days, after which time the external team commences validation of the report. If the report is

classified as whistleblowing, the team initiates an investigation by contacting a member of the management of the subsidiary concerned, usually the managing director. If the report concerns the managing director of the group company, the next level in the management chain is contacted – usually the business area manager. In some cases, a manager from another group company may be asked to conduct the investigation.

The external whistleblowing team supports the investigator throughout the investigation. The whistleblower receives information about the outcome of the investigation. No reporting to other parties takes place, although during the course of the investigation, higher-level employees in the management chain can be informed on a strictly need-to-know basis.

During the year, many of the Group's units pursued targeted training efforts through external entities on anti-corruption, competition law, contract management and other relevant topics. A total of 160 people took part. Furthermore, the Group companies have identified positions that could present a risk of corruption, and introduced procedures regarding outgoing payments, gifts and donations. Relevant employees are required to confirm in writing that they comply with the anti-corruption principles, and sanctions systems are in place. A total of 2,021 hours were spent on training on anti-corruption and bribery prevention with administrative personnel and management at Group companies.

G1-4: INCIDENTS OF CORRUPTION OR BRIBERY	
Disclosure area	Outcome in 2024
Confirmed incidents of corruption and bribery	0 cases (0) of bribery, corruption or cartel formation were recorded in 2024.
Measures to address violations	No measures, as no violations were identified.
Number of confirmed cases leading to dismissal or discipline	0 cases.



Relevant but non-material information

In this section, Nolato describes the areas that are important but that are not considered material in the double materiality analysis.


Environmental legislation

Systematic work based on management systems

Nolato's sustainability work is conducted 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 introducing the certifications that best support the customer segments they work with. However, ISO 14001 is in place as a foundation, which is to be applied within all Group companies to create a robust governance platform for Group-wide sustainability work, and which steers focus toward efficient use of resources and minimization of production waste.

Nolato's companies are subject to extensive legal requirements relating to the environment. This concerns both overarching legislation and specific terms for each business. Monitoring regulatory changes and ISO 14001 enable identifying relevant legislation in which the Group operates, and the companies implement relevant measures. Companies in the Group that are not yet ISO 14001-certified comply with regulatory requirements through 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 so by participating in networks and through regular contact with various authorities.

Environmental management systems

SDG	Targets	Measures to achieve target	Outcome in 2024
	All units are to be ISO 14001-certified.	Acquired companies are to be certified within two years.	83% (83) of production units are ISO 14001-certified.

ESRS E2 Pollution

Pollution is an important topic, but is not considered to be an area in which Nolato's impact, risks or opportunities are material. Nevertheless, 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 use of raw materials and chemical products. The commitments on pollutants and use of chemical products can be found in the Nolato Code of Conduct.

ESRS E2 POLLUTION

Disclosure area	Outcome in 2024
Environmental legislation	No significant breaches (0) of environmental legislation were recorded in 2024.
Environmental management systems	<p>ISO 14001 is the foundation of our sustainable development strategy and systematic approach, as the environmental audits and certification create confidence among the Group's stakeholders. There are other ISO standards that are also important to Nolato.</p> <ul style="list-style-type: none"> • 114 (102) internal environmental audits were conducted. • The plants were examined by external environmental auditors on 26 (25) occasions. • The Group has 149 trained and qualified environmental auditors. <p>Activities are under way at all companies that do not yet have ISO 14001 certification, and the plan is for these to be certified in 2025.</p>
Atmospheric emissions VOCs	<p>The use of approximately 54 tons (53) of paints, varnish and solvents resulted in emissions of around 24 tons (28) of VOCs.</p> <p>The majority of VOC emissions occurred in the production of breathing bags in Torekov, Sweden; this accounted for 16 tons (19) of gaseous ethanol emitted to the atmosphere. Emissions are calculated based on site-specific use.</p>
Other emissions	<p>There are roughly 3.5 tons (1.4) 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 0.6 tons (1.0).</p> <p>Emissions of dust and malodorous substances are usually negligible; no complaints were received regarding emissions of malodorous substances.</p>
Hazardous substances	Use of hazardous chemical substances at Nolato is minimal, but there are a few candidates for risk reduction. Around 44 (approximately 20) different chemicals were either replaced or phased out in 2024.
Accidents and uncontrolled emissions	<p>There were no cases of accidents or uncontrolled environmental emissions in 2024.</p> <p>There was one complaint from local residents regarding noise; the matter was dealt with and remedied within two working days.</p>
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.
Emissions to water	<p>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 incidents.</p> <p>Approximately 30% of the units periodically measure any emissions to water, and during the year 0.22 tons (1.45) of COD and 0.014 tons (0.047) 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.</p>

Measures during the year

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.

ESRS E3 Water and marine resources

Use of water and marine resources is an important topic, but is not considered as an area in which Nolato's impact, risks or opportunities are material. The standard 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 the Nolato Code of Conduct.

ESRS E3 WATER AND MARINE RESOURCES																			
Disclosure area	Outcome in 2024																		
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	<p>In 2024, the company used 132,000 m³ (150,600) of municipal water and 2,800 m³ (8,800) of water from our own sources. Total water consumption amounted to 134,800 m³ (159,400).</p> <div style="text-align: right;"> <p>Water consumption</p> <table border="1"> <caption>Water consumption data (2020-2024)</caption> <thead> <tr> <th>Year</th> <th>Used water volume (m³)</th> <th>m³/SEKm</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>~130,000</td> <td>~14</td> </tr> <tr> <td>2021</td> <td>~175,000</td> <td>~13</td> </tr> <tr> <td>2022</td> <td>~165,000</td> <td>~13</td> </tr> <tr> <td>2023</td> <td>~160,000</td> <td>~15</td> </tr> <tr> <td>2024</td> <td>134,800</td> <td>~12</td> </tr> </tbody> </table> </div>	Year	Used water volume (m ³)	m ³ /SEKm	2020	~130,000	~14	2021	~175,000	~13	2022	~165,000	~13	2023	~160,000	~15	2024	134,800	~12
Year	Used water volume (m ³)	m ³ /SEKm																	
2020	~130,000	~14																	
2021	~175,000	~13																	
2022	~165,000	~13																	
2023	~160,000	~15																	
2024	134,800	~12																	
Cost of water	Water costs amounted to approximately SEK 4.3 million (4.5).																		
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 recirculated volumes.																		

Water resources

Access to good quality water is important, and it is a resource that, for many good reasons, needs to be managed responsibly. The majority of Nolato's units are not located in areas of water shortage, or where aquatic ecosystems are under threat.

None of Nolato's facilities are located in areas with a high or very high risk related to water supply. For two plants, the risk related to water supply is considered moderate. These are the facilities in Mexico and Tucson, Arizona in the United States. As water consumption at these plants is relatively low, the potential effects and risks are small associated with Nolato's operations in relation to water supply.

Measures during the year

Total water 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. The city of Beijing is identified as a water shortage area and the majority of production in Beijing was relocated to Dongguan in 2024, which greatly reduced the remaining water consumption at Nolato's units in Beijing.

Nevertheless, there are some production processes in which water consumption is high. This is the case mainly for the manufacture of latex rubber breathing bags in Torekov, which accounts for around 11% (12) of Nolato's total water consumption. Since 2021, the plant in Torekov has cut its water consumption by around 41% – a reduction of over 10,000 m³ – and plans to continue cutting consumption through further measures. Investment in more resource-efficient equipment continued during the year, which further reduced water consumption by 3,500 m³ compared with 2023. The plant continued to invest in flow meters in its water-intensive process, enabling a more even flow of water and swift correction of high flows.

ESRS E4 Biodiversity and ecosystems

Biodiversity and ecosystems are an important topic, but are not considered to be an area in which Nolato's impact, risks or opportunities are material.

Protecting ecological values such as ecosystems, environmentally sensitive areas and vulnerable species has become even more important, however. In 2024, Nolato therefore performed an analysis to investigate impact and dependencies of biodiversity and ecosystems for the company by using TNFD's methodology. The project aimed to provide information and conclusions that can support the assessment of materiality of the topic.

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 conclusion based on the double materiality analysis is that impact at Nolato's direct production facilities is small. Nevertheless, there are important aspects to consider, including continuing work on certified environmental management systems (ISO 14001) and increasing focus on plastic waste management.

Land use and physical intervention in the expansion of Nolato's production plants can also 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 allows for pursuing projects effectively.

An impact on biodiversity may, however, arise due to emissions in other parts of the value chain. This is mostly indirectly through 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 the Nolato Code of Conduct.

Upstream in the value chain, there is a material impact in connection with the extraction and production of purchased raw materials. 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, irrespective of material type.

The conclusion from the analysis is also that Nolato can play an important part in raising the dialog, asking questions and eventually setting requirements regarding biodiversity and ecosystems for suppliers and their subcontractors.

ESRS S3 Affected communities

The impact on the communities affected by the company's operations is an important topic, but is not considered to be an area in which Nolato's impact, risks or opportunities are material.

In the Nolato Code of Conduct, we commit to minimizing impact and disruptions in the local communities in the vicinity of our production plants. Furthermore, the Group aims to be a good, committed corporate citizen and make a contribution to positive community development in the locations where we operate.

Community engagement and other measures during the year

Nolato is active member of society, for example through partnerships with universities, school field trips, open days for employees and their families, and financial support for healthcare, sports and culture.

Notable activities in 2024 were the following:

- › Open days at ten plants, attracting around 900 visitors.
- › 15 of the units organized activities with local schools, including sharing knowledge, career guidance, internships and information about the business. Roughly 590 students and teachers took part in these activities. 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.
- › The Group provides financial support to local schools, healthcare, sporting and social activities. In many cases the commitment is long term, and something that engages the Group's employees.
- › Building Hope Together is an initiative that has been ongoing for the past ten 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 2024, Nolato awarded grants to 11 students at the school.
- › Nolato has been a member of the Nordic Bioplastics Organisation for eight years.
- › In Switzerland, Nolato Treff attended the annual 'Future Day' event in cooperation with the local school – a day offering students the opportunity to see various roles at an injection molding company.

- › In Hungary, the appointment of staff with different types of disability continued; the department employs 17 individuals. 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 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 Gota continued to sponsor a sustainability initiative at the high school in the local municipality of Götene.
- › Nolato Beijing planted 178 trees in the Huairou district north of Beijing.

ESRS S4 Consumers and end users

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

Sustainable development glossary

5s A Japanese method of organization in the workplace. It involves sorting, systematizing, shining, standardizing and sustaining. 5s is an important element of lean manufacturing.

Carbon dioxide equivalent (CO₂e) The concept of carbon dioxide equivalents (CO₂e) is a way of expressing the total impact of various greenhouse gases (GHG) in terms of the amount of carbon dioxide (CO₂) 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' CO₂e enables comparing the carbon footprint of different materials.

CDP The Carbon Disclosure Project is a voluntary system for reporting businesses' carbon footprint. The primary target group is international investors that can refer to information on climate risks when making investment decisions about companies. Nolato has been reporting according to CDP since 2015.

CFCs/HFCs Gases containing chlorofluorocarbons (CFCs), hydrofluorocarbons (HFCs) and pollutants 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.

Code of Conduct Guidelines for Nolato's employees, Board of Directors, suppliers, etc. regarding business ethics, the environment, labor conditions and social responsibility.

Conflict minerals Tantalum, tin, gold and tungsten are referred to as conflict minerals if they originate from the Democratic Republic of Congo and neighboring countries. The term arose because of the armed conflicts in the region, where mining operations often contribute to continued conflicts and lead to human rights abuses.

COP Communication on Progress is an annual report submitted to the UN specifying how Nolato operates according to the ten principles of the Global Compact.

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 Corporate Sustainability Reporting Directive is an EU directive that was enacted in Swedish law as of July 2024. 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 consumption Nolato reports both direct energy consumption (usage of fuel in own energy facilities) and indirect consumption (purchased electricity and district heating).

Environment-related costs Costs attributable to measures for preventing, reducing or restoring environmental impact directly caused by the organization's operations. The same applies for costs concerning the occupational environment. These costs include administration, purchase of external services, authority fees, environmental management system maintenance, waste and external inspections and audits.

Environment-related investments Investments for preventing and reducing environmental impact from the organization's operations. The same applies for investments to enhance the occupational environment.

Environmental aspects The parts of an organization's activities, products or services that interact with the environment.

ESG Stands for Environmental, Social and Governance. It is also referred to as 'sustainability'.

GHG Greenhouse gases. Nolato reports emissions of the greenhouse gas carbon dioxide (CO₂ equivalents) 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.

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 the Nolato 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 through 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.

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.

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

Mass balance involves the phasing out of fossil-based materials from existing systems by replacing them with recycled or renewable resources. The mass balance certification system is called ISCC PLUS.

NOx (nitric oxides) Gaseous oxides formed during combustion processes through the oxidation of nitrogen. Harmful to health and the environment and cause acid rain and eutrophication.

Occupational disease A work-related disease is one caused by long-term exposure to a particular factor in the occupational environment. Examples are noise, dust and solvents.

Occupational injury 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 CO₂ 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.

SO₂ (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.

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 impacts 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 the Annual Accounts Act. For Nolato, sustainability reporting is henceforth carried out according to CSRD and its framework of standards ESRS.

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.

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.

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

The Energy Efficiency Directive The EU directive that was introduced in 2015 and that, among other aspects, covers energy audits at large companies. Nolato is subject to the directive and conducts energy audits.

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.

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 concerning 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.



THE AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders of Nolato AB,
company reg. no. 556080-4592

Engagement and responsibility

It is the Board of Directors that is responsible for the statutory sustainability report for 2024 on pages 114–187, and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording in force prior to July 1, 2024.

Scope and focus 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 sustainability report is different and substantially smaller 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.

Opinion

A statutory sustainability statement has been prepared.

Torekov April 10, 2025
Ernst & Young AB



Joakim Falck
Authorized Public Accountant



Nolato's history

1938

Nordiska Latexfabriken i Torekov is founded.

1957

First medical device component is manufactured.

1982

The Group changes its name to Nolato, a contraction of the original name.

1984

Nolato shares are listed on the Stockholm Stock Exchange OTC list.

1994

The Group achieves sales of SEK 650 million. Acquisition of companies in Lomma, Sunne, Hallsberg, Gothenburg and Ängelholm in Sweden.

1997

Nolato doubles its sales through the acquisition of Ericsson's plastics factory in Kristianstad, Sweden (mobile phone sector).

1998

The first Group company achieves certification under the ISO 14001 environmental management system.

2000

Production starts in Hungary through an acquisition.

2001

Relocation of the mobile phone division to China begins.

2005

Medical Solutions starts production in Hungary.

2006

Sweden-based Medical Rubber is acquired.

2007

Sweden-based Cerbo Group is acquired.

2008

Medical Solutions starts production in China.

2010

Medical Solutions starts production in the US through the acquisition of Contour Plastics.

2011

Industrial Solutions starts production in Romania.

2012

Medical Solutions starts production in the UK through the acquisition of Cope Allman Jaycare.

2013

Sweden-based Nolato Sunne is sold.

2014

Integrated Solutions establishes own production in Malaysia.

2016

Treff AG in Switzerland and Grizzly Medical in Poland are acquired.

2018

Sweden-based Hertila is sold.

2019

Integrated Solutions acquires US-based Ja-Bar Silicone Corporation.

2020

Nolato acquires US-based GW Plastics.

2023

UK-based P&P Technology Ltd and Sweden-based Be-Må Molds are acquired.



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Repro & Printing: Exakta AB. Production has been carried out in line with Nolato's corporate responsibility principles, with a sustainability focus, social responsibility and a low environmental impact. The paper comes from responsible, certified sources and the printing process is FSC and environmentally certified.

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