

YEAR-END REPORT 2021

January - December



Strong growth in sales and profit

Fourth quarter of 2021 in brief

- Sales increased to SEK 3,146 million (2,487)
- Operating profit (EBITA) rose to SEK 336 million (283)
- EBITA margin of 10.7% (11.4)
- Profit after tax was SEK 271 million (211), excluding non-recurring items*
- Diluted earnings per share increased to SEK 1.01 (0.79), excl. non-recurring items
- Cash flow after investments amounted to SEK –87 million (211)

Full year 2021 in brief

- Sales increased to SEK 11,610 million (9,359)
- Operating profit (EBITA) rose to SEK 1,369 million (1,066)
- Diluted earnings per share were SEK 3.70 (3.12), excl. non-recurring items
- Cash flow after investments was SEK 446 million (SEK 905 million excl. acquisitions)
- The equity/assets ratio was 47% (44) and net financial liabilities were SEK 51 million (298)
- The Board proposes a dividend of SEK 1.90 (1.60) per share

* Net financial income and expense include positive non-recurring items of SEK 115 million, which arose from the revaluation of contingent consideration concerning the acquisition of GW Plastics. See pages 4 and 5 for more details on non-recurring items.

Comments from the President and CEO - well positioned for continued profitable growth

Adjusted for currency, consolidated sales grew by a considerable 28% to SEK 3,146 million in the fourth quarter, due mainly to very strong growth in Integrated Solutions. Both the quarter and the entire financial year saw constantly fluctuating business conditions, and we have focused on meeting customer needs, managing the effects of the pandemic and ensuring the safety of our employees and cooperation partners. These key priorities, however, resulted in higher costs and relatively lower production efficiency. Consolidated operating profit, measured as EBITA, for the fourth quarter was SEK 336 million, with a margin of 10.7%.



Christer Wahlquist, President and CEO, Nolato AB

Medical Solutions sales for the fourth quarter totaled SEK 1,063 million (951), corresponding to organic growth of 11%. Most areas have seen good demand, although effects from the pandemic are still resulting in postponed surgical operations and lower deliveries of surgical products. Operating profit (EBITA) amounted to SEK 112 million (112), corresponding to a margin of 10.5% (11.8). The margin has been negatively affected both by the ramp-up of a new large project with an existing customer, which temporarily resulted in higher costs in the second half of the year, and by a shortage of materials and labor.

Integrated Solutions sales totaled SEK 1,476 million (907), corresponding to organic growth of a remarkable 67%. The continued robust growth in volumes is due to high demand for vaporiser heating products (VHP), as well as strong EMC performance as a result of the rapid 5G roll-out and new electrification and online connection solutions that are generating business opportunities. Nolato believes that this business area's sales for the first quarter of 2022 will be in line with the fourth quarter of 2021. Operating profit (EBITA) was a strong SEK 192 million (111), with a margin of 13.0% (12.2).

Industrial Solutions sales totaled SEK 609 million (629), corresponding to negative organic growth of 3%. The decrease was due to supply chain disruptions, particularly in the automotive segment. Operating profit (EBITA) totaled SEK 38 million (62), with a margin of 6.2% (9.9). The margin was adversely affected by lower volumes and low production efficiency.

Overall, despite a number of operating environment challenges, we can look back on another year of strong growth in sales and profit, as well as the advancement of our market positions. We have good financial flexibility and are investing in further expansion, both organically and through acquisitions when the time is right, to further bolster our global offering. In other words, we are well positioned for continued profitable growth and to deliver an attractive return for our shareholders.

The Board intends to propose to the AGM a dividend of SEK 1.90 per share (1.60), which corresponds to a pay-out ratio, excluding non-recurring items, of 51%, and a dividend yield of 1.8% on the share price as of December 31, 2021.

Group highlights

SEK million unless otherwise specified	Note	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Net sales	1	3,146	2,487	11,610	9,359
Operating profit (EBITDA)		449	389	1,805	1,456
Operating profit (EBITA)		336	283	1,369	1,066
EBITA margin, %		10.7	11.4	11.8	11.4
Operating profit (EBIT)	2	326	274	1,333	1,048
Profit after financial income and expense	2	433	269	1,401	1,014
Profit after tax		386	211	1,160	806
Basic earnings per share, SEK	3	1.43	0.79	4.32	3.03
Diluted earnings per share, SEK	3	1.43	0.79	4.32	3.02
Basic adjusted earnings per share, SEK	3	1.46	0.82	4.43	3.08
Diluted adjusted earnings per share, SEK	3	1.46	0.81	4.42	3.08
Cash flow after investments, excluding acquisitions and disposals		– 87	211	446	905
Net investments affecting cash flow, excluding acquisitions and disposals		205	102	782	347
Cash conversion, %		—	—	35	87
Return on capital employed, %		—	—	22.8	20.7
Return on shareholders' equity, %		—	—	28.0	23.9
Equity/assets ratio, %		—	—	47	44
Net financial liabilities, excluding pension- & lease liabilities		—	—	– 51	– 298

See definitions of IFRS measures and alternative performance measures on page 22.

Including a non-recurring item of SEK 50 million in operating profit for the full year 2021 and SEK 115 million in profit after financial items in Q4-2021 and full year 2021, which in total impacted the profit after tax by SEK 165 million.

Including a non-recurring item of SEK –31 million in operating profit for full year 2020 and tax effects of SEK +6 million, which impacted profit after tax by SEK –25 million.

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

Fourth quarter 2021

- Sales totaled SEK 3,146 million (2,487), adjusted for currency, which was a considerable 28% increase
- Strong growth for Medical and Integrated, while Industrial is being affected by supply chain disruptions
- Operating profit (EBITA) rose to SEK 336 million (283)
- EBITA margin of 10.7% (11.4)
- Cash flow after investments totaled SEK –87 million (211) because of increased working capital requirements and a higher level of investment

Sales

Consolidated sales totaled SEK 3,146 million (2,487). This was a considerable 28% increase adjusted for currency.

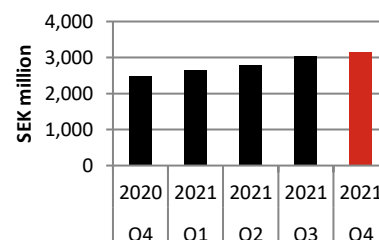
Medical Solutions sales amounted to SEK 1,063 million (951); adjusted for currency, sales increased by 11%. Growth has been good in most areas. The surgery segment also showed some growth, but continues to be affected by the pandemic in the form of postponed operations.

Integrated Solutions sales totaled SEK 1,476 million (907). Adjusted for currency, this was an increase of a remarkable 67%, driven by strong growth in volumes of vaporiser heating products (VHP), as well as healthy EMC growth. Nolato believes that this business area's sales for the first quarter of 2022 will be in line with the fourth quarter of 2021.

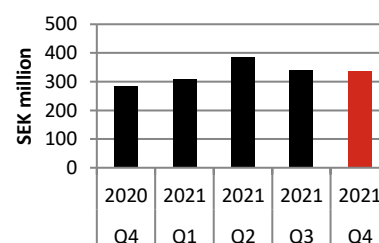
Industrial Solutions sales amounted to SEK 609 million (629); adjusted for currency, sales decreased by 3%. Supply chain disruptions have had an effect, resulting in lower volumes, particularly in automotive.

Strong growth for Medical and Integrated while Industrial is being affected by supply disruptions

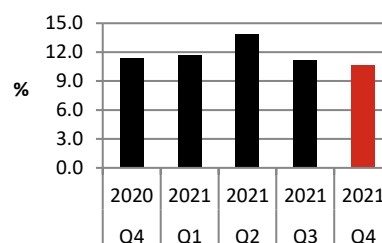
• Sales



• Operating profit (EBITA)



• EBITA margin



Profit

The Group's operating profit (EBITA) rose to SEK 336 million (283).

Operating profit (EBITA) was unchanged for Medical Solutions at SEK 112 million (112), while for Integrated Solutions it rose sharply to SEK 192 million (111), and for Industrial Solutions it decreased to SEK 38 million (62).

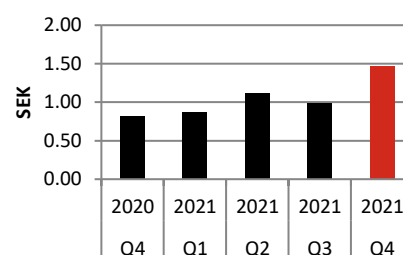
The EBITA margin for Medical Solutions was 10.5% (11.8). High costs for the start-up of a new project have had a negative impact on the margin. The ramp-up relates to a large project with an existing, globally leading customer in a new area for Nolato with this customer; in vitro diagnostics (IVD). This resulted in disruptions and temporarily higher costs in the second half of the year. A shortage of materials and labor are leading to lower efficiency in Nolato's production, which has further affected the margin compared with the same period of the previous year. For Integrated Solutions, the margin was 13.0% (12.2). A general subsidy of just over SEK 10 million has been received from Chinese authorities, which boosted the margin by 0.8 percentage points. The EBITA margin for Industrial Solutions was 6.2% (9.9). Supply chain disruptions, leading to lower volumes and resulting in lower production efficiency, adversely affected the margin. Overall, the Group's EBITA margin was 10.7% (11.4%).

Operating profit (EBIT) was SEK 326 million (274).

Operating profit after net financial income and expense rose to SEK 318 million (269), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 433 million (269). Net financial income and expense include positive non-recurring items of SEK 115 million, which arose from the revaluation of contingent consideration concerning the acquisition of GW Plastics.

Profit after tax was SEK 271 million (211), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 386 million (211). Diluted earnings per share were SEK 1.01 (0.79), excluding non-recurring items. Including non-recurring items, earnings per share amounted to SEK 1.43 (0.79). Adjusted earnings per share after dilution but excluding amortization of intangible assets arising from acquisitions amounted to SEK 1.04 (0.81), excluding non-recurring items.

Adjusted diluted earnings per share



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

SEK million	Sales Q4/2021	Sales Q4/2020	EBITA Q4/2021	EBITA Q4/2020	EBITA marg. Q4/2021	EBITA marg. Q4/2020
Medical Solutions	1,063	951	112	112	10.5%	11.8%
Integrated Solutions	1,476	907	192	111	13.0%	12.2%
Industrial Solutions	609	629	38	62	6.2%	9.9%
Intra-Group adj., Parent Co	- 2	—	- 6	- 2	—	—
Group total	3,146	2,487	336	283	10.7%	11.4%

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

Full year 2021

Sales and profit

Consolidated sales totaled SEK 11,610 million (9,359). This was a significant 18% increase, adjusted for currency and acquisitions.

Sales for Medical Solutions rose by 32% to SEK 4,067 million (3,089), for Integrated Solutions by 28% to SEK 5,226 million (4,068) and for Industrial Solutions by 5% to SEK 2,324 million (2,205).

The Group's operating profit (EBITA) increased to SEK 1,319 million (1,097), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 1,369 million (1,066). Overall, the Group's EBITA margin was 11.4% (11.7%) excluding non-recurring items. Profit for the year includes a positive non-recurring item of SEK 50 million, which relates to a remitted loan. In the previous year, there were non-recurring expenses of SEK -14 million for the closure of a UK business and acquisition expenses of SEK -17 million. These non-recurring items were recognized at Group level and have consequently not affected the profit of the business areas.

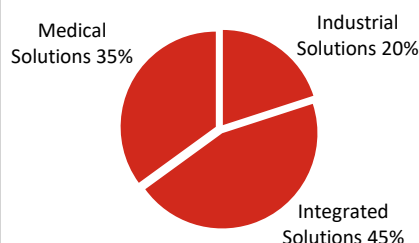
Operating profit (EBIT) rose to SEK 1,283 million (1,079), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 1,333 million (1,048).

Operating profit after net financial income and expense was SEK 1,236 million (1,045), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 1,401 million (1,014).

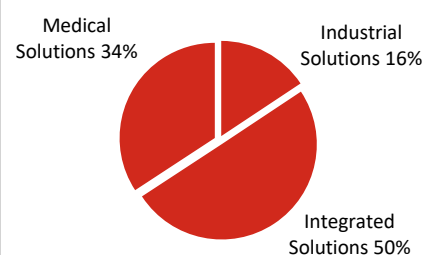
Profit after tax amounted to SEK 995 million (831), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 1,160 million (806). Diluted earnings per share rose to SEK 3.70 (SEK 3.12), excluding non-recurring items. Including non-recurring items, diluted earnings per share were SEK 4.32 (3.02). Adjusted earnings per share after dilution, but excluding amortization of intangible assets arising from acquisitions, amounted to SEK 3.81 (3.17), excluding non-recurring items. The effective tax rate was 17.2% (20.5). Excluding non-recurring items, the tax rate was 19.5%.

The return on capital employed was 22.8% (20.7). Return on equity was 28.0% (23.9). Cash conversion was 35% (87).

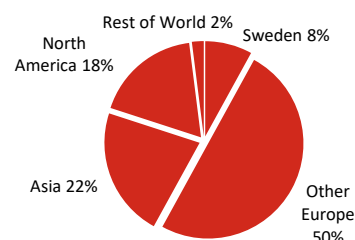
• Business areas' share of sales



• Business areas' share of operating profit (EBITA)



• Sales by geographic markets



Medical Solutions

Sales and profit full year (SEK million)	2021	2020
Sales	4,067	3,089
Operating profit (EBITA)	457	402
EBITA margin (%)	11.2	13.0
Operating profit (EBIT)	430	391

Medical Solutions sales totaled SEK 4,067 million (3,089); adjusted for currency and acquisitions, sales grew by 6%. The year generally saw strong demand in most areas, but mainly in diagnostics, in part because of the pandemic. Growth in the diagnostics segment has, however, been limited by available capacity during certain periods. In addition, volumes in this business area continued to be adversely affected by postponed surgical operations, while there has also been a return to more normal inventory levels by several customers in other areas as pandemic-related restrictions were eased or removed in the third quarter. Growth was good in most areas in the fourth quarter, with the surgical segment also showing some growth, but this area continues to be affected by the pandemic situation as a result of postponed operations.

Operating profit (EBITA) increased to SEK 457 million (402).

The EBITA margin was 11.2% (13.0). A lower operating margin in the acquired US business, consolidated since September 1, 2020, is having a dilutive effect. In addition, the margin was adversely affected by volumes from the third quarter and high costs for the ramp-up of a large project. The ramp-up is resulting in disruptions and temporarily higher costs from the third quarter. A shortage of materials and labor are leading to lower efficiency in Nolato's production, which further affected the margin in the fourth quarter.

Integrated Solutions

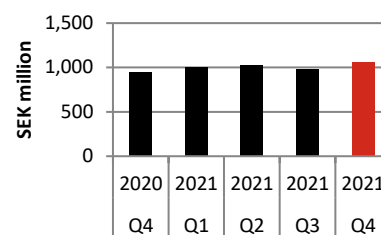
Sales and profit full year (SEK million)	2021	2020
Sales	5,226	4,068
Operating profit (EBITA)	671	548
EBITA margin (%)	12.8	13.5
Operating profit (EBIT)	670	546

Integrated Solutions sales totaled SEK 5,226 million (4,068). Adjusted for currency, sales increased by a remarkable 36% on the back of strong growth in both vaporiser heating products (VHP) and EMC. VHP volumes demonstrated good growth in 2021 and were very high in the third and fourth quarters. EMC sales increased sharply as a result of good growth in telecom and, above all, owing to strong relative growth in automotive. Nolato believes that this business area's sales for the first quarter of 2022 will be in line with the fourth quarter of 2021.

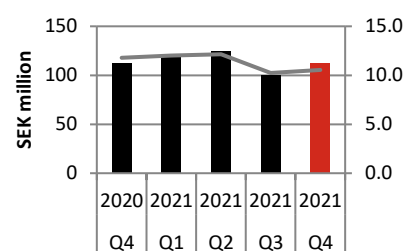
Operating profit (EBITA) was SEK 671 million (548).

The EBITA margin was 12.8% (13.5). The margin has mainly been affected by changes in the sales mix.

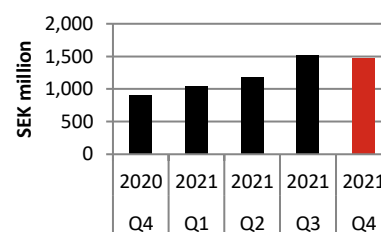
Medical Solutions sales



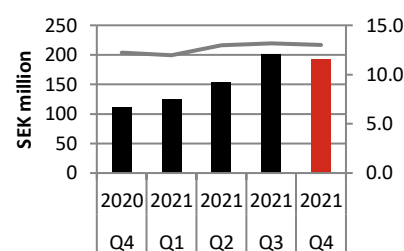
Medical Solutions operating profit (EBITA) & EBITA margin %



Integrated Solutions sales



Integrated Solutions operating profit (EBITA) & EBITA margin %



Industrial Solutions

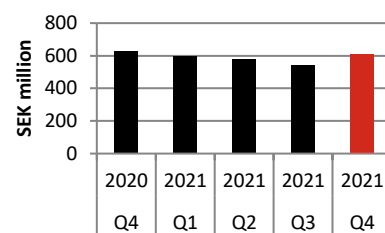
Sales and profit full year (SEK million)	2021	2020
Sales	2,324	2,205
Operating profit (EBITA)	208	168
EBITA margin (%)	9.0	7.6
Operating profit (EBIT)	200	163

Industrial Solutions sales totaled SEK 2,324 million (2,205); adjusted for currency and acquisitions, sales grew by 4%. In 2020, demand from automotive industry customers was significantly impacted by production halts for periods of the year. 2021 was also affected by supply chain disruptions, which impacted volumes. Supply chain disruptions have intensified since the summer vacation period, with component shortages causing some customers to halt production or reduce production capacity periodically.

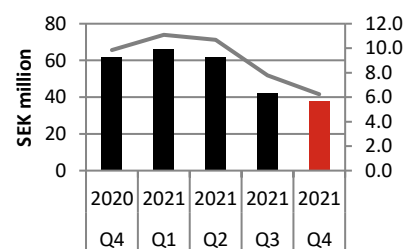
Operating profit (EBITA) increased sharply to SEK 208 million (168).

The EBITA margin rose to 9.0% (7.6), driven by improved efficiency, especially in the first quarter of the year. The margin was adversely affected in the second half of the year by supply chain disruptions, leading to lower volumes and low production efficiency.

Industrial Solutions sales



Industrial Solutions operating profit (EBITA) & EBITA margin %

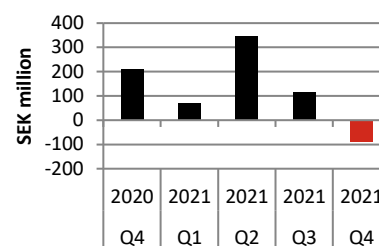


Cash flow

Cash flow after investments in the fourth quarter was SEK –87 million (SEK 211 million excluding acquisitions and related foreign exchange effects on cash flow). This was supported by the increase in profit, while working capital requirements rose due to higher sales and an increase in committed stock to prevent any disruptions to deliveries. Net investments affecting cash flow rose to SEK 205 million (102).

For the full year 2021, cash flow after investments was SEK 446 million (SEK 905 million excluding acquisitions and related foreign exchange effects on cash flow). Including acquisitions in the previous year, cash flow after investments was SEK 446 million (–531). On an accumulated basis, net investments affecting cash flow increased to SEK 782 million (SEK 347 million excluding acquisitions). Investments mainly relate to the expansion of production capacity. Including acquisitions in the previous year, investments affecting cash flow totaled SEK 782 million (1,695). Cash conversion for the last 12 months was 35% (87). A dividend totaling SEK 428 million (0) was paid to shareholders in the second quarter.

• Cash flow after investments

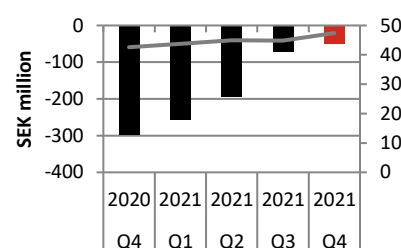


Excluding acquisitions and disposals

Financial position

Interest-bearing assets amounted to SEK 1,448 million (1,487) and interest-bearing financial liabilities decreased to SEK 1,499 million (1,785). Net financial liabilities consequently totaled SEK 51 million (298). Positive cash flow from the last 12 months has improved net financial liabilities. There are also interest-bearing pension liabilities of SEK 247 million (274) and interest-bearing lease liabilities of SEK 295 million (358). Shareholders' equity rose to SEK 4,768 million (3,699). The equity/assets ratio was 47% (44). Nolato has long-term credit agreements amounting to just over SEK 1.5 billion.

• Net financial liabilities & equity/assets ratio %



Financial position

SEK million	31/12/2021	31/12/2020
Interest-bearing liabilities, credit institutions	– 1,499	– 1,785
Cash and bank	1,448	1,487
Net financial liabilities	– 51	– 298
Interest-bearing pension liabilities	– 247	– 274
Net financial liabilities, including pension liabilities	– 298	– 572
Lease liabilities	– 295	– 358
Net financial liabilities, including pension- & lease liabilities	– 593	– 930
Working capital	480	388
<i>As a percentage of sales (average) (%)</i>	3.7	3.6
Capital employed	6,809	6,116
<i>Return on capital employed (average) (%)</i>	22.8	20.7
Shareholders' equity	4,768	3,699
<i>Return on shareholders' equity (average) (%)</i>	28.0	23.9

Consolidated performance analysis

SEK million	Note	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Net sales	1	3,146	2,487	11,610	9,359
Gross profit excluding depreciation/amortization		582	523	2,250	1,893
<i>As a percentage of net sales</i>		<i>18.5</i>	<i>21.0</i>	<i>19.4</i>	<i>20.2</i>
Costs		– 133	– 134	– 445	– 437
<i>As a percentage of net sales</i>		<i>4.2</i>	<i>5.4</i>	<i>3.8</i>	<i>4.7</i>
Operating profit (EBITDA)		449	389	1,805	1,456
<i>As a percentage of net sales</i>		<i>14.3</i>	<i>15.6</i>	<i>15.5</i>	<i>15.6</i>
Depreciation and amortization		– 113	– 106	– 436	– 390
Operating profit (EBITA)		336	283	1,369	1,066
<i>As a percentage of net sales</i>		<i>10.7</i>	<i>11.4</i>	<i>11.8</i>	<i>11.4</i>
Amortization of intangible assets arising from acquisitions		– 10	– 9	– 36	– 18
Operating profit (EBIT)	2	326	274	1,333	1,048
Financial income and expense	2	107	– 5	68	– 34
Profit after financial income and expense	2	433	269	1,401	1,014
Tax		– 47	– 58	– 241	– 208
<i>As a percent of profit after financial income and expense</i>		<i>10.9</i>	<i>21.6</i>	<i>17.2</i>	<i>20.5</i>
Profit after tax		386	211	1,160	806

Personnel

The average number of employees during the period was 8,669 people (6,721). The increase in the number of employees is mainly attributable to Integrated Solutions' operations in China and the acquisition in the US.

Significant risks and uncertainty factors

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

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

Seasonal effects

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

Events after the balance sheet date

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

• Contact:

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

• Webcast conference call on 7 February:

In connection with the year-end report, Nolato will hold a webcast conference call in English at 3:30 p.m. CET. Nolato will be represented by President and CEO Christer Wahlquist and CFO Per-Ola Holmström, who will present the year-end report and answer questions. Information regarding telephone numbers and the website is available at <https://financialhearings.com/event/13234>. The presentation will be available at www.nolato.com/ir after publication of the year-end report. The webcast will be available at the same address after the live broadcast.

Dividend

At the Annual General Meeting, the Board of Directors and the President and CEO will propose a dividend of SEK 1.90 per share (1.60), which corresponds to SEK 512 million (428). The pay-out ratio is 51% (53), excluding non-recurring items. The dividend yield was 1.8% on the share price as of December 31, 2021. 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.

Prior to publication this information constituted inside information that Nolato AB is obliged to publish pursuant to the EU Market Abuse Regulation. The information was issued for publication by the above contact persons on February 7, 2022 at 2.30 p.m. CET.

This report has not been audited by the company's auditors.

Ownership and legal structure

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

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

There were 15,489 shareholders as of December 31. The largest shareholders are the Jorlén family and the Boström family with 9% each, the Hamrin family with 8%, and Capital Group and Lannebo Funds with 7% of capital each.

The Parent Company

For the parent company, which has no operating activities, sales amounted to SEK 69 million (69). Profit after financial income and expense was SEK 687 million (508).

Contingent liabilities totaled SEK 293 million (304).

Accounting and valuation principles

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

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

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

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

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

Annual General Meeting

The Annual General Meeting will be held on May 3, 2022. The Nomination Committee nominated Carina van den Berg for election to the Board and proposes the re-election of the other Board members and the Chairman of the Board. Shareholders who would like to submit proposals to the Nomination Committee can contact the chairman of the Nomination Committee, Henrik Jorlén, by email at henrik.jorlen@gmail.com or by post at Kommendörsgatan 4, 269 77 Torekov, Sweden.

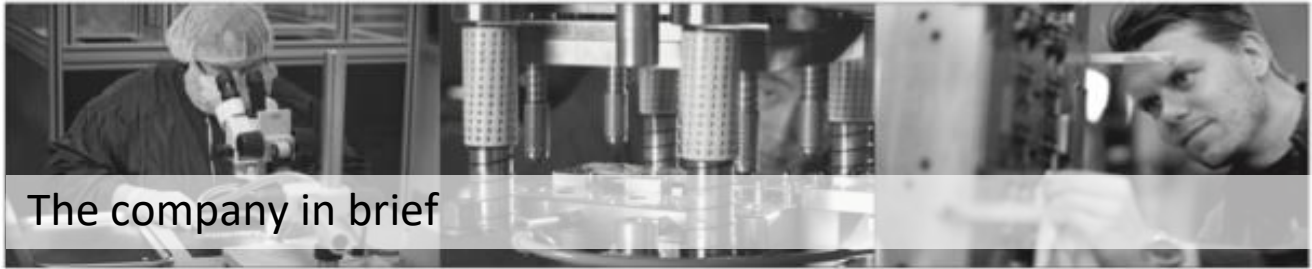
Financial information schedule

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

Torekov February 7, 2022

Nolato AB (publ)

Nolato's Board of Directors



The company in brief

Nolato's business

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

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

Nolato's business model

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

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

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

Nolato's strategies

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

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

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

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

www.nolato.com

Consolidated income statement (summary)

SEK million	Note	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Net sales	1	3,146	2,487	11,610	9,359
Cost of goods sold		– 2,678	– 2,069	– 9,793	– 7,853
Gross profit		468	418	1,817	1,506
Other operating income		15	2	70	29
Selling expenses		– 47	– 43	– 178	– 138
Administrative expenses		– 97	– 88	– 357	– 293
Other operating expenses		– 13	– 15	– 19	– 56
		– 142	– 144	– 484	– 458
Operating profit	2	326	274	1,333	1,048
Financial income and expense	2	107	– 5	68	– 34
Profit after financial income and expense	2	433	269	1,401	1,014
Tax		– 47	– 58	– 241	– 208
Profit after tax		386	211	1,160	806
All earnings are attributable to the Parent Co.'s shareholders					
Depreciation/amortization reg. non-current assets		123	115	472	408
Basic earnings per share, SEK	3	1.43	0.79	4.32	3.03
Diluted earnings per share, SEK	3	1.43	0.79	4.32	3.02
Number of shares at the end of the period, before dilution		269,377,080	267,442,080	269,377,080	267,442,080
Number of shares at the end of the period, after dilution		269,379,505	267,933,740	269,379,505	267,933,740
Average number of shares, before dilution		269,329,580	267,392,580	268,491,580	266,311,680
Average number of shares, after dilution		269,383,190	268,125,140	268,779,516	266,560,960

At the end of the period, the Group had one incentive programme: Incentive Programme 2019/2024. For more information please see Note 3 Earnings per share on page 16.

Consolidated comprehensive income

SEK million	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Profit after tax	386	211	1,160	806
Other comprehensive income				
<i>Items that cannot be transferred to profit for the period</i>				
Revaluations of defined benefit pension plans	19	– 27	41	– 26
Tax attributable to items that cannot be transferred to profit for the period	– 3	4	– 6	4
	16	– 23	35	– 22
<i>Items that have been converted or can be converted into profit for the period</i>				
Translation differences for the period on translation of foreign operations	78	– 143	195	– 139
Changes in the fair value of cash flow hedges for the period	–	– 7	9	– 11
Tax attributable to changes in the fair value of cash flow hedges	–	1	– 2	2
	78	– 149	202	– 148
Other comprehensive income, net of tax	94	– 172	237	– 170
Total comprehensive income for the period attributable to the Parent Co.'s shareh.	480	39	1,397	636

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

Consolidated balance sheet (summary)

SEK million	31/12/2021	31/12/2020
Assets		
Non-current assets		
Intangible non-current assets	2,234	2,093
Property, plant and equipment	2,868	2,402
Non-current financial assets	2	2
Other non-current receivables	2	1
Deferred tax assets	69	50
Total fixed assets	5,175	4,548
Current assets		
Inventories*	1,340	826
Accounts receivable	1,574	1,254
Other current assets ²⁾ *	518	367
Cash and bank	1,448	1,487
Total current assets*	4,880	3,934
Total assets*	10,055	8,482
Shareholders' equity and liabilities		
Shareholders' equity	4,768	3,699
Long-term liabilities and provisions ¹⁾	1,921	1,584
Deferred tax liabilities ¹⁾	254	223
Current liabilities and provisions ^{1) 3)} *	3,112	2,976
Total liabilities and provisions*	5,287	4,783
Total shareholders' equity and liabilities*	10,055	8,482
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:		
Interest-bearing liabilities and provisions	2,041	2,417
Non-interest-bearing liabilities and provisions*	3,246	2,366
Total liabilities and provisions*	5,287	4,783

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

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

²⁾ Derivative assets are included in other current assets at

1	27
---	----

³⁾ Derivative liabilities are included in current liabilities and provisions at

5	18
---	----

Changes in consolidated shareholders' equity (summary)

SEK million	Full year 2021	Full year 2020
Shareholders' equity at the beginning of the period	3,699	2,966
Total comprehensive income for the period	1,397	636
Dividends	– 428	—
Share warrants included in incentive programmes	3	2
Exercise of warrants included in incentive programmes	97	95
Shareholders' equity at the end of period attributable to Parent Co's shareholders	4,768	3,699

At the end of the period, the Group had one incentive programme: Incentive Programme 2019/2024. In Incentive Programme 2019/2024, Series 2020/2023 has redemptions from 01/05/2023 to 15/12/2023 and Series 2021/2024 has redemptions from 01/05/2024 to 15/12/2024. The subscription price is SEK 92.88 for Series 2020/2023 and for Series 2021/2024 it is SEK 140.20. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provide a maximum of 544,500 new class B shares.

Consolidated cash flow statement (summary)

SEK million	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Cash flow from operating activities before changes in working capital	313	501	1,402	1,057
Changes in working capital	– 195	– 158	– 174	107
Cash flow from operating activities	118	343	1,228	1,164
Cash flow from investment activities	– 205	– 102	– 782	– 1,695
Cash flow before financing activities	– 87	241	446	– 531
Cash flow from financing activities	77	– 128	– 634	730
Cash flow for the period	– 10	113	– 188	199
Cash and cash equivalents at the beginning of the period	1,400	1,438	1,487	1,362
Exchange rate difference in liquid assets	58	– 64	149	– 74
Cash and cash equivalents at the end of the period	1,448	1,487	1,448	1,487

Note 1 Revenue

SEK million	Full year - 2021				Full year - 2020			
	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.
Sweden	914	117	29	768	971	154	12	805
Other Europe	5,839	1,998	2,638	1,203	4,611	1,824	1,678	1,109
North America	2,083	1,668	154	261	1,225	853	152	220
Asia	2,588	153	2,352	83	2,390	122	2,204	64
Rest of world	193	131	53	9	165	136	22	7
Elimination internal sales	– 7				– 3			
Total revenues from customer contracts	11,610	4,067	5,226	2,324	9,359	3,089	4,068	2,205

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

For the year 2021, the Group recognized increased provision of previously impaired trade receivables of SEK 11 million. Impairment losses are recognized in the cost of goods sold.

Note 2 Reconciliation of consolidated income before tax

SEK million	Full year 2021	Full year 2020
Operating profit (EBIT)		
Medical Solutions	430	391
Integrated Solutions	670	546
Industrial Solutions	200	163
Group adjustments, Parent Company	33	– 52
Consolidated operating profit (EBIT)	1,333	1,048
Financial income and expense (not distributed by business areas)	68	– 34
Consolidated profit before tax	1,401	1,014

Including a non-recurring item of SEK 50 million in operating profit for the full year 2021 and SEK 115 million in financial income and expense in Q4-2021 and full year 2021. The non-recurring items have been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –31 million in operating profit for full year 2020. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Note 3 Earnings per share (IFRS measures)

SEK million	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Profit after tax	386	211	1,160	806
Average number of shares, before dilution	269,329,580	267,392,580	268,491,580	266,311,680
Basic earnings per share (SEK)	1.43	0.79	4.32	3.03
Non-recurring items	– 115	—	– 165	25
Profit after tax excluding non-recurring items	271	211	995	831
Basic earnings per share excluding non-recurring items (SEK)	1.01	0.79	3.71	3.12
Dilutive shares from Series 2017/2020 incentive programme with exercise price SEK 48.51 per share; total 1,962,000 warrants	—	18,980	—	42,220
Dilutive shares from Series 2018/2021 incentive programme with exercise price SEK 50.20 per share; total 1,935,000 warrants	23,540	713,580	287,451	207,060
Dilutive shares from Series 2020/2023 incentive programme with exercise price SEK 92.88 per share; total 287,500 warrants	30,070	—	485	—
Average number of shares, after dilution	269,383,190	268,125,140	268,779,516	266,560,960
Diluted earnings per share (SEK)	1.43	0.79	4.32	3.02
Diluted earnings per share excluding non-recurring items (SEK)	1.01	0.79	3.70	3.12
Number of shares at the end of the period, before dilution	269,377,080	267,442,080	269,377,080	267,442,080
Number of shares at the end of the period, after dilution	269,379,505	267,933,740	269,379,505	267,933,740

At the end of the period, the Group had one incentive programme: Incentive Programme 2019/2024. In Incentive Programme 2019/2024, Series 2020/2023 has redemptions from 01/05/2023 to 15/12/2023 and Series 2021/2024 has redemptions from 01/05/2024 to 15/12/2024. The subscription price is SEK 92.88 for Series 2020/2023 and for Series 2021/2024 it is SEK 140.20. The programme has been taken into account in calculating the number of shares after dilution. Upon full subscription, the programme provide a maximum of 544,500 new class B shares.

Adjusted earnings per share (alternative performance measures)

SEK million	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Profit after tax	386	211	1,160	806
Adjusted earnings:				
Amortization of intangible assets arising from acquisitions	10	9	36	18
Tax on amortization	– 2	– 2	– 7	– 4
Adjusted earnings	394	218	1,189	820
Average number of shares, before dilution	269,329,580	267,392,580	268,491,580	266,311,680
Adjusted basic earnings per share (SEK)	1.46	0.82	4.43	3.08
Non-recurring items	– 115	–	– 165	25
Adjusted earnings after tax, excluding non-recurring items	279	218	1,024	845
Adjusted basic earnings per share excluding non-recurring items (SEK)	1.04	0.82	3.81	3.17
Average number of shares, after dilution	269,383,190	268,125,140	268,779,516	266,560,960
Adjusted diluted earnings per share (SEK)	1.46	0.81	4.42	3.08
Adjusted diluted earnings per share excluding non-recurring items (SEK)	1.04	0.81	3.81	3.17

Five-year overview

IFRS measures	2021	2020	2019	2018	2017
Operating profit (EBIT) (SEK million)	1,333	1,048	887	941	749
Basic earnings per share (SEK)	4.32	3.03	2.66	2.74	2.17
Diluted earnings per share (SEK)	4.32	3.02	2.66	2.74	2.17

Alternative performance measures					
Net sales (SEK million)	11,610	9,359	7,919	8,102	6,720
Operating profit (EBITA) (SEK million)	1,369	1,066	895	949	763
EBITA margin (%)	11.8	11.4	11.3	11.7	11.4
Profit after financial income and expense (SEK million)	1,401	1,014	857	921	731
Profit after tax (SEK million)	1,160	806	703	722	572
Cash flow after investments, excl. acq. and disposals (SEK million)	446	905	800	593	496
Cash conversion (%)	35	87	88	60	66
Return on capital employed (%)	22.8	20.7	23.1	29.7	26.6
Return on shareholders' equity (%)	28.0	23.9	25.5	30.4	29.4
Net financial liabilities (–) / assets (+), excl. pension- & lease liabilities (SEK million)	– 51	– 298	666	341	31
Equity/assets ratio (%)	47	43	48	50	45
Adjusted basic earnings per share (SEK)	4.43	3.08	2.68	2.77	2.22
Adjusted diluted earnings per share (SEK)	4.42	3.08	2.68	2.76	2.22
Dividend per share (2021 proposal) (SEK)	1.90	1.60	–	1.40	1.25
Average number of employees	8,669	6,721	5,941	6,449	7,249

Including any non-recurring items.

Quarterly data (summary)

IFRS measures	Note		Q1	Q2	Q3	Q4	Full year
Operating profit (EBIT) (SEK million)	2	2021	299	377	331	326	1,333
	2	2020	225	267	282	274	1,048
		2019	173	232	236	246	887
Basic earnings per share (SEK)	3	2021	0.85	1.09	0.96	1.43	4.32
	3	2020	0.67	0.78	0.79	0.79	3.03
		2019	0.50	0.68	0.70	0.78	2.66
Diluted earnings per share (SEK)	3	2021	0.84	1.08	0.95	1.43	4.32
	3	2020	0.67	0.78	0.79	0.79	3.02
		2019	0.50	0.68	0.70	0.78	2.66
Alternative performance measures	Note		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	1	2021	2,645	2,786	3,033	3,146	11,610
	1	2020	2,065	2,307	2,500	2,487	9,359
		2019	1,656	1,987	1,980	2,296	7,919
Operating profit (EBITDA) (SEK million)		2021	414	492	450	449	1,805
		2020	319	360	388	389	1,456
		2019	259	321	326	357	1,263
Operating profit (EBITA) (SEK million)		2021	308	386	339	336	1,369
		2020	227	269	287	283	1,066
		2019	175	233	238	249	895
EBITA margin (%)		2021	11.6	13.9	11.2	10.7	11.8
		2020	11.0	11.7	11.5	11.4	11.4
		2019	10.6	11.7	12.0	10.8	11.3
Profit after financial income and exp. (SEK million)	2	2021	286	360	322	433	1,401
	2	2020	221	257	267	269	1,014
		2019	166	223	232	236	857
Profit after tax (SEK million)		2021	226	291	257	386	1,160
		2020	177	207	211	211	806
		2019	131	180	186	206	703
Cash flow from operating activities (SEK million)		2021	249	500	361	118	1,228
		2020	- 3	748	76	343	1,164
		2019	130	265	83	682	1,160
Cash fl. from operations per share bef. dilution (SEK)		2021	0.93	1.86	1.34	0.44	4.58
		2020	- 0.01	2.82	0.29	1.28	4.37
		2019	0.49	1.00	0.31	2.57	4.38
Cash flow after investments, excluding acquisitions and disposals (SEK million)		2021	71	346	116	- 87	446
		2020	- 73	685	82	211	905
		2019	25	178	- 4	601	800
Cash flow after investments, excl. acquisitions and disposals per share before dilution (SEK)		2021	0.27	1.29	0.43	- 0.32	1.66
		2020	- 0.27	2.58	0.31	0.79	3.40
		2019	0.10	0.67	- 0.02	2.26	3.02
Adjusted basic earnings per share (SEK)	3	2021	0.87	1.11	0.98	1.46	4.43
	3	2020	0.67	0.78	0.81	0.82	3.08
		2019	0.51	0.68	0.71	0.78	2.68
Shareholders' equity per share, before dilution (SEK)		2021	15	15	16	18	18
		2020	12	13	14	14	14
		2019	11	10	11	11	11
Return on total capital (%)		2021	14.0	14.6	14.3	15.7	15.7
		2020	15.7	15.8	14.8	14.3	14.3
		2019	16.1	15.2	15.5	15.6	15.6

Alternative performance measures		Q1	Q2	Q3	Q4	Full year
Return on capital employed (%)	2021	20.2	21.0	20.6	22.8	22.8
	2020	23.2	23.4	21.8	20.7	20.7
	2019	25.3	23.6	23.4	23.1	23.1
Return on operating capital (%)	2021	28.0	28.5	26.8	27.1	27.1
	2020	31.2	33.1	30.9	29.2	29.2
	2019	34.4	31.6	30.7	31.0	31.0
Return on shareholders' equity (%)	2021	23.8	25.1	25.1	28.0	28.0
	2020	26.0	25.9	25.0	23.9	23.9
	2019	25.9	24.5	24.7	25.5	25.5
Closing share price Nolato B (Nasdaq Stockholm)	2021	77.80	84.20	104.70	107.90	107.90
	2020	44.94	62.80	87.30	83.20	83.20
	2019	38.65	56.65	52.55	55.00	55.00

Including a non-recurring item of SEK 50 million in operating profit in Q2-2021 and SEK 115 million in profit after financial income and expense and profit after tax in Q4-2021, which in total impacted the profit after tax by SEK 165 million.

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

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

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

Quarterly data business areas

Alternative performance measures			Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)		Note					
Medical Solutions	1	2021	1,006	1,021	977	1,063	4,067
	1	2020	642	700	796	951	3,089
		2019	611	634	612	627	2,484
Integrated Solutions	1	2021	1,045	1,186	1,519	1,476	5,226
	1	2020	854	1,149	1,158	907	4,068
		2019	512	821	862	1,097	3,292
Industrial Solutions	1	2021	595	580	540	609	2,324
	1	2020	570	459	547	629	2,205
		2019	533	541	512	573	2,159
Group adjustments, Parent Company	1	2021	-1	-1	-3	-2	-7
	1	2020	-1	-1	-1	-	-3
		2019	-	-9	-6	-1	-16
Group total	1	2021	2,645	2,786	3,033	3,146	11,610
	1	2020	2,065	2,307	2,500	2,487	9,359
		2019	1,656	1,987	1,980	2,296	7,919

Alternative performance measures		Q1	Q2	Q3	Q4	Full year
Operating profit (EBITA) (SEK million)						
Medical Solutions	2021	121	124	100	112	457
	EBITA margin (%)	12.0	12.1	10.2	10.5	11.2
	2020	87	100	103	112	402
	EBITA margin (%)	13.6	14.3	12.9	11.8	13.0
	2019	78	82	80	80	320
	EBITA margin (%)	12.8	12.9	13.1	12.8	12.9
Integrated Solutions	2021	125	154	200	192	671
	EBITA margin (%)	12.0	13.0	13.2	13.0	12.8
	2020	111	166	160	111	548
	EBITA margin (%)	13.0	14.4	13.8	12.2	13.5
	2019	57	107	116	147	427
	EBITA margin (%)	11.1	13.0	13.5	13.4	13.0
Industrial Solutions	2021	66	62	42	38	208
	EBITA margin (%)	11.1	10.7	7.8	6.2	9.0
	2020	47	11	48	62	168
	EBITA margin (%)	8.2	2.4	8.8	9.9	7.6
	2019	44	46	44	47	181
	EBITA margin (%)	8.3	8.5	8.6	8.2	8.4
Group adjustments, Parent Company	2021	– 4	46	– 3	– 6	33
	2020	– 18	– 8	– 24	– 2	– 52
	2019	– 4	– 2	– 2	– 25	– 33
Group total	2021	308	386	339	336	1,369
	EBITA margin (%)	11.6	13.9	11.2	10.7	11.8
	2020	227	269	287	283	1,066
	EBITA margin (%)	11.0	11.7	11.5	11.4	11.4
	2019	175	233	238	249	895
	EBITA margin (%)	10.6	11.7	12.0	10.8	11.3

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

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

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

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

Depreciation/write-downs/amortization (SEK million)		Q1	Q2	Q3	Q4	Full year
Medical Solutions	2021	61	61	63	64	249
	2020	41	41	48	63	193
	2019	39	40	40	41	160
Integrated Solutions	2021	15	16	15	16	62
	2020	17	16	15	15	63
	2019	17	17	16	16	66
Industrial Solutions	2021	39	38	41	42	160
	2020	36	36	43	36	151
	2019	30	32	34	35	131
Parent Company	2021	—	—	—	1	1
	2020	—	—	—	1	1
	2019	—	—	—	19	19
Group total	2021	115	115	119	123	472
	2020	94	93	106	115	408
	2019	86	89	90	111	376

Group financial highlights

IFRS measures	Note	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Basic earnings per share (SEK)	3	1.43	0.79	4.32	3.03
Diluted earnings per share (SEK)	3	1.43	0.79	4.32	3.02
Alternative performance measures					
Net sales (SEK million)	1	3,146	2,487	11,610	9,359
Sales growth (%)		26	8	24	18
Percentage of sales outside Sweden (%)		93	89	92	90
Operating profit (EBITDA) (SEK million)		449	389	1,805	1,456
Operating profit (EBITA) (SEK million) ¹⁾		336	283	1,369	1,066
EBITA margin (%) ¹⁾		10.7	11.4	11.8	11.4
Profit after financial income and expense (SEK million)	2	433	269	1,401	1,014
Profit margin (%) ¹⁾		13.8	10.8	12.1	10.8
Profit after tax (SEK million)		386	211	1,160	806
Return on total capital (%) ¹⁾		—	—	15.7	14.3
Return on capital employed (%) ¹⁾		—	—	22.8	20.7
Return on operating capital (%) ¹⁾		—	—	27.1	29.2
Return on shareholders' equity (%) ¹⁾		—	—	28.0	23.9
Equity/assets ratio (%)		—	—	47	44
Debt/equity (%)		—	—	43	65
Interest coverage ratio (times)		49	28	34	28
Net investments affecting cash flow, excluding acquisitions and disposals (SEK million)		205	102	782	347
Cash flow after investments, excluding acquisitions and disposals (SEK million)		– 87	211	446	905
Cash conversion (%) ¹⁾		—	—	35	87
Net financial liabilities (–) / assets (+), excl. pension- & lease liab. (SEK million)		—	—	– 51	– 298
Adjusted basic earnings per share (SEK)	3	1.46	0.82	4.43	3.08
Adjusted diluted earnings per share (SEK)	3	1.46	0.81	4.42	3.08
Cash flow from operations per share, before dilution (SEK)		0.44	1.28	4.58	4.37
Cash flow from operations per share, after dilution (SEK)		0.44	1.28	4.57	4.37
Cash flow after investments excluding acquisitions and disposals, per share, before dilution (SEK)		– 0.32	0.79	1.66	3.40
Cash flow after investments excluding acquisitions and disposals, per share, after dilution (SEK)		– 0.32	0.79	1.66	3.40
Shareholders' equity per share, before dilution (SEK)		—	—	18	14
Shareholders' equity per share, after dilution (SEK)		—	—	18	14
Average number of employees		—	—	8,669	6,721

¹⁾ KPIs calculated as specified on pages 23 and 24.

Including a non-recurring item of SEK 50 million in operating profit for the full year 2021 and SEK 115 million in profit after financial items in Q4-2021 and full year 2021, which in total impacted the profit after tax by SEK 165 million.

Including a non-recurring item of SEK –31 million in operating profit for full year 2020 and tax effects of SEK +6 million, which impacted profit after tax by SEK –25 million.

Definitions - IFRS measures

Earnings per share

Earnings for the period that are attributable to the parent company's owners divided by the average number of outstanding shares.

Operating profit (EBIT)

Earnings before financial income and expense and taxes.

Definitions - Alternative performance measures

Nolato presents certain financial measures in this report that are not defined according to IFRS. Nolato considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS.

Adjusted earnings per share

Profit after tax, excluding amortization of intangible assets arising from acquisitions, divided by the average number of shares.

Average number of shares

The average basic number of shares comprises the parent company's weighted average number of outstanding shares during the period. After dilution, a weighted average of the shares that may be issued under the ongoing share warrant programme is added, if they are in-the-money, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

Cash conversion

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

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

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

Cash flow from operating activities per share

Cash flow from operating activities, divided by the average number of shares.

Debt/equity ratio

Interest-bearing liabilities and provisions divided by shareholders' equity.

EBITA margin

Operating profit (EBITA) as a percentage of net sales.

Equity/assets ratio

Shareholders' equity as a percentage of total capital in the balance sheet.

Interest coverage ratio

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

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

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

Operating profit (EBITA)

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

Operating profit (EBITDA)

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

Profit margin

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

Return on capital employed

Profit after financial income and expense, plus financial expenses as a percentage of average capital employed. Capital employed consists of total capital less non-interest-bearing liabilities and provisions.

Return on operating capital

Operating profit as a percentage of average operating capital. Operating capital consists of total capital less non-interest-bearing liabilities and provisions, less interest-bearing assets.

Return on shareholders' equity

Profit after tax as a percentage of average shareholders' equity.

Return on total capital

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

Forward-looking information

Some of the items reported relate to future events and actual outcomes may differ materially. In addition to those factors explicitly commented on, other factors may also materially affect the actual outcome, such as economic conditions, exchange rates and interest rate levels, political risks, competition and pricing, product development, commercialisation and technical difficulties, supply problems and customer credit losses.

Alternative performance measures

SEK million unless otherwise specified	Note	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Operating profit (EBITDA)		449	389	1,805	1,456
Non-recurring items		—	—	– 50	31
Adjusted operating profit (EBITDA)		449	389	1,755	1,487
Operating profit (EBIT)	2	326	274	1,333	1,048
Reversal of amortization of intangible assets arising in connection with acquisitions		10	9	36	18
Operating profit (EBITA)		336	283	1,369	1,066
Non-recurring items		—	—	– 50	31
Adjusted operating profit (EBITA)		336	283	1,319	1,097
EBITA margin (%)		10.7	11.4	11.8	11.4
Adjusted EBITA margin (%)		10.7	11.4	11.4	11.7
Profit after financial income and expense	2	433	269	1,401	1,014
Non-recurring items		– 115	—	– 165	31
Adjusted profit after financial income and expense		318	269	1,236	1,045
Profit margin (%)		13.8	10.8	12.1	10.8
Adjusted profit margin (%)		10.1	10.8	10.6	11.2
Profit after tax		386	211	1,160	806
Non-recurring items		– 115	—	– 165	31
Tax on non-recurring items		—	—	—	– 6
Adjusted profit after tax		271	211	995	831
Cash flow after investments, excluding acquisitions and disposals		—	—	446	905
Non-recurring items (affecting cash flow)		—	—	—	36
Adjusted cash flow after investments, excl. acquisitions and disposals		—	—	446	941
Operating profit (EBIT)	2	—	—	1,333	1,048
Non-recurring items		—	—	– 50	31
Adjusted operating profit (EBIT)		—	—	1,283	1,079
Cash conversion (%)		—	—	35	87

Including a non-recurring item of SEK 50 million in operating profit for the full year 2021 and SEK 115 million in profit after financial items in Q4-2021 and full year 2021, which in total impacted the profit after tax by SEK 165 million. The non-recurring items have been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –31 million in operating profit for full year 2020 and tax effects of SEK +6 million, which impacted profit after tax by SEK –25 million. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Alternative performance measures SEK million unless otherwise specified	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Profit after financial income and exp., rolling 12 months	1,401	1,238	1,183	1,078	1,015				
Financial expense, rolling 12 months	43	44	44	41	38				
Adj. profit after financial inc. and exp., rolling 12 months	1,444	1,282	1,227	1,119	1,053				
Total capital, at the end of period	10,056	9,542	8,784	9,191	8,482	8,899	6,638	6,630	6,134
Average total capital, last 5 quarters	9,211	8,980	8,399	7,968	7,357				
Return on total capital (%)	15.7	14.3	14.6	14.0	14.3				
Adj. profit after financial inc. and exp., rolling 12 months	1,444	1,282	1,227	1,119	1,053				
Capital employed, at the end of period	6,809	6,318	5,984	6,479	6,116	6,167	4,514	4,480	4,184
Average capital employed, last 5 quarters	6,341	6,213	5,852	5,551	5,092				
Return on capital employed (%)	22.8	20.6	21.0	20.2	20.7				
Operating profit (EBIT), rolling 12 months	1,333	1,281	1,232	1,122	1,048				
Capital employed, at the end of period	6,809	6,318	5,984	6,479	6,116	6,167	4,514	4,480	4,184
Cash and bank, at the end of period	-1,448	-1,400	-1,248	-1,563	-1,487	-1,438	-1,906	-1,333	-1,362
Operating capital, at the end of period	5,361	4,918	4,736	4,916	4,629	4,729	2,608	3,147	2,822
Average operating capital, latest 5 quarters	4,912	4,786	4,324	4,006	3,587				
Return on operating capital (%)	27.1	26.8	28.5	28.0	29.2				
Profit after tax, rolling 12 months	1,160	985	939	855	806				
Shareholders' equity, at the end of period	4,768	4,280	3,951	4,025	3,699	3,653	3,353	3,220	2,966
Average shareholders' equity, latest 5 quarters	4,145	3,922	3,736	3,590	3,378				
Return on shareholders' equity (%)	28.0	25.1	25.1	23.8	23.9				

Parent Company income statement (summary)

SEK million	Q4 2021	Q4 2020	Full year 2021	Full year 2020
Net sales	16	20	69	69
Selling expenses	– 3	– 2	– 8	– 6
Administrative expenses	– 17	– 17	– 57	– 57
Other operating income	1	6	10	14
Other operating expenses	– 10	– 10	– 38	– 40
Operating profit	– 13	– 3	– 24	– 20
Profit from participations in Group companies	457	316	690	516
Financial income	20	18	74	32
Financial expenses	– 34	13	– 53	– 20
Profit after financial income and expense	430	344	687	508
Appropriations	255	180	255	180
Tax	– 89	– 59	– 80	– 53
Profit after tax	596	465	862	635
Depreciation/amortization	—	1	—	1

Parent Company balance sheet (summary)

SEK million	31/12/2021	31/12/2020
Assets		
Property, plant and equipment	1	1
Financial assets	3,821	3,533
Total fixed assets	3,822	3,534
Other receivables	1,104	721
Cash and bank	60	477
Total current assets	1,164	1,198
Total assets	4,986	4,732
Shareholders' equity and liabilities		
Shareholders' equity	3,107	2,572
Untaxed reserves	285	269
Deferred tax liabilities	17	9
Other provisions	6	7
Long-term liabilities	1,275	669
Current liabilities	296	1,206
Total shareholders' equity and liabilities	4,986	4,732

Transactions with related parties	Period	Services sold	Services bought	Interest income	Interest expenses	Result from shares in Group com	Rec fr rel part on bal sheet date	Liab to rel part on bal sheet date
SEK million								
Subsidiary	Full year 2021	69	– 23	74	—	690	2,921	238
Subsidiary	Full year 2020	69	– 24	32	—	516	2,255	382

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

Nolato AB (publ), Nolatovägen 32, SE-269 78 Torekov, Sweden

• Tel. +46 431 442290 • Fax +46 431 442291

• Corp. id. number 556080-4592

• E-mail info@nolato.com • Website www.nolato.com