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Delivering sustainable solutions

FROM END TO END AND BEYOND

ELANDERS' ANNUAL AND SUSTAINABILITY REPORT 2021

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Delivering sustainable solutions

FROM END TO END AND BEYOND

Elanders is a global logistics company with a broad range of services of integrated solutions in supply chain management.

The business is mainly run through two business areas, Supply Chain Solutions and Print & Packaging Solutions.

Sustainability is an integrated part of Elanders' business and strategy and Elanders considers it a responsibility and a business opportunity that provides great opportunities to create value and improve profitability. Not only for Elanders or the Group's customers but for society at large. The demands regarding CSR made on major, multinational companies are just as high for their partners.

Elanders' sustainability work is largely governed by the very high demands made by customers who in their own environmental and quality documentation stipulate requirements that suppliers must meet as well.

Elanders has approximately 7,000 employees and operates in some 20 countries on four continents. The most important markets are China, Germany, Singapore, Sweden, the United Kingdom, and the USA. Major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

Major customer segments



Fashion & Lifestyle



Electronics



Health Care & Life Science



Automotive



Industrial

Business areas

Elanders is one of the leading companies in the world in Global Supply Chain Management. Our services include taking responsibility for and optimizing customers' material and information flows, everything from sourcing and procurement combined with warehousing to after sales service.



Supply Chain
Solutions

Through its innovative force and global presence, the business area Print & Packaging offers cost-effective solutions that can handle customers' local and global needs for printed material and packaging, often in combination with advanced order platforms on the Internet, value-added services and just-in-time deliveries.



Print & Packaging
Solutions

GERMANY
45 locations
3,323 employees

CZECH REPUBLIC
5 locations
323 employees

UNITED KINGDOM
4 locations
163 employees

AUSTRIA
1 location
44 employees

ROMANIA
1 location
5 employees

USA
10 locations
949 employees

HUNGARY
4 locations
318 employees

SWEDEN
5 locations
152 employees

MEXICO
1 location
31 employees

CANADA
1 location
4 employees

CHINA
12 locations
503 employees

POLAND
3 locations
307 employees

NETHERLANDS
7 locations
146 employees

ITALY
1 location
22 employees

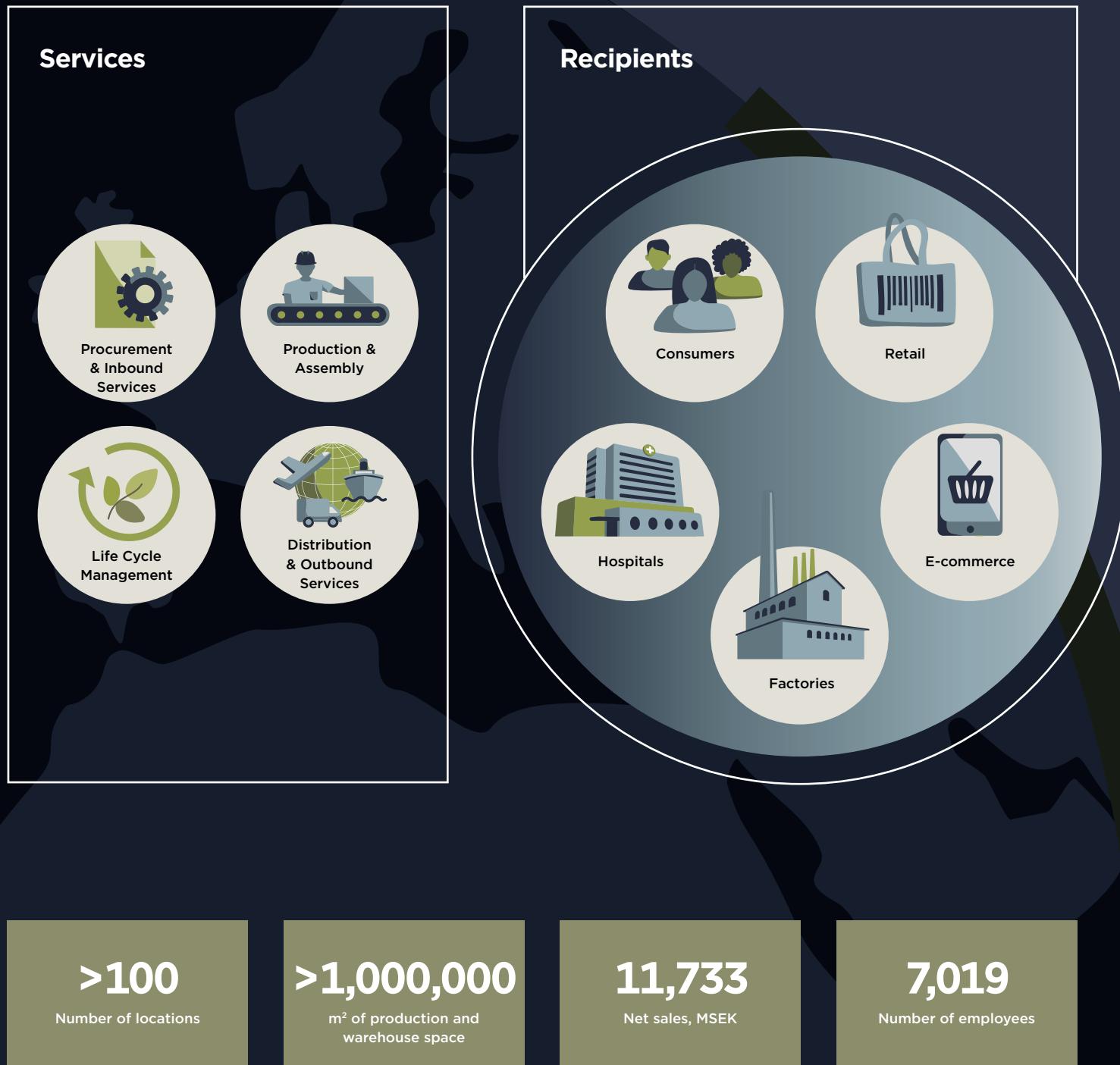
RUSSIA
1 location
2 employees

SINGAPORE
3 locations
496 employees

INDIA
2 locations
173 employees

BRAZIL
1 location
52 employees

TAIWAN
1 location
6 employees



2021 IN SUMMARY

Just as the COVID-19 pandemic characterized 2020, the semiconductor shortage and continued pandemic overshadowed 2021. This led to disturbances in the global supply chain, which in turn had a negative impact on Group operations to differing degrees during various periods. At the same time, the year has also meant high growth, both organically and through acquisitions.

Elanders experienced high organic growth during the year, primarily in the business area Supply Chain Solutions. At the same time several acquisitions have been made in fields that Elanders has identified as areas with discernable underlying growth; online sales, Life Cycle Management, outsourcing of logistic services and online print. The acquisition of Bergen Logistics in November 2021 provides Elanders with a completely new platform and opportunities to grow with existing customers on the North American market.

The semiconductor shortage that primarily affected customer segments Automotive, Electronics and Industrial, had a negative impact on Group operations and the result. The shortage led to irregular capacity utilization in production when customers shut down or added shifts on short notice. Despite a weaker second half-year compared to last year, largely due to the semiconductor shortage, 2021 was Elanders' best year ever in terms of result, clearly proving how robust the Group's business model is.

>30%

Organic growth in Europe in Fashion & Lifestyle

THREE YEAR OVERVIEW

| | 2021 | 2020 | 2019 |
|--|--------------------|--------|--------|
| Net sales, MSEK | 11,733 | 11,050 | 11,254 |
| EBITDA, MSEK | 1,468 | 1,431 | 1,285 |
| EBITA excl. IFRS 16, MSEK | 770 | 737 | 573 |
| EBITA, MSEK | 641 | 598 | 413 |
| EBITA adjusted, MSEK | 658 | 598 | 563 |
| Result after financial items, MSEK | 482 | 414 | 216 |
| Result after tax, MSEK | 331 | 292 | 153 |
| Earnings per share, SEK ¹⁾ | 9.12 | 8.12 | 4.19 |
| Cash flow from operating activities per share, SEK | 30.07 | 48.80 | 37.81 |
| Equity per share, SEK | 92.67 | 81.65 | 78.54 |
| Dividend per share, SEK | 3.60 ²⁾ | 3.10 | - |
| EBITA-margin, % | 5.5 | 5.4 | 3.7 |
| EBITA-margin adjusted, % | 5.6 | 5.4 | 5.0 |
| Return on total assets, % | 6.3 | 6.4 | 4.2 |
| Return on equity, % | 10.4 | 9.9 | 5.3 |
| Return on capital employed, % | 8.5 | 8.6 | 5.0 |
| Net debt/EBITDA ratio, times | 3.6 | 2.0 | 3.1 |
| Net debt/EBITDA ratio excl. IFRS16, times | 3.3 | 1.5 | 3.7 |
| Debt/equity ratio, times | 1.6 | 1.0 | 1.4 |
| Equity ratio, % | 28.0 | 33.6 | 30.2 |
| Average number of outstanding shares, thousands | 35,358 | 35,358 | 35,358 |

¹⁾ There is no dilution.

²⁾ Proposed by the board.

For Reconciliation Alternative Performance Measures and Financial Definitions, see pages 120-122.



Supply Chain Solutions

Supply Chain Solutions is Elanders' largest business area and makes up three-fourths of the Group. This is the area where we see big growth potential going forward. The market is expanding, driven by a growing global middle class. New regulations and changing behavior patterns will probably have a major impact on future logistic flows, which puts high demands on actors that want a piece of this market.

The business area Supply Chain Solutions experienced high demand in every customer segment throughout 2021, even though customer segments Automotive, Electronics and Industrial had problems with supplies of semiconductors and other disturbances in their supply chain. Both these factors had a negative impact on profitability.

Fewer pandemic restrictions allowed more stores to open, leading to greater demand, particularly in customer segment Fashion & Lifestyle. This segment is now Elanders' largest, if total annual net sales is included for the recent acquisition Bergen Logistics. Demand in online sales continued to be strong and in Europe organic growth surpassed 30 percent. The demand was so high the Group was forced to turn down several requests. However, the new acquisitions have reinforced the Group with the capacity it needs.



Print & Packaging Solutions

Despite fewer pandemic restrictions and a return to a more normal life, the market for business area Print & Packaging Solutions continues to be tough. The market, where some actors give up and others merge, is being successively consolidated. For Elanders it creates opportunities to gain market shares while the shift to digital print and more recipient-adapted products, instead of traditional offset print with large editions, progresses.

Several of the business area's major customers that are part of customer segments Automotive and Industrial had serious problems with supplies of semiconductors in 2021, which in turn affected Elanders' profitability in this business area.

Investments continue in online print, which is one of the few areas in the graphic industry showing organic growth. The acquisition of Schätzl Druck is one of these. Schätzl is specialized as a subcontractor in online print. Examples of products they manufacture are personalized and recipient-adapted children's books, invitations, photo products and even smaller editions of books and catalogues. With the Schätzl acquisition Elanders becomes one of the utmost leading actors in Europe in online print.

Furthermore Elanders continues to work on adding supply chain management services to printing plants, which provides customers with even more value while improving Group profitability.

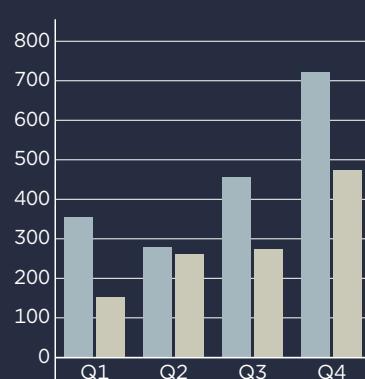
NET SALES PER QUARTER



ADJUSTED EBITA AND ADJUSTED EBITA-MARGIN



OPERATING CASH FLOW EXCLUDING ACQUISITIONS PER QUARTER



● 2020 Operating cash flow, MSEK
● 2021 Operating cash flow, MSEK

● 2020 Net sales, MSEK
● 2021 Net sales, MSEK

A vital year

ACQUISITIONS MADE THEIR MARK

Despite the break-out of the COVID-19 pandemic last year Elanders entered 2021 with a strong financial position. This was a big boost for our acquisition work which has indelibly characterized the year. Meanwhile we have continued to build our business organically and intensified our sustainability work.

Thanks to Elanders' strong balance sheet in 2021 we were able to make four important acquisitions in line with our strategy to grow in the fields outsourcing of supply chain services, online sales, online print and Life Cycle Management with a focus on circular economy.

In general the year has also been characterized by the recovery of demand for our services. However, the semiconductor shortage led to disturbances in material supply chains for many of our customers and even for us, as subcontractors to these customers. Both our business areas were affected negatively, but Supply Chain Solutions was hit hardest and in particular customer segments Automotive, Electronics and Industrial.

Despite this fly in the ointment we are really pleased to present our best year ever and note that the underlying demand from customers for our services continues to be very strong.

CONTINUED STRONG FINANCES

Elanders has been able to maintain its strong financial position during 2021. In the beginning of the year we built up our working capital as a result of our customers' recovery after the lockdowns everywhere last year. Despite this, our underlying cash flow is stable. We refinanced the Group during the year and secured a new long-term credit agreement with better terms than previously. This provides the Group with more room to maneuver.

Even though we had to manage the semiconductor shortage as well as higher shipping and material prices, we closed the year with seven percent organic growth. Furthermore, our growth continues to be profitable, evident in the fact that the result before tax this year was 16 percent higher than in 2020, which was already a year of improved profitability for the Group.

SUPPLY CHAIN SOLUTIONS

Strong demand has dominated the year in the business area Supply Chain Solutions. However, the previously mentioned semiconductor shortage meant that several of our customers periodically had to slow their production rate and adjust it according to access to semiconductors. This primarily impacted customer segments Automotive

and Industrial and resulted in constant changes in delivery patterns and very uneven capacity utilization in our production apparatus. Some of our customers in Electronics were affected as well. On the other hand, we continued to grow in Fashion & Lifestyle in Europe mainly due to the strong growth of our customers in online sales.

We experienced a considerable upswing from our customers during the year with lots of inquiries from both existing and new customers, especially in Fashion & Lifestyle. We were able to quickly fill the new facility in Oberhausen in northern Germany with orders for new customers. Focusing on identifying and winning Scandinavian customers in Fashion & Lifestyle that are expanding in Europe we have attracted a number of new, highly interesting customers to our operations on the Continent. This underlines the importance of our strategy to have a global offer in Fashion & Lifestyle and it also strengthens our organic growth.

Combined with our existing network of units in Europe and Asia the acquisition of the American Bergen Logistics means that we can now offer both global and local contract logistics solutions worldwide (read more on pages 26–27). Bergen Logistics is extremely sophisticated and maintains a very high standard regarding its own developed IT systems and processes, which allows them to have a new customer up and running within two to four weeks. With good profitability, the company handles hundreds of customers in the same facility.

We continued our efforts to improve margins in customer segments Automotive and Industrial in 2021 by optimizing processes and renegotiating unprofitable business. In some cases we even turn down contract renewals when they are not sufficiently profitable. However, the changes currently taking place in Automotive open the door for new, interesting business. For instance, during the year we won two projects comprising warehousing, preassembly and delivering battery cells for two premium car models.

We also see enormous potential for our customer segments Electronics and Health Care & Life Science in regards to both expanding existing contract logistics solutions and continuing to develop our offer in Life Cycle Management. These acquisitions of the Swedish



“

We are really pleased to present our best year ever and note that the underlying demand from customers for our services continues to be very strong.

MAGNUS NILSSON
President and Chief Executive Officer

“

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companies ReuseIT in 2021 and Azalea Global IT in 2020 have increased our capacity in Renewed Tech market (read more on pages 34–35). In Renewed Tech we, among other things, prolong the useful life of our customers' worn-out IT equipment, which has a positive impact on the environment and is a vital part of our sustainability work. With the acquisition of the Dutch Eijgenhuijsen we further broadened our offer in Life Cycle Management (read more on pages 28–29). Eijgenhuijsen is a leading actor on the Netherlands market in special transportation, installation, service and retrieval of advanced technical equipment with sensitive electronics or components.

We are currently opening a new unit in Germany for our customers in Health Care & Life Science. In this facility we will be able to offer warehousing, packing and plucking, cold storage and a service center for reparation of medical equipment. Orders for our new clean room in Singapore are on the rise and during the year we have added several new, interesting customers. One of the things we do in this room with a controlled and completely sterile environment is assemble test kits for COVID-19.

PRINT & PACKAGING SOLUTIONS

Even in Print & Packaging Solutions the semiconductor shortage created problems for a lot of customers in 2021. Lower vehicle production led to less demand for manuals for both cars and trucks. During the year we continued to convert more units to focus primarily on digital print, but we have also expanded our capacity to provide logistics services in order to compensate for diminishing print volumes. Organic net sales contracted due to lower freight forwarding volumes for subscription boxes.

We continued to invest in the growth area online print where we made an important acquisition of the German company Schätzl (read more on pages 32–33). It is a highly efficient, completely digital print company with one hundred percent focus on being the optimal subcontractor to different kinds of actors in online print. The acquisition is an important component in our existing capacity in this field and it equips us for continued growth. All in all we are really pleased with the business area and our performance is clearly better than most of the competition.

GREATER FOCUS ON SUSTAINABILITY

In order to be competitive today it has become increasingly vital to have a sustainable supply chain. At Elanders we work continuously throughout the entire Group to reduce our consumption of energy and water as well as lower emissions of greenhouse gases. Sustainable business

also includes proper business ethics and we regularly hold digital courses in regulatory compliance for our employees.

We have also heavily invested in resources to develop sustainable services for our customers. As part of our concept with end-to-end solutions we contribute to ensuring the right quality and prolonging the useful life of our customers' products with extra services such as quality control, assembly, after-sales, reparation and recycling/reuse. Recycling and renovating equipment to sell on the second-hand market as we do for IT products contributes actively to reducing customers' climate impact. We will continue to invest in this area and hope to develop similar concepts in other customer segments as well.

During the year we have intensified our sustainability work by recruiting Nathalie Bödtker-Lund as our first Sustainability Director at Group level (read more on pages 24–25). In 2021 we began implementing a global digital platform that facilitates collation of sustainability data from all our facilities worldwide. This will make it possible to register our climate emissions in a standardized and uniform manner. We are also working on preparations for presenting our sustainability reporting according to the standard GRI (Global Reporting Initiative).

STRONG PLATFORM FOR THE FUTURE

In conclusion, 2021 was a year when acquisitions made their mark on Elanders and I'm very pleased with our four important acquisitions. They span over areas with an enormous potential for organic growth going forward. Together with all the new customers we have successfully recruited during the year Elanders has a very strong platform to build on in 2022.

Now the work to successively improve our margins and prioritize business with a high level of value-added services continues. Going forward Elanders still sees a lot of opportunities to develop our business through new acquisitions. We will be on the lookout for interesting companies that supplement or develop our offer in some way.

I want to end with a heartfelt thanks to all our employees that daily do their best to deliver at the highest level and thereby contribute to the continued success of Elanders. I also want to thank our customers for their trust in us and look forward to developing Elanders together into one of the world's leading companies in supply chain management solutions.

Magnus Nilsson
President and Chief Executive Officer

Elanders delivers

LONG RANGE PROFITABILITY IN A NEW ERA

Elanders' overarching goal is to be a leader in global solutions within supply chain management in a connected and sustainable world.

Elanders has a particular focus on advanced logistic solutions with a large portion of value-added services. Together with them Elanders develops customers' business, strengthens their competitiveness and makes their supply chain more sustainable. Managing the supply chain optimally reduces resource consumption in transportation, production and warehousing, which makes customers more cost-efficient and sustainable.

BUSINESS CONCEPT

Elanders is a global and strategic partner to customers in their business-critical processes. Its goal is to be a leader in global end-to-end solutions in supply chain management and best at meeting customers' demands on efficiency and deliveries while focusing on sustainability. Elanders helps customers with their business-critical processes, locally and globally, through integrated and customized solutions for managing all or parts of their supply chains. At the same time customers' climate footprint is reduced by optimizing both material and product flows.

FINANCIAL TARGETS

To achieve its long-range financial targets and consistently deliver an increase in value and higher return to its shareholders year after year, Elanders continually develops its offer to customers. A sustainable business model and new and continually improved services in combination with innovative technology form a good platform for continued growth and development as well as greater value for shareholders.

FOCUS ON FOUR GROWTH AREAS

Elanders strives to have a balanced mix of customers, those with a high growth potential but which are less affected by oscillations in business cycles. Elanders has identified four areas where there is clear underlying growth: online shopping, Life Cycle Management, outsourcing of logistic services and online print. Elanders intends to continue its growth in these four sectors.

FROM LOCAL TO GLOBAL CUSTOMERS AND ACQUISITIONS

Elanders develops with its customers. Global business often evolves through building up solid relationships when local needs are met and optimized through good solutions that are then implemented globally for customers. As the Group expands its capacity to meet customers' needs on new geographic markets expands, which deepens customer relations.

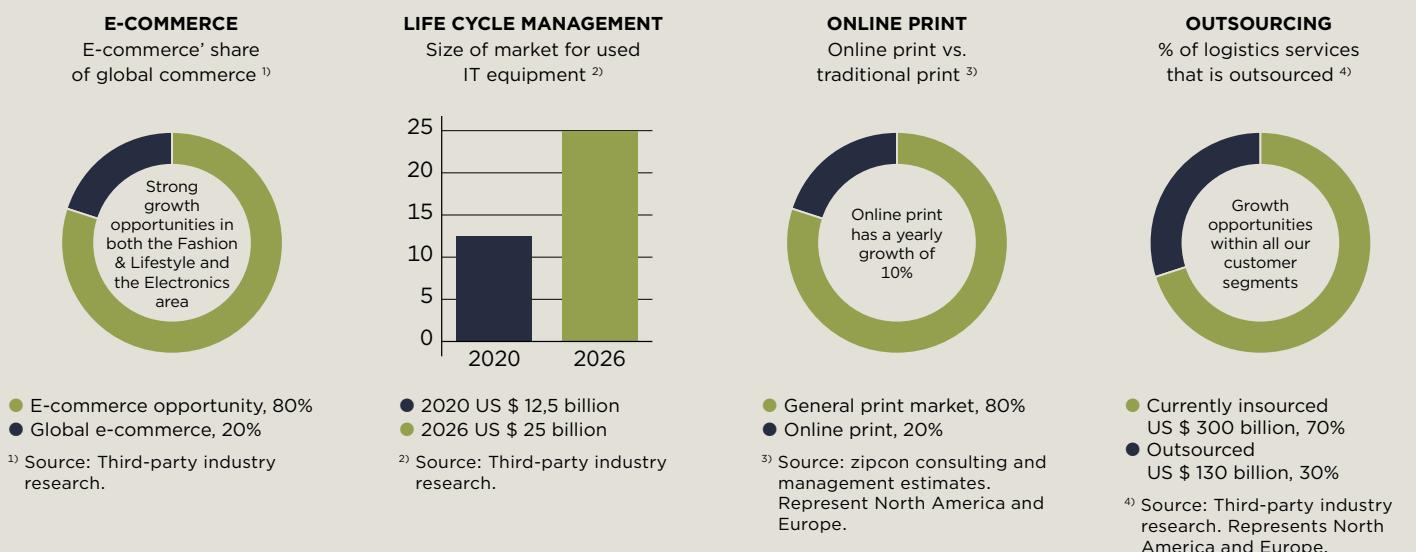
In addition to developing existing business, Elanders will continue to acquire new businesses that have the potential to increase sales, broaden its customer base, and complement its existing offer. An important criteria for acquisitions is that they provide access to new or further develop geographic markets or customer segments. Elanders' acquisition strategy primarily prioritizes acquisitions in the four above-named growth areas. Acquisitions within these areas will help the Group to grow while improving profitability. The objective is that acquisitions always broaden or complement Elanders' range and, if possible, provide further niche expertise such as in Life Cycle Management where the company can actively contribute to a better and more sustainable society.

Strategic acquisitions

| Year | Company | Services |
|------------|--------------------|-------------------------|
| 2021 | Bergen Logistics | Supply Chain Management |
| 2021 | Eijgenhuijsen | Life Cycle Management |
| 2021 | Schätzl Druck | Online print |
| 2020, 2021 | Azalea IT, ReuseIT | Life Cycle Management |
| 2016 | LGI | Supply Chain Management |
| 2014 | Mentor Media | Supply Chain Management |

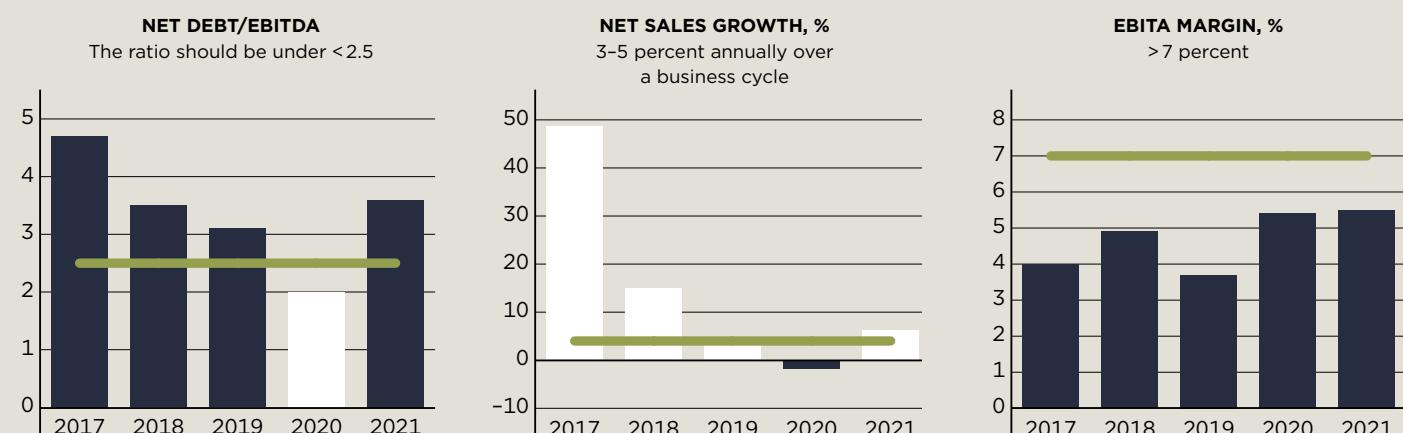
Elanders' greatest growth opportunities

Elanders has identified four areas where there is clear underlying growth: online shopping, life cycle management, online print and outsourcing of logistic services.



Long-term financial targets

At year-end 2019/20, Elanders established new long-range financial goals because the implementation of IFRS 16 affected how the previous goals were calculated. The new financial goals are as follows:



The new goals should be able to reach within a few years.

HOW WE CREATE VALUE

By continuously developing our offer to customers, streamlining supply chains and expanding into new markets and segments through organic growth and acquisitions, we create value for all our stakeholders.

Elanders

Elanders is a global logistics company with a broad range of services of integrated solutions in supply chain management. The business is mainly run through two business areas, Supply Chain Solutions and Print & Packaging Solutions.

The Group has approximately 7,000 employees and operates in some 20 countries on four continents. The most important markets are China, Germany, Singapore, Sweden, the United Kingdom, and the USA. Major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

STRATEGY

Elanders should be a leader in global end-to-end solutions in supply chain management and be best at meeting customer demands on efficiency and deliveries focusing on sustainability.

THE STRATEGY IS BUILT ON:

- continuously developing our offer,
- integrated total solutions,
- implementation of innovative technology,
- continuous growth, partly through organic growth, partly through acquisitions.

~7,000
employees in some 20 countries

Our resources



HUMAN CAPITAL

- Approximately 7,000 employees in some 20 countries



MANUFACTURED CAPITAL

- >100 sites with more than 1,000,000 m² production and warehouse space
- Existing machinery



FINANCIAL CAPITAL

- Equity of SEK 3.3 (2.9) bn
- Total assets of SEK 11.8 (8.6) bn



RELATIONAL CAPITAL

- Thousands of customers with strong local and global brands
- Long-term investors / owners
- Multi-cultural operations

Trends

We have identified a number of megatrends we believe could potentially impact Elanders' business in the future. By understanding them we can develop our offer and create a platform to keep and strengthen the leading position that Elanders has on selected markets and thereby generates long-term profitable growth.



SUSTAINABILITY



GLOBALIZATION AND URBANIZATION



INCREASED OUTSOURCING



INCREASED E-COMMERCE

Business model

Elanders manages and optimizes the flow of raw materials, components, final products, money, and information through every step of production – from suppliers and manufacturers to end consumers. We provide our customers with comprehensive solutions for the entire supply chain through a single contact.



Value creation



EMPLOYEES

- Paid salaries of SEK 2.2 (2.0) bn
- Safe and sustainable workplaces
- Ongoing training and education



CUSTOMERS

- > 1 million deliveries to end customers
- Considerable savings through sustainable and efficient material and component flows
- Innovative supply chain management solutions



INVESTORS AND FINANCIERS

- Operating result of MSEK 580 (546)
- Paid interest of MSEK 92 (110)
- Dividend policy of 30–50% of result after tax



SOCIETY AND THE ENVIRONMENT

- Lower environmental impact through more efficient logistical flows
- Paid income tax and social security contributions of around MSEK 524 (420)

Development and changes

IN SYNC WITH THE WORLD AROUND US



Globalization and urbanization

Greater globalization causes new trends to spread quickly all over the world and increases the demand for international products. Growing cities become financially more important and commerce can be affected by transportation limiting laws, regulations and fees. At the same time urbanization contributes to more efficient deliveries as more people are gathered in one location. These developments also increase the need for efficient freight forwarding. The trend in national and regional shipping is shifting towards network solutions with big logistics terminals and consolidated repacking warehouses with automated goods management.

WHAT ELANDERS DOES

Elanders' strong position in Europe, Asia and North and South America provides a good base for handling greater international commerce and competition as well as customers' needs for global solutions. Elanders follows customers out into the world when they need help in a new location and continually increases its geographic presence through acquisitions, expanded networks, new forms of collaboration and opening up new facilities. Through unique logistics solutions with networks and consolidation points for goods, Elanders is able to reduce heavy traffic in city centers and at the same time streamline and optimize distribution.

Sustainability

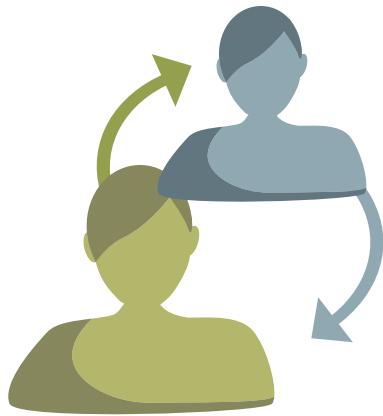
In the worldwide drive to create a sustainable society the challenges are enormous, particularly regarding the ever-growing global flow of goods. Current demands for reduced emissions, lower energy consumption, greater circularity and recycling will push existing structures to their limits. Future supply flows will have to change fundamentally to be sustainable. This greatly increases the complexity in the supply chain flow,

putting even higher demands on intelligent IT solutions, automation and control.

WHAT ELANDERS DOES

Sustainability aspects permeate our work on all levels and essentially Elanders' operations are all about optimizing customers' flows in the best possible way while minimizing costs and climate impact. A good example of this is Elanders' Renewed Tech that is part of the service

area Life Cycle Management. Instead of scrapping cell phones, computers, computer screens and printers Elanders can restore them on behalf of our customers and sell them on the second-hand market. This extends the life of the products considerably and contributes to a sustainable society.



Increased outsourcing

By outsourcing parts of, or the entire supply chain, companies enhance their delivery reliability while reducing overhead in plants, personnel and systems. Shifting investments and risks over to their logistics partner this way gives companies the strength to fully concentrate on their core business.

WHAT ELANDERS DOES

Demand for efficient supply chain services increases with greater outsourcing. By using multi-sites where several customers and similar operations are combined, Elanders can even out fluctuations in volumes and create scale advantages. The Group also has expertise in contract logistics and offers advanced end-to-end solutions where we take care of the product directly from the customer's supplier and deliver it to the end customer.

Increased e-commerce

All over the world consumers have changed their purchasing habits and begun to buy more and more online. This development has accelerated and spread to more markets in conjunction with the COVID-19 pandemic. Even if bricks and mortar shopping does make a comeback after the pandemic, the unanimous opinion is that the shift is here to stay. Escalating online sales change what is needed in logistic services, and in many cases create a new direct relation to the end customer where, in addition to logistics, webshops, customer service and financial transactions for example have to be handled optimally.

WHAT ELANDERS DOES

Elanders offers specialized online sales solutions and a number of value-adding services that make it easier for customers to meet consumers' new purchasing habits. This may include the creation of the customer's webshop, including, for example, content production, customer service and financial services.



A business model that

STANDS THE TEST OF TIME

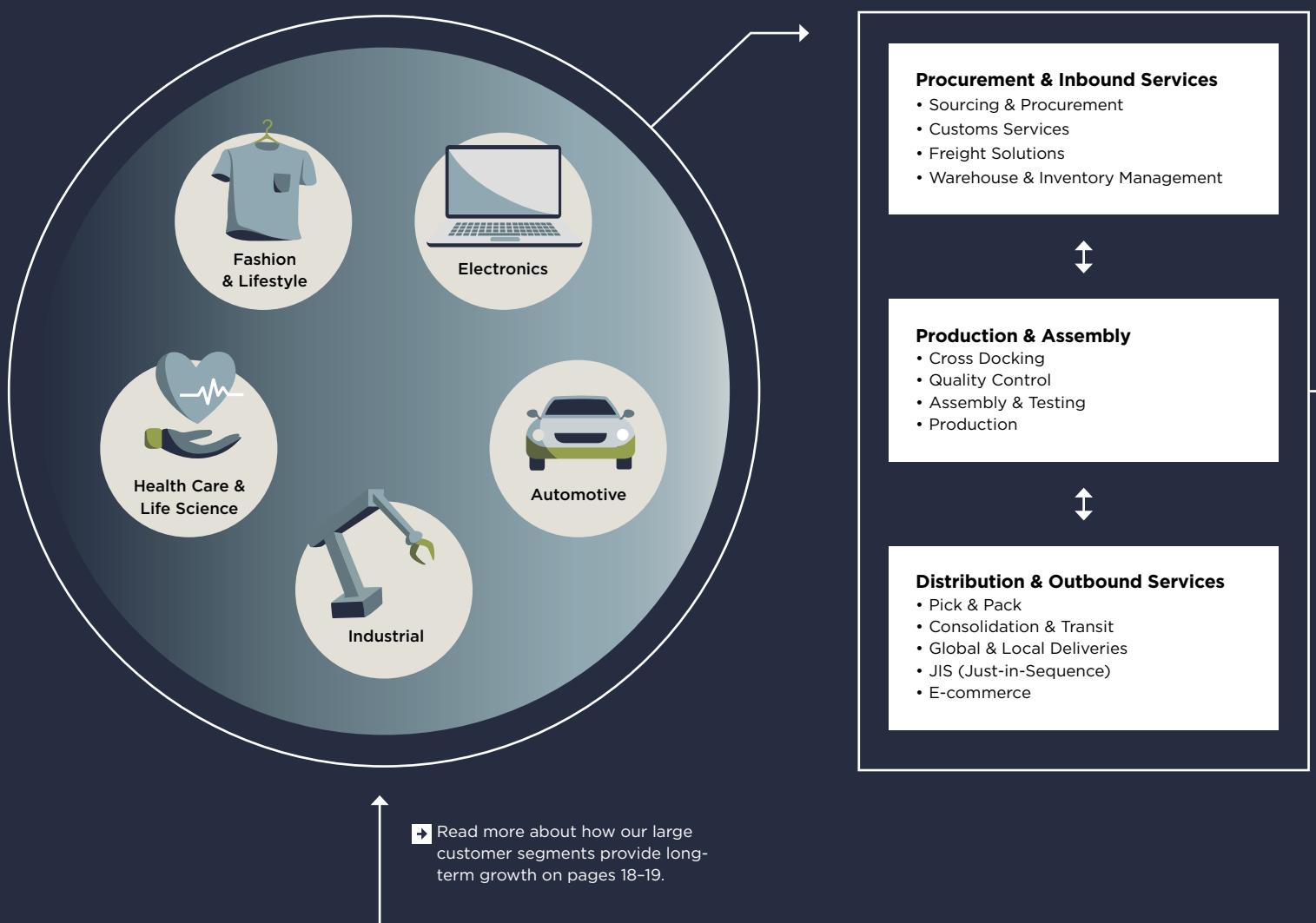
Elanders is a global logistics company that offers a broad range of services of integrated solutions in supply chain management. Sustainability is an intrinsic part of Elanders' business and strategy. Elanders considers it both a responsibility and a business opportunity that opens the door wide to improved profitability and creating value.

Elanders contributes to increasing customers' productivity, profitability and sustainability in both single services and tailor-made total solutions.

Elanders' customers generally fit into one of the segments Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science or Industrial. Elanders can support them with services through every step of a product's lifecycle, from the moment product components go into production until they have served their final purpose and are ready for recycling. Elanders manages and optimizes the flow of raw materials, components,

finished products, money and information throughout the product's entire lifecycle for customers.

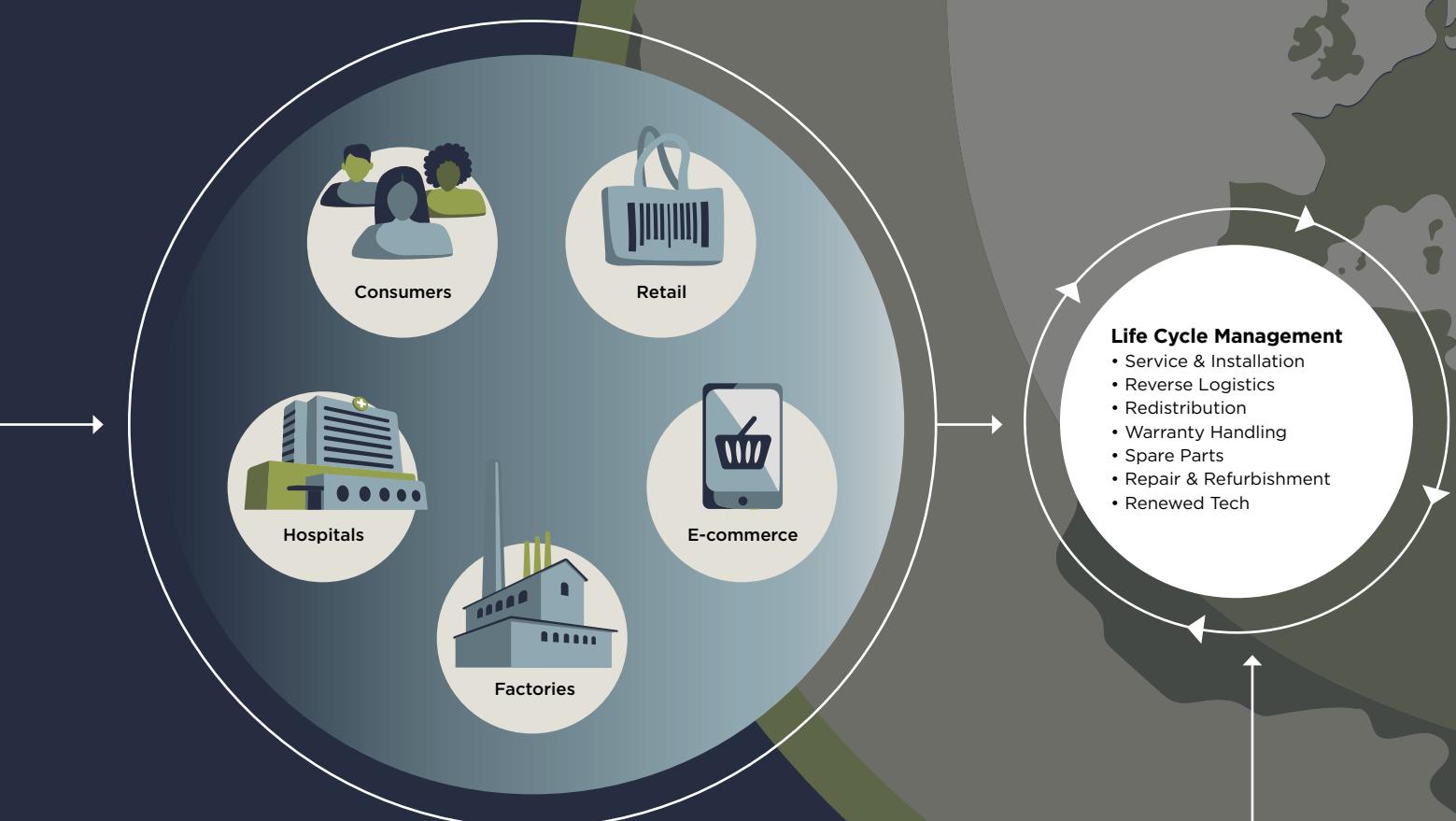
Elanders' offer includes handling everything from order management, procurement, purchasing components and warehousing to production logistics, manufacturing, configuration, quality control and delivery. The Group also handles payment flows, synchronizing purchasing and warehousing with demand, and after-sales service such as managing returned or worn-out products for recycling or resales.



Elanders also offers value-added services connected to supply chains tailored to individual customers' needs and desires - for example installation, test, reparation, off and on loading and repackaging of products. In online shopping Elanders offers to, in combination with logistic services, create and axel responsibility for customer's webshops including content production and management, customer service and financial services.

The Group also provides global total solutions within print that include everything from the production of printed matter and packaging to other related services

such as kitting and packing for just-in-time or sequence deliveries. All of this is run efficiently and flexibly. Most of the growth in graphic services is in online print where Elanders has both its own, efficient order platforms as well as delivers printed matter to other well-established companies.



→ Read more about how our services contribute to a more sustainable world on pages 64–65.

FIVE LARGE CUSTOMER SEGMENTS

Elanders is primarily focused on five large customer segments that show long-term growth: Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.



Fashion & Lifestyle

30%

(15%, 2020)

The industry includes some of the largest brands in the world and digital channels are trending over traditional sales in stores. Many customers are looking for a partner that can take an extensive and comprehensive responsibility and be deeply integrated into their e-commerce and other business.



Growth prospects: High



Business cycle sensitivity: Low

Electronics

30%

(35%, 2020)

Consumption of electronics is on the rise because of a growing middle class and lower prices for home electronics. At the same time, the industry is facing more stringent demands on resource effectiveness and sustainability.



Growth prospects: High



Business cycle sensitivity:
Medium



Automotive

15%
(25%, 2020)

The automotive industry is going through a period of significant and challenging transitions. As developments shift to electric cars, self-driving vehicles and demands for climate neutrality, customers want to focus on their core business without having to compromise on quality or safety in production logistics.



Growth prospects: Medium



Business cycle sensitivity: High

Industrial

10%
(15%, 2020)

Managing returns, recycling and reuse of products are becoming increasingly important in supply chain management. Growing demands on industrial manufacturers require them to have low manufacturing costs, high product quality, short lead times and high delivery precision. Control and efficiency at every stage is a prerequisite for businesses to be competitive and profitable. From production to the after-sales market, logistics are a key factor.



Growth prospects: Medium



Business cycle sensitivity: High

Health Care & Life Science

<5%
(5%, 2020)

A heavily regulated industry that is growing due to factors such as an aging population, lifestyle diseases, and rapid technological developments. Demands on quality in processes and management are often extremely high. A quality-ensured and broad offer that covers customers' needs has considerable potential in this area.



Growth prospects: Medium



Business cycle sensitivity: Low



Our contribution to

A MORE SUSTAINABLE WORLD

Elanders' sustainability work covers the Group's entire business model and permeates the company at every level. Sustainability matters are an integrated part of our operations and decision-making. The goal is to have a positive impact on the environment. Elanders should also contribute to a sustainable social development and be a responsible and attractive employer.

Sustainability is an integrated part of Elanders' business and strategy and Elanders considers sustainability a responsibility and a business opportunity that can provide great opportunities to create value and improve profitability. In 2021 our work continued to be focused on the health and safety of our employees due to the ongoing pandemic. At the same time we have continued to invest in sustainability, for instance by acquiring ReuseIT in Life Cycle Management and by recruiting a Head of Sustainability.

EXTERNAL AND INTERNAL DEMANDS

Today's society puts very high demands on CSR. These demands come not only from external actors such as customers, investors, authorities etc. but also internally from employees, and companies can make demands on their employees. All employees at Elanders are responsible for having a positive impact on the environment, improving working conditions, increasing equality and preventing corruption. Elanders uses guidelines for CSR and our ambition is to contribute to the development of society in the countries where the Group has operations.

Elanders' ambition is to further increase transparency when it comes to sustainability work by collecting and analyzing more sustainability data, as well as presenting the result. At the moment we are implementing a web-based tool that will aid us in this work.

CARBON DIOXIDE EMISSIONS

The Elanders Group's carbon impact comes foremost from emissions and material and energy use. Emissions are mainly generated by the fleet of about 280 trucks the Group has at its disposal and that transport customers' components and products. Material primarily consists of paper in printing operations. Energy consumption mainly takes place in the facilities where the Group has its operations.

A CIRCULAR ECONOMY

In Life Cycle Management Elanders has taken the initiative to create more climate friendly services. There is a huge sustainability factor in extending the life of, and reusing, equipment before it is finally recycled since most of a product's environmental impact comes from producing it. In the service area Renewed Tech Elanders annually handles around 100,000 obsolete units like computers, monitors, mobile phones, servers and other computer accessories.

As a further step in Elanders' sustainability work, and to actively contribute to a more circular economy, the Group has chosen to invest in this field in recent years.

→ In the following spread, you can read in general about how we work with the UN's global goals, about our climate work and about our employees. On pages 55–65, we provide more in-depth sustainability information.

Agenda 2030

Agenda 2030, the UN's 17 Sustainable Development Goals were adopted by most of the world leaders in 2015 to promote socially, economically and environmentally sustainable development. Elanders contributes to the goals in varying degrees. The ambition is that Elanders sustainability work will create value for all stakeholders and thereby also contribute to these goals. The following seven goals have been identified as the most material for Elanders' sustainability work:

4 QUALITY EDUCATION



Ensure an inclusive and equitable education and promote lifelong learning opportunities for all.

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.

~17

CO₂-savings¹⁾ in thousands of ton from Elanders' Renewed Tech operations

Focus areas ahead

- Formulate a sustainability strategy with realistic goals and long-term ambitions
- Broaden the collection of sustainability data in the Group
- Create innovative business models and use business opportunities that harmonize with the Group's sustainability work

¹⁾ The CO₂ savings, i.e. the CO₂ equivalent, have been calculated in accordance with the principles stated in *Rapport B 2372 Produktdatabaser: miljöfordelar med återbruk* developed by IVL Svenska Miljöinstitutet in collaboration with Inrego AB.

5 GENDER EQUALITY



Achieve gender equality and empower all women and girls.

10 REDUCED INEQUALITIES



Reduce income inequality within and among countries.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns.

13 CLIMATE ACTION



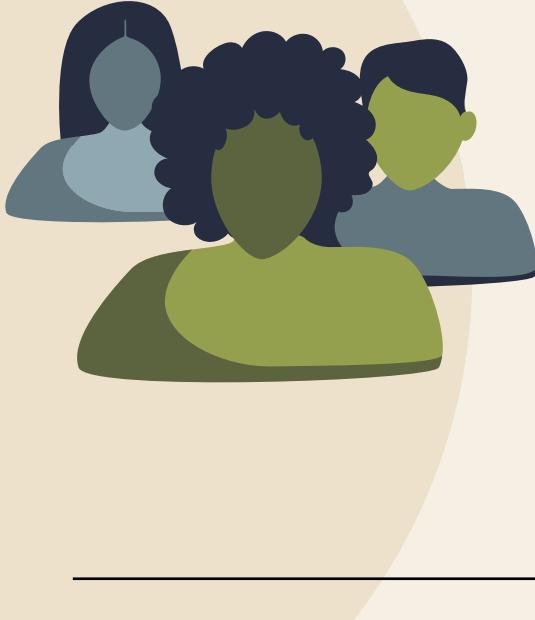
Take urgent action to combat climate change and its impacts.

→ Read more about how we work with the UN's global goals on page 63.

The work with our focus areas within

SUSTAINABILITY

Elanders has identified four main focus areas within the sustainability area that are relevant to the business and the company's stakeholders.



Employees

The Elanders Group has 7,019 employees in some 20 countries. To actively work with human resources is essential since employees that are healthy and motivated contributes to Group development and success on every level.

WHAT ELANDERS DOES

Work concerning employees is governed by the Group's Code of Conduct. Employ-

ees receive training continuously to ensure awareness of the Group's common values. Central monitoring takes place every other year and continually by each company to ensure that the Code of Conduct and Anti-Corruption Policy have been communicated to all employees. Each company is responsible for creating their own procedures and guidelines to ensure conformance with the code.

Social conditions and human rights

Because Elanders is a global business with operations on several continents, it is imperative to work with social conditions and human rights. Although ensuring fair working conditions on every level is a given, constant focus and follow-up is a necessity. As a globally active and influential group, Elanders intends to be one of the best regarding CSR and corporate engagement in every area the company is engaged in.

WHAT ELANDERS DOES

Elanders' work regarding social conditions and human rights is based on the Group's Code of Conduct. Elanders intends to be one of the best regarding CSR and corporate engagement and all companies in the Group are encouraged to support and get involved in both global as well as regional/local projects where they believe their contributions can make a difference.



Ethics and anti-corruption

An ethical and transparent approach is fundamental to Elanders reducing the risk for conflicts of interest as well as having a profitable and sustainable business with a strong brand.

WHAT ELANDERS DOES

Elanders follows all applicable laws and regulations, locally and internationally. Elanders has an Anti-Corruption Policy that comprises all employees, the Board and other persons that act in Elanders' name.



Environment and climate

Historically, Elanders' operations have primarily had a direct impact on the environment through noise and solvent emissions.

Since the acquisition of LGI in 2016 Elanders has a fleet of around 280 trucks with trailers. This fleet of trucks has a direct impact on the environment through transportation performed on behalf of customers. The extent of use for these trucks is largely beyond Elanders control, as it depends on the customers' volumes. Transportation adds to noise levels, air pollution, acidification, over fertilization and increased greenhouse effects.

Another aspect of Elanders' climate impact is energy consumption. Energy in Group facilities is mainly used in manufacturing, heating, lighting and cooling.

WHAT ELANDERS DOES

Elanders work to reduce its negative impact on the environment and climate, and the Group places great importance on strictly following legal requirements concerning the environment.

Elanders also strives for driving as environmentally friendly as possible, using transportation solutions that are as cost and energy-efficient as possible, and also optimizing the customers' transportation. Elanders is also evaluating electric trucks as a potential transport solution.

Elanders also works continuously to reduce energy consumption and to increase the proportion of renewable electricity in the operations.

► Read more about our sustainability work on pages 55–65.



INTERVIEW

Elanders accelerates its

WORK ON SUSTAINABILITY

In April 2021 Elanders hired its first Sustainability Director, Nathalie Bödtker-Lund. This was done to accelerate the Group's development of sustainable and circular solutions for customers and thereby increase our competitive capacity going forward.



The increasingly obvious consequences of climate change makes the transformation to a world where development is sustainable both urgent and unavoidable. For Elanders – and business in general – this entails more stringent demands from customers and society regarding sustainability. Businesses have to change and adjust to maintain their competitive edge. Sustainability is already an integrated part of Elanders' offer and the Group intends to develop operations that are both resource-efficient and sustainable.

In order to put further focus on these issues the Group has hired Nathalie Bödtker-Lund as Sustainability Director. She will help Elanders be the sustainability spearhead it wants to be, keeping the Group attractive for customers, employees, investors and financiers. Below she answers some questions about her role and what is currently on the agenda.

WHO IS NATHALIE BÖDTKER-LUND?

"I have a background in the arts and have worked a long time arranging public art and cultural events such as the Göteborg Film Festival, which is the largest film festival in the Nordic region. A deep social interest and political engagement led to my involvement in sustainability issues and during the past five years I've been in charge of the WIN WIN Gothenburg Sustainability Award, which is awarded annually to draw attention to outstanding efforts from all over the world. Some of the award winners are Gro Harlem Brundtland, Al Gore and Kofi Annan. This job has given me access to people in academia, business and the public sector and insights into how these three areas can collaborate positively."

WHAT ATTRACTED YOU TO THE JOB AT ELANDERS?

"I'm someone who's always on the move and interested in different contexts and sectors. Business is essential to the success of the necessary change of course in a sustainable direction. At the same time it's a fleet-footed and dynamic sector where the ball can get rolling quickly, which makes it exciting to be part of. Even better, Elanders opens up an international world for me, where the circumstances, attitudes and prioritizations vary between operations in different countries and regions. That in itself is an exciting challenge."

On top of that Elanders is a company that's always been good at modernizing and driving change processes. A good example is how, at a strategically well-chosen point in time, Elanders got involved in Supply Chain Solutions while adapting print operations to a new reality. Recently, in the same spirit, the Group has invested in reducing customers' carbon dioxide footprint through, for instance, Renewed Tech."

WHAT MAKES YOU RIGHT FOR THE JOB?

"In a way it's courageous of Elanders to give me this position. I'm neither an expert in sustainability nor an environmental scientist. My strengths lie in other areas. However, the company knows me well from the time I headed WIN WIN since Elanders is one of the sponsors of the award. My expertise is in building organizations, creating structures, setting ambition levels, building networks and getting people to want to move in the same direction. We'll bring in the right experts to help us as needed. Furthermore, I will always fight for ambitious goals in sustainability, which I'm convinced will be beneficial to our business in the long run."



“

In a way it's courageous of Elanders to give me this position. I'm neither an expert in sustainability nor an environmental scientist. My strengths lie in other areas.

NATHALIE BÖDTKER-LUND
Sustainability Director

WHAT HAVE YOU DONE IN 2021?

“So far the work has primarily been about creating a platform and planning for the future, when and how things will be done. We've also started several major parallel processes, both short and long term. Having a dedicated Sustainability Director means these matters are a proper part of Group Management's agenda. My role is to push the envelope and bring sustainability matters to the fore while respecting the fact that some things have to take time. To establish overarching visions and goals for the Group we have to start by mapping the current situation.”

WHAT ARE THE SHORT TERM PRIORITIES?

“We want to improve sustainability data collation which has thus far been done manually and contains too few measuring points. We've begun to work with a technical platform that allows us to set up more ambitious measuring points and provides us with quicker results. It will also make it easier for Group companies to both add and access data. We're also preparing to report according to the standard GRI (Global Reporting Initiative) ahead to make sustainability reporting more thorough and structured. In addition, we intend to start reporting our greenhouse gas emissions in 2022. These are practical but nonetheless rather substantial and demanding processes.”

AND IN THE LONG TERM?

“Even though there are already a number of good and ambitious sustainability projects in the Group that we can be proud of, we need to create a common perspective on sustainability. We have started a strategic process and will hold a lot of workshops in order to arrive at a shared

vision for Elanders that expresses what we want, where we're going, how we can weave sustainability into our offer and what we ought to invest in going forward in our business areas. This process will lead to a sustainability strategy and concrete goals.

I want to underline that our vision, strategy and goals don't just come from the top. On the contrary, we strive transparently to involve every part of the Group so that we can form a consensus around all of this. Only by building a culture of sustainability throughout the organization can we be successful. We also intend to hold courses for both management and workers to better engage them in these issues. I think our prospects are good since the entire Group agrees on the importance of taking sustainability issues seriously, making changes and setting ambitious goals. Elanders definitely has the driving forces needed!”

FACTS

GRI (Global Reporting Initiative) is an international, independent standardization organ that helps companies and other organizations to understand and, in a standardized manner, communicate their impact on climate change, human rights and corruption.



Ron Roman, CEO and founder of Bergen Logistics

INTERVIEW

A LOGISTICS SUCCESS BUILT ON PROPRIETARY TECHNOLOGY

Elanders acquired the privately held contract logistics company Bergen Logistics in November 2021, boosting the group's North American presence specifically within the Fashion & Lifestyle segment. Elanders can now offer unique global solutions for brands within this fast-growing market.

The acquisition considerably strengthens Elanders' position in the North American market and expands its strategic opportunities in outsourcing of logistics services. It also makes Fashion & Lifestyle into one of Elanders' largest customer segments, broadening its presence within the fast-growing market of e-commerce. Following the COVID-19 pandemic, about half of Bergen Logistics' shipments go direct to consumers.

Bergen Logistics is a third-party logistics provider with net sales of MUSD 108 in 2021. The company specializes in serving small and mid-sized brands in the fashion and lifestyle sectors utilizing its proprietary technology platform, CloudX, enabling them to manage a large number of clients in a highly profitable way. Bergen Logistics being an omni-channel expert, clients can seamlessly ship wholesale, retail and direct to consumer orders out of one bucket of inventory according to their clients' needs and while respecting their branding requirements.

"Our partners, as we like to refer to them, work largely in the better to luxury price point markets in the fashion and lifestyle sectors. We manage small to medium volume of high-value items, and our typical projects tend to be more complicated than what you would find at other fulfillment centers. We provide special services that help our partners with their branding, adding an 'out-of-the-box' experience for the consumer," explains Ron Roman, founder and CEO of Bergen Logistics.

TECHNOLOGY IS THE KEY

With three facilities on the US East Coast, one on the West Coast, one in Toronto, Canada and one in the Netherlands, as well as presence in Asia through partners, Bergen Logistics today serves around 450 different clients overall. No single one of them represents more than four percent of total sales. Among them are some very well-known fashion brands from Scandinavia, Germany, France and other parts of Europe. Key to handling the complexity involved is the technology that the company has developed and keeps developing internally.

"We have developers both in the US and in Moldova working tirelessly to expand our CloudX software code. Every week we deploy new system functions to help with operations, support integrations and enable new automation for new and existing partners. Furthermore, our amazing team continuously look to build, improve and

find new solutions. Most major e-commerce platforms are already fully integrated into Bergen Logistics' system CloudX, and we continue adding new platforms as needed," says Ron Roman.

SEIZING OPPORTUNITIES

It is all pretty impressive for a company that Ron Roman founded from a small storage space back in 1998. At the time, he was running a fashion company outside of New York. A friend with a similar business asked if he could help him ship some items. Soon after, Ron Roman realized there was a business opportunity which did not exist at that time. The company grew quickly solely through word of mouth and its great reputation.

"Coming from the fashion industry enabled us to easily empathize and anticipate our partners' needs and requirements. It took a lot of hard work and dedication from our amazing team of employees. They are the backbone of this company. Seizing opportunities is the DNA of this company," says Ron Roman.

EXPANSION AND COOPERATION

Now that Bergen Logistics has become part of the global Elanders group, it opens up for additional opportunities, for example providing services in North America to Elanders' established clients in Europe and vice versa.

"We will continue providing the same high level of services as before, but now with the ability to expand to new markets. In addition, collectively with our sister companies, we can also negotiate better commercial terms for example with our carriers," says Ron Roman.

"Furthermore, we can share new leads and create new businesses within the group. Instead of turning away opportunities which may not fit our business model, we can pass them along to a sister company. There is definitely an added value being a global player offering different options and capabilities," he concludes.

INTERVIEW

Technical logistics specialists acquisition

DOUBLES THE DUTCH WORKFORCE

In November 2021 Elanders acquired the Dutch privately held company Eijgenhuijsen, which provides services within special transportation, installation and recovery of advanced technological equipment. This adds unique last-mile solutions to Elanders' subsidiary LGI's end-to-end demand chain offer in the Netherlands, while also growing the group's Life Cycle Management business.

Elanders' Supply Chain Solutions business in the Netherlands has been growing quite rapidly the last couple of years, with a strong focus on the Electronics and Health Care segment and a well-balanced portfolio including both larger and smaller customers in these segments. The business includes contract logistics as well as air and sea freight forwarding.

Warehouse facilities are located in Amsterdam, Schiphol, Rotterdam and Dordrecht. The latter is a brand new 10,000 square meter facility that opened for business in December 2021, with a high-end medical equipment manufacturer as the first anchor customer. The facility is already being utilized close to capacity and adding yet another one is in the pipeline.

"With the acquisition of Eijgenhuijsen, that has about 80 full-time employees, we are doubling our staff while getting a better geographical balance. We have been concentrated in Western Netherlands and they are also present in the Northern, Eastern and Southern parts of the country," says Martin de Leng, Managing Director of LGI Netherlands.

FULL RESPONSIBILITY

The acquired company is specialized in delivering and installing advanced technological equipment, such as copying machines, printers and pieces of medical equipment like x-ray units. With all the necessary equipment and know-how for special transportations, including moving large units within buildings and up and down stairs, the company takes full responsibility for delivering and installing equipment on the premises of the end-customer.

"Our drivers are not only good drivers but also have extensive technical knowledge. They can install photocopiers, printers and other machines, including adding them in the network if needed. They give users a short introduction before leaving with the old machine and all the packaging waste. For advanced medical machinery, they can also have special engineers from the manufacturer with them – and often come and preview the premises in advance," explains Martin de Leng.

A SECOND LIFE

All data carriers in the old pieces of equipment are wiped, with certificates being produced that verify for the customers that all their information has been securely deleted. Some customers also choose a Life Cycle Management solution where their old machines are refurbished and given a second life on the second-hand market. They are then sold, both locally within the Netherlands and to other countries within or outside the EU.

"This goes hand in hand with the recent acquisitions of the Renewed Tech businesses in Sweden and some of the group's operations in Germany," Martin de Leng points out.

Building on the experience from the photocopier/printer and medical equipment business, there are also potential new opportunities in various other segments. One such example is bottle deposit machines in Dutch supermarkets, which are due for replacement.

COMPLETING THE SERVICE PORTFOLIO

"We are definitely a good match. Our company becomes more complete with this important last-mile service adding value to the service portfolio in our demand chain offer, while we add a new focus on warehousing to them, along with shipping and customs support. We also share similar values. As a family-owned business with a century-long history, Eijgenhuijsen has a strong, positive culture which goes well with a people-focused company like ours," says Martin de Leng.

The integration has started well, with people from both sides immediately starting to collaborate around common opportunities and making use of each other's strengths. Both operations will be strengthened by exchanging best practices to improve efficiency and quality, while the acquired company's systems and process will be aligned to what is already in place.

"We will take things step by step and merge the two companies in a natural way, while trying to trigger people to find relations and cooperation. This is my aim in the change management looking forward," he explains.

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With the acquisition of Eijgenhuijsen, that has about 80 full-time employees, we are doubling our staff while getting a better geographical balance.



A GREEN NEW FACILITY

Meanwhile, sustainability will remain high on the agenda for the Dutch organization, with a general switch to electric company cars and a zero waste target to be achieved in 2022. The brand new facility in Dordrecht has also been built according to the highest environmental standards and is fully BREEAM certified. Charging stations for electric cars are in place and the building is more or less carbon emission free, powered by solar panels covering the roof and pre-existing wind power plants. Waste-water is collected in a sustainable way and the surroundings made green and bee-friendly.

"These aspects are increasingly important both for our customers and on the labor market. Young people today want to work for responsible companies that do not harm the environment. This is very important to consider for an expansive company like us," concludes Martin de Leng.

Martin de Leng, Managing Director of LGI Netherlands



INTERVIEW

“YOU CANNOT WIN ALONE”

Teamwork is a defining word for Andrea Junge, Cluster Manager for south-west Germany within Electronics & Health Care at Elanders' subsidiary LGI. This is true, both when helping logistics customers with end-to-end solutions at work and in the ice hockey rink in her spare time.

Andrea Junge, today 44 years old, has been working within the same organization, although in different roles, since starting an apprenticeship back in 1994. Ever since taking responsibility for one small customer at that time, she has enjoyed working in the logistics industry.

“You can do so many different things within logistics to improve for the customers – developing processes, employees, technology and software. You really have room to bring in new ideas and be innovative. At work I am literally like a child getting to play with new stuff all the time. Also, you are constantly dealing with different customers and processes. Every day is different from the last and there are always new challenges to handle. I love it!” she says.

EXPERIENCE CREATES OPPORTUNITIES

Throughout her career Andrea Junge has had opportunities to try new things and prove herself in different projects. She went on from administrative duties to business development, implementing new management systems and running optimization projects. After working with establishing a new customer's business in Hungary she took on the role as warehouse manager in Budapest. Then she moved on to the in-house consulting team, where she worked on many different projects.

“In 2013, I got the chance to become operations manager for our multi-customer site in Bondorf. This made me surprised and happy, since I had learned the business through all the different projects I had worked on, rather than formal studies,” she explains.

MANAGER OF 200 EMPLOYEES

In 2016, Andrea Junge moved on to her present role. As cluster manager based in Herrenberg, she is responsible for roughly 200 employees and 13 different Electronics & Health Care customers. This includes one of the Elanders group's largest sites in Germany, handling many different processes and added services.

“We are a premium logistics service provider offering end-to-end solutions with all the different processes our customers demand, throughout the product's life-cycle. What truly sets us apart is that there is nothing we cannot do with high quality. We can for example offer a demo pool of new products, data staging and configuration, product delivery including unpacking and functional testing, repair services and value recovery from old equipment with secure data wiping. The latter is strategically

important as customers today strive for sustainability,” says Andrea Junge.

WINNING TOGETHER

A company culture of teamwork is an important factor for success. She describes the atmosphere as open-minded. Managers and colleagues are always there to help solve any possible problem.

“In my spare time I play ice hockey and also coach children, so I know that you cannot win alone. We must work as a team in all our different roles. Here, it is valuable with different perspectives and a good mix of people. In a male-dominated environment I think female managers can make important contributions to this. Nevertheless, no matter if a colleague is male or female, the main thing is that we work together for the benefit of our customers,” she says.

Looking forward, Andrea Junge plans to develop the cluster with more Electronics & Health Care customers, growing further through value-adding services and value recovery aimed at new customers and products. She also wants to pursue innovation.

“For me it is very important to be part of innovative projects and grasping new opportunities offered by technology, software, artificial intelligence and big data. This is the future for logistics service providers and also something of a hobby for me – when I am not busy playing ice hockey!”

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In 2013, I got the chance to become operations manager for our multi-customer site in Bondorf.

This made me surprised and happy



INTERVIEW

"I ENJOY SEEING PEOPLE AND COMPANIES DEVELOP"

When Gabriele Bormuth joined Elanders' subsidiary ITG she told herself that she would quit when the job became a routine. After more than 20 years, that day has yet to come. As branch manager at ITG's contract logistics center in Munich she still gets surprised every day.

It is clear that Gabriele Bormuth likes her role as one of two branch managers at the Munich site, which has more than 180,000 square meters of warehouse space and approximately 1,000 employees. She has held this position for more than 15 years but is far from bored.

"Every day is different in this line of work and presents new challenges and surprises, a lot of them positive. The job is still not a routine," she says.

Today in her mid-50's, Gabriele Bormuth originally went into freight forwarding because it gave her a chance to work all over the world. In the years following her studies she worked in Venezuela, Mexico and the USA before returning home to Germany again. When her children were small, she started at the company with a part-time job in the forwarding department. Later, she switched to contract logistics and the position she still has today.

RESPECT ACROSS THE LINE

"Something I appreciate here is that the world is still very present. People from many different cultures work together in the warehouse, in respect and tolerance of one another. We really have an open company culture where everyone is included in the same team," she says.

When it comes to being a woman in a leading position, Gabriele Bormuth never felt that this was an issue.

"People are treated with respect no matter their gender, age or background. But I do believe a good diversity in the team is very beneficial for the company," she says.

To relax in her spare time, Gabriele Bormuth enjoys the mountains all year round.

"Nothing beats the sense of freedom there. I go hiking with my family in the summer and skiing, both cross country and downhill, as well as snow-shoeing in the winter. I also like jogging and water sports by the sea. I have a big extended family and there are always lots of people at home, in ages ranging from three to 85," she says.

INDIVIDUALIZED SOLUTIONS

The main focus of the Munich site is on Fashion & Lifestyle industry and the site serves many different customers. Responsibility for the customers is divided up between Gabriele Bormuth and her branch manager colleague.

"In my job I enjoy seeing both people and companies develop. I have seen trainees evolve into managers and small start-ups become major brands. We help customers get all necessary processes in place and are good at indivi-



dualizing our solutions. As a customer you never need to adjust to us, we truly partner with you and adapt to your needs," she says.

An advantage with a multi-customer warehouse is that it gives many opportunities to learn new things from different customers.

"You learn and get new ideas from every customer. We are always developing and adopting new technologies and finding solutions to our customers' challenges. This helps put us in the forefront. For example, we did omni-channel distribution already 15 years ago, even though we did not call it that," she continues.

SWITCH TO B2C

On the present and future agenda for Fashion & Lifestyle customers is an increasing switch from a B2B to a B2C business model, a change that has been accelerated by the pandemic.

"Since this is nothing new for us, we are the right partner for customers to go forward with. We have the routine and the necessary know-how to help our customers in this transition. During the COVID-19 pandemic we have managed to set up a lean B2C solution for some of our customers in as little as four weeks. An added bonus for me is that this rapid development also means that my job will continue to be interesting for many years to come!" concludes Gabriele Bormuth.



INTERVIEW

Massive within

MASS CUSTOMIZATION

With the acquisition of Schärtl Druck & Medien in June 2021, Elanders' operations in Germany has more than doubled its business within mass customized digital printing. Adding important capacity, the acquisition makes production more robust, and it also comes with valuable know-how within online print.

One of Elanders' four strategic growth areas is online print. While volumes for traditional commercial offset printing are continuously decreasing, the trend is quite the opposite when it comes to digitally printed, mass customized output that is ordered online. The demand for personalized photobooks, calendars, children's books, invitation cards and other types of printed products are growing both on the business-to-business and business-to-consumer side. The monetization of digital content from social media is and will remain a growth driver for future years.

Elanders has successfully established itself as an important player in this market, both with its own brands and as a supplier to many major e-commerce brands. Newly acquired Schärtl Druck & Medien ("Schärtl"), located in Donauwörth, Bavaria, has also gone through a rapid change in this direction.

A BUSINESS TRANSFORMED

Founded in 1981, Schärtl has over the last years succeeded in converting from being a traditional print shop to gaining a similar share of the mass customization digital printing market as Elanders, mainly as a supplier to e-commerce brands. Since starting its transition to purely digital print, the company has grown annually in the range of 15 to 35 percent and it has an annual turnover of approximately 19 million euros.

"When I took over as owner and managing director in 2014, I saw where things were headed. I started the transformation of Schärtl into a state-of-the-art digital printing company with an offering of on-demand services with mass customized digital printing for hardcover and softcover books, calendars, greeting cards, wall art and other products. We are now using a highly automated manufacturing process with editions of all sizes, all the way down to individualized output," says Ulrich Schärtl, who after the acquisition was appointed Director of Mass Customization at Elanders.

"In this role, Ulrich will bring his experience of a successful transformation to bear. Having established a kind of best practice he becomes a valuable asset for Elanders in the coming years, as some of our sites are still dependent on traditional print volumes and

need to go through a similar process," comments Sven Burkhard, head of Elanders' business area Print & Packaging Solutions.

ROBUST PRODUCTION

Acquiring Schärtl creates synergies that can be leveraged in areas like materials, organization, distribution and investment, while adding a bigger range of products available to customers. It more than doubles Elanders mass customization business.

"Maybe most importantly, the addition of capacity makes our production more robust. This is a very seasonal business, with as much as 80 percent of profits being secured in the last two months of the year. Our customers are looking to make sure that production is not disrupted, something that has been especially emphasized by new threats to business continuity due to the COVID-19 pandemic. With bigger overall capacity, our sites have the ability to act as backup for one another so that we can ensure delivery to our customers with even more confidence," says Sven Burkhard.

AIMING TO INTERNATIONALIZE

Elanders is now the number one of the digital print service providers in mainland Europe that does not belong to an e-commerce brand. The very large joint production capabilities in the field of photobooks and calendars make the company attractive as a partner to large e-commerce brands. With 70 percent of Schärtl's customers being found outside Germany, looking forward, the aim is to further internationalize the business.

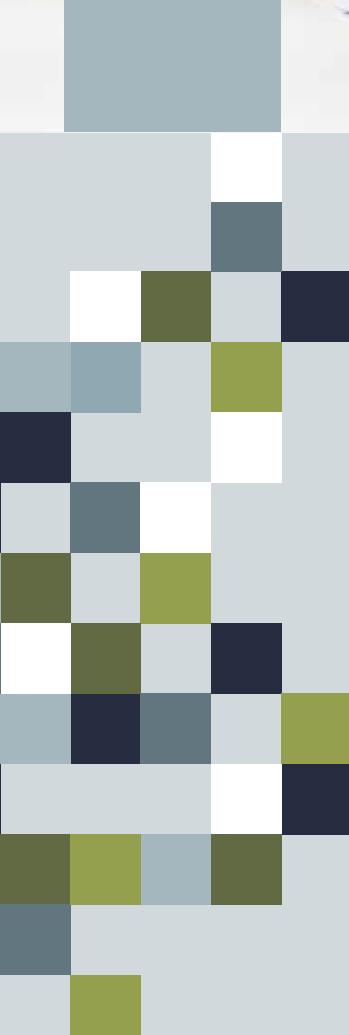
"Since this is an increasing market with good margins, Elanders is planning to add similar processes in our sites in other markets like Sweden, the UK and the USA. Customers will meet the same system wherever they are and the individualized product will then be printed as closely as possible to them, thus saving both time and CO2 emissions through shorter shipping distances," concludes Sven Burkhard.



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Acquiring Schätzl creates synergies that can be leveraged in areas like materials, organization, distribution and investment, while adding a bigger range of products available to customers.

Sven Burkhard,
President, Print &
Packaging Solutions
and Ulrich Schätzl,
CEO and founder
Schätzl



INTERVIEW

SIGNIFICANTLY REDUCED CLIMATE IMPACT WITH REUSED IT EQUIPMENT

Through the acquisition of the Swedish companies, Azalea IT and ReuseIT, Elanders has begun an investment in the field of Renewed Tech and become an actor to reckon with on the Nordic market. The two businesses supplement each other almost seamlessly and the potential for growth is enormous.

Life Cycle Management is one of four strategic growth areas for Elanders. Through acquisitions the Group has developed an attractive offer in Renewed Tech, which entails safely taking care of obsolete IT equipment, restoring it and giving it a second life with the intention of at least doubling its service life before recycling.

In October 2020 Elanders acquired the Gothenburg company Azalea IT and in March 2021 ReuseIT, domiciled in Växjö. The companies have similar business models, but operate in different product and customer segments. The business model is twofold. These companies help businesses manage their worn-out IT equipment in an information secure, and environmentally and financially sound way. The positive environmental effect is significant since around 97 percent of the collected equipment can be reused instead of recycled, and this contributes to reducing climate impact.

They then supply customers with reliable second-hand equipment which also reduces climate impact. Most of the equipment is sold but some of it is leased. In some cases customers are even offered the opportunity to lease new equipment which after the contracted period can become part of the second-hand range.

PERFECT MATCH

The match between the two acquired companies is close to perfect. Azalea IT is focused on equipment used in datacenters, i.e. servers, storage and network equipment, while ReuseIT works with clients, i.e. PCs, surf tablets and cell phones.

“We’ve already been able to strengthen our offer under the short time since the acquisition was made by sending customers to each other,” says Agne Nilsson, Sales Director at ReuseIT and one of the company founders.

“Azalea IT, ReuseIT and Elanders combined creates competitive advantages. At the same time, the customers can benefit from all the strengths of each individual company,” adds Henrik Cohn, CEO and co-founder of Azalea IT.

A SIMPLE PROCESS

Elanders makes the process simple for customers. As sensitive business information is stored on the obsolete equipment, there are great values to protect. Erasing all data without risking leaks requires a sophisticated process. The equipment is sent in locked containers directly from the customer to Elanders’ security classified facilities where the tool Blancco, a kind of industry standard for secure data erasure, is used. A certificate is generated for each individual unit containing data so that customers can verify that no data have come into the wrong hands. Network equipment is erased in a corresponding manner.

After the data is eradicated Elanders’ personnel goes through the equipment, verifies its function and classes it according to its external condition. Then the operative system is restored as well as any other licensed software. Finally, the renewed IT equipment is sold with a guarantee via an online store, directly to existing customers or via retailers. The products are primarily sold in the Nordic market.

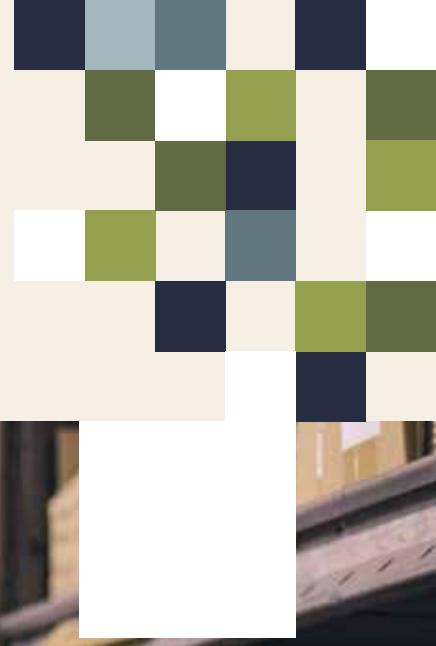
DIFFERENT BUYERS

Buyers of clients are consumers, schools and a growing number of companies that highly prioritize sustainability. Even units with cosmetic defects can be sold for the right price.

“We’ve noticed how interest in buying second-hand has been on the rise in recent years, driven by a sustainability consciousness. The standard of IT equipment used by companies is generally high which means its service life can be extended,” says Agne Nilsson.

In datacenters, however, technology develops much faster and therefore second-hand values are lower. Nonetheless a market exists, for example when broadband operators need to expand or repair their old environments.

“We sell reconditioned equipment to business customers directly, via the web or through retailers. We also offer storing products customers can have recurring need for. Some items are sold with final destinations in the Nordic region, other parts of Europe or North America,” says Henrik Cohn.



“

We can still get our new ideas considered while taking advantage of the strength of a big, stable and listed group. It's the best of both worlds.



Henrik Cohn, CEO and co-founder of Azalea IT

FUTURE GROWTH IN SIGHT

Both companies anticipate growing demand as consumers, businesses and other organizations prioritize the climate and sustainability more and more. They see major advantages in being part of the Elanders Group with its established logistics operations all over the world and strong position in the electronic segment that provide significant opportunities for expansion on new markets.

“We've become more attractive for customers looking for global solutions and Elanders has a really good position with a broad range in Renewed Tech” says Agne Nilsson.

“In addition, Elanders is a dynamic company willing to change and where decision-making processes are short and the tempo is high. We can still get our new ideas considered while taking advantage of the strength of a big, stable and listed group. It's the best of both worlds,” concludes Henrik Cohn.



Agne Nilsson, Sales Director and co-founder ReuselT

*The Group***CONTINUES TO GROW**

The past decade has held many eventful years for Elanders with several significant acquisitions. These acquisitions have transformed Elanders into what it is today – a global logistics multinational with a diversified portfolio of operations to rely on. The ongoing pandemic has shown what a strong point this is.

2021

The year was marked by the semiconductor shortage, several acquisitions and strong growth in Europe in Fashion & Lifestyle. The semiconductor shortage was primarily problematic for customers in customer segments Automotive, Electronics and Industrial by creating disturbances in their supply chain. This created an uneven capacity utilization in production at Elanders, which in turn affected profitability. With the acquisition of Bergen Logistics in November 2021 customer segment Fashion & Lifestyle became Elanders' largest. The acquisition also creates opportunities for Elanders to grow with existing customers that want to enter the attractive North American market. During the year Elanders also made investments and acquisitions in online print and Life Cycle Management, two areas with discernable underlying growth.

Despite a weaker second half-year compared to last year, largely due to the semiconductor shortage, once again Elanders presented its best year ever in terms of result.

2020

The COVID-19 pandemic had a considerable impact on our business during the first half-year. It started in Asia when restrictions were implemented to reduce the spread of the virus. This created disruptions in the supply chain for companies dependent on goods from Asia. When the virus reached Europe, countries closed their borders, and the component shortage became more severe, causing factories to close. During this period, Elanders was entrusted with procuring PPE from Asia. After a weak first half-year there was a dramatic recovery during the second half of the year when factories were once again running at full speed. The year ended with a solid fourth quarter.

Despite an ongoing pandemic, the Group had its best year ever. One important factor was the lower cost base resulting from the measures taken in 2019.

2019

Print & Packaging Solutions and the Asiatic section of Supply Chain Solutions had one of their best years ever. This was overshadowed by the fact that a restructuring plan was needed in the European section of Supply Chain Solutions and accounting errors in transportation operations were discovered. After two years with strong cash flow resulting in a robust financial position Elanders is now seriously ready to make new acquisitions that can complement our existing offer.

Excluding one-off items, Elanders presented its, up until then, best annual result ever with an adjusted EBITA of MSEK 563 (523).

2018

The year 2018 was also characterized by strong organic growth, nine percent, and Group net sales reached over 10 billion Swedish krona for the first time. The customer projects that had created problems during the second half of 2017 continued to be a challenge in the beginning of 2018, but after measures to make them more efficient and raising our prices to customers they were set right. During the year, the majority of shares in LOGworks, Elanders' staffing operations in Germany, were sold to Adecco. As part of the production consolidation process in Print & Packaging Solutions the operations in Beijing, China were divested while the offset operations in Sweden were shut down and 70 employees were made redundant. The year ended with Elanders' best, until then, quarter ever.

2017

The year was characterized by strong organic growth, mainly in business area Supply Chain Solutions where growth was generated in both Asia and Europe. Several new deals were signed during the year. Organic growth amounted to six percent for the Group as a whole, but increased to 12 percent in the fourth quarter. Net sales amounted to SEK 9.3 billion and there were close to 7,000 employees at year-end. The robust growth led to some growing pains for the organization, which was apparent in the result in the form of extra start-up costs for several of the new, large customer projects in Supply Chain Solutions.

Price pressure and overcapacity on the market for business area Print & Packaging Solutions continued and 50 employees were made redundant in the Swedish operations.

INCOME STATEMENTS - SUMMARY

| MSEK | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------------|---------|---------|---------|---------|--------|
| Net sales | 11,733 | 11,050 | 11,254 | 10,742 | 9,342 |
| Operating expenses | -11,153 | -10,504 | -10,895 | -10,283 | -9,034 |
| EBIT | 580 | 546 | 359 | 459 | 308 |
| Financial items | -98 | -132 | -143 | -93 | -78 |
| Result after financial items | 482 | 414 | 216 | 366 | 230 |
| Result for the year | 331 | 292 | 153 | 259 | 165 |
| EBITDA | 1,468 | 1,431 | 1,285 | 725 | 563 |
| EBITDA excl. IFRS 16 | 770 | 737 | 573 | 725 | 563 |
| EBITA | 641 | 598 | 413 | 523 | 371 |
| EBITA adjusted | 658 | 598 | 563 | 523 | 371 |

CASH FLOW - SUMMARY

| MSEK | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------------|--------|--------|-------|------|------|
| Cash flow from operating activities | 1,063 | 1,725 | 1,337 | 455 | -64 |
| Paid taxes | -128 | -42 | -114 | -127 | -134 |
| Investments | -1,394 | -116 | -140 | -137 | -262 |
| Operating cash flow | -105 | 1,783 | 1,454 | 538 | -115 |
| Change in net debt | 2,395 | -1,106 | 1,422 | -126 | 439 |

BALANCE SHEETS - SUMMARY

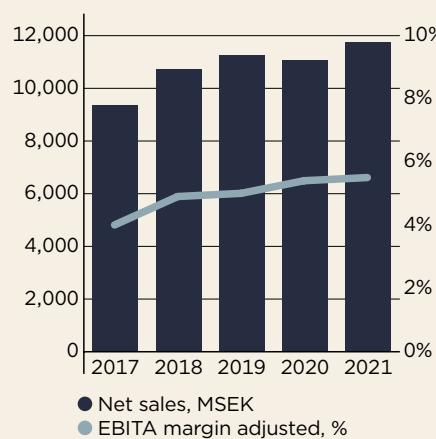
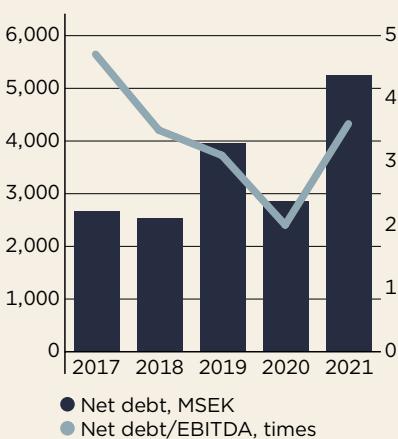
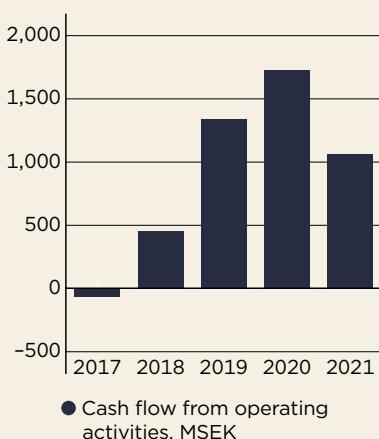
| MSEK | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------------------|--------|-------|-------|-------|-------|
| Goodwill | 3,305 | 2,413 | 2,480 | 2,439 | 2,337 |
| Other fixed assets | 4,936 | 3,224 | 3,546 | 1,835 | 1,874 |
| Inventory | 400 | 233 | 335 | 468 | 390 |
| Accounts receivable | 1,822 | 1,344 | 1,740 | 1,762 | 1,571 |
| Other current assets | 438 | 324 | 448 | 511 | 557 |
| Cash and cash equivalents | 898 | 1,101 | 655 | 722 | 679 |
| Equity | 3,304 | 2,908 | 2,777 | 2,707 | 2,453 |
| Interest-bearing liabilities | 6,147 | 3,955 | 4,616 | 3,261 | 3,344 |
| Non-interest-bearing liabilities | 2,349 | 1,776 | 1,811 | 1,768 | 1,612 |
| Total assets | 11,800 | 8,369 | 9,205 | 7,737 | 7,409 |

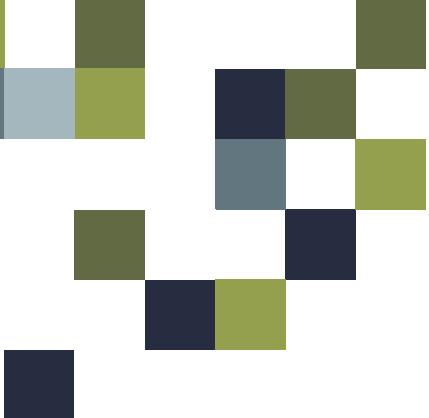
IFRS 16 is effective from 1 January 2019 and has affected the accounting of the Group's lease agreements. The transition to IFRS 16 has been based on the Modified retrospective approach, which means that the comparison periods have not been adjusted. Excluding IFRS 16 means that the same accounting principles as 2018 have been used. One-off items have been excluded in the adjusted measures.

KEY RATIOS

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------|-------|-------|-------|-------|
| EBITA-margin, % | 5.5 | 5.4 | 3.7 | 4.9 | 4.0 |
| EBITA-margin adjusted, % | 5.6 | 5.4 | 5.0 | 4.9 | 4.0 |
| Operating margin, % | 4.9 | 4.9 | 3.2 | 4.3 | 3.3 |
| Profit margin, % | 4.1 | 3.7 | 1.9 | 3.4 | 2.5 |
| Equity ratio, % | 28.0 | 33.6 | 30.2 | 35.0 | 33.1 |
| Risk capital ratio, % | 30.0 | 35.6 | 32.2 | 37.5 | 35.7 |
| Interest coverage ratio, times | 6.3 | 5.0 | 2.7 | 5.3 | 4.1 |
| Debt/equity ratio, times | 1.6 | 1.0 | 1.4 | 0.9 | 1.1 |
| Return on equity, % | 10.4 | 9.9 | 5.3 | 9.8 | 6.8 |
| Return on capital employed, % | 8.5 | 8.6 | 5.0 | 8.5 | 6.2 |
| Return on total assets, % | 6.3 | 6.4 | 4.2 | 6.6 | 4.3 |
| Average number of employees | 6,288 | 6,260 | 6,696 | 7,153 | 6,658 |
| Number of employees at the end of the year | 7,019 | 6,058 | 6,664 | 6,652 | 6,997 |
| Net debt/EBITDA, times | 3.6 | 2.0 | 3.1 | 3.5 | 4.7 |
| Net debt/EBITDA excl. IFRS 16 ratio, times | 3.3 | 1.5 | 3.7 | 3.5 | 4.7 |
| Enterprise Value, MSEK | 11,401 | 7,083 | 7,044 | 5,633 | 5,570 |
| Risk capital, MSEK | 3,537 | 3,076 | 2,962 | 2,898 | 2,645 |
| Capital employed, MSEK | 8,553 | 5,762 | 6,738 | 5,246 | 5,118 |
| Net debt, MSEK | 5,249 | 2,854 | 3,961 | 2,539 | 2,665 |
| Net debt excl. IFRS 16, MSEK | 2,539 | 1,123 | 2,142 | 2,539 | 2,665 |

IFRS 16 is effective from 1 January 2019 and has affected the accounting of the Group's lease agreements. The transition to IFRS 16 has been based on the Modified retrospective approach, which means that the comparison periods have not been adjusted. Excluding IFRS 16 means that the same accounting principles as 2018 have been used. One-off items have been excluded in the adjusted measures. For Reconciliation Alternative Performance Measures and Financial Definitions, see pages 120–122.

EBITA**NET DEBT****CASH FLOW**



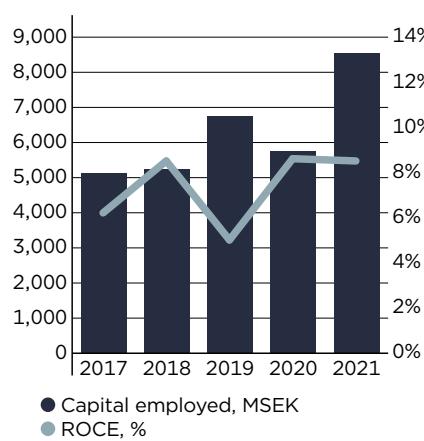
“

*The Group's
diversification in
both customers
and operations is
an evident strength.*

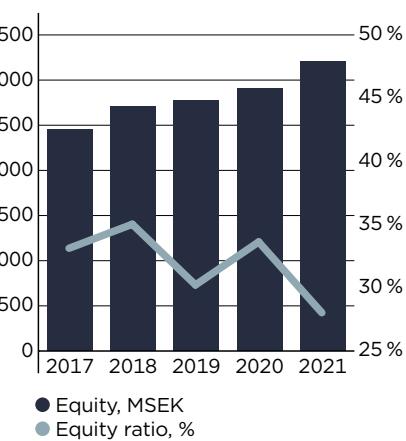
RETURN ON EQUITY



RETURN ON CAPITAL EMPLOYED



EQUITY RATIO



GREATER INTEREST IN THE SHARE

The share price had a positive development during the beginning of the year. The lack of semiconductors, together with strong comparative figures, then put high pressure on the share price during the second half of the year. During the year, there has also been greater interest in the share and the company, which has increased the number of shareholders.

History

Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2021 the company had 33,542,938 (33,542,938) B shares listed on NASDAQ OMX Stockholm, Mid Cap, under the ELAN B symbol.

Development during the year

The market value of B shares increased by 45 (37) percent during 2021 while the Stockholm Stock Exchange index OMX Stockholm PI rose by 35 (11) percent during the same period. During 2021 a total of 6,583,884 (5,848,025) Elanders shares were

traded, which is equivalent to an average trading rate of approximately 0.20 (0.17) times.

The lowest share price during 2021 was SEK 118.40 on January 22 and the highest was SEK 192.00 on July 7. The final share price in 2021 was SEK 174.00 (119.60), which means that Elanders' stock market value at year-end was approximately MSEK 6,152 (4,229).

Share capital, class of shares and liquidity guarantee

At the end of 2021 there were a total of 35,357,751 (35,357,751) issued shares in the company, of which 1,814,813 (1,814,813) were

Class A shares and 33,542,938 (33,542,938) were Class B shares. Each Class A share is worth ten votes and each Class B share one. The shares' quota value is SEK 10 and all shares are entitled to the same dividend. See the tables on the following pages for share capital and voting disposition. The Class B share is covered by a liquidity guarantee and ABG Sundal Collier is the guarantor.

Share allocation

According to Euroclear Sweden AB, Elanders had 4,557 (3,684) shareholders at year-end. The share of foreign shareholders amounted to 12 (11) percent of the capital. Swedish private

DATA PER SHARE

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------|--------|--------|--------|--------|
| Net result, SEK | 9.12 | 8.12 | 4.19 | 7.18 | 4.65 |
| Net result adjusted, SEK | 9.12 | 8.12 | 7.16 | 7.18 | 4.65 |
| Share price at year-end, SEK | 174.00 | 119.60 | 87.20 | 87.20 | 82.00 |
| P/E ratio | 19.1 | 14.7 | 20.8 | 12.1 | 17.6 |
| Adjusted P/E ratio | 19.1 | 14.7 | 12.2 | 12.1 | 17.6 |
| P/S ratio, times | 0.5 | 0.4 | 0.3 | 0.3 | 0.3 |
| Dividend, SEK ¹⁾ | 3.60 | 3.10 | - | 2.90 | 2.60 |
| Dividend yield, % | 2.2 | 4.6 | 0.0 | 3.6 | 2.6 |
| Share price/equity, times | 1.7 | 1.5 | 1.1 | 1.1 | 1.2 |
| Equity, SEK | 92.67 | 81.65 | 78.54 | 76.28 | 69.21 |
| Risk capital, SEK | 100.05 | 86.41 | 83.78 | 81.96 | 74.80 |
| EBITDA, SEK | 41.52 | 40.46 | 36.35 | 20.50 | 15.92 |
| EBITDA excl. IFRS 16 | 21.78 | 20.84 | 16.21 | 20.50 | 15.92 |
| Operating cash flow, SEK | -3.00 | 50.44 | 41.14 | 15.22 | -3.24 |
| Cash flow from operating activities, SEK | 30.10 | 48.80 | 37.81 | 12.88 | -1.81 |
| Average number of outstanding shares, in thousands | 35,358 | 35,358 | 35,358 | 35,358 | 35,358 |
| Turnover rate | 0.20 | 0.17 | 0.16 | 0.11 | 0.24 |

¹⁾ Proposed by the Board.

IFRS 16 is effective from 1 January 2019 and has affected the accounting of the Group's lease agreements. The transition to IFRS 16 has been based on the Modified retrospective approach, which means that the comparison periods have not been adjusted. Excluding IFRS 16 means that the same accounting principles as 2018 have been used. One-off items have been excluded in the adjusted measures.

For Reconciliation Alternative Performance Measures and Financial Definitions, see pages 120-122.

individuals and institutions owned 7(8) percent and 29(29) percent respectively of the capital. At the end of the year Carl Bennet AB controlled 66(66) percent of the votes and 50(50) percent of the capital and was the only owner who controlled more than 10 percent of the capital or 10 percent of the votes

Dividend policy

Regarding the proposed dividend in years to come, the Board of Directors has taken into account the Group's development potential, its financial position and the adopted financial goals relating to debt/equity ratio, equity ratio and profitability. The objective is to have dividends follow the long-term profit trend and, on the average, represent approximately 30–50 percent of profit after tax.

Other information

Elanders' financial information can be found at the Group website www.elanders.com, under the section Investors.

Questions can also be asked to Elanders directly via e-mail at info@elanders.com. Annual Reports, Quarterly Reports and other information can be requested from Group headquarters at telephone number +46 31 750 07 50, our website or through the above e-mail address.

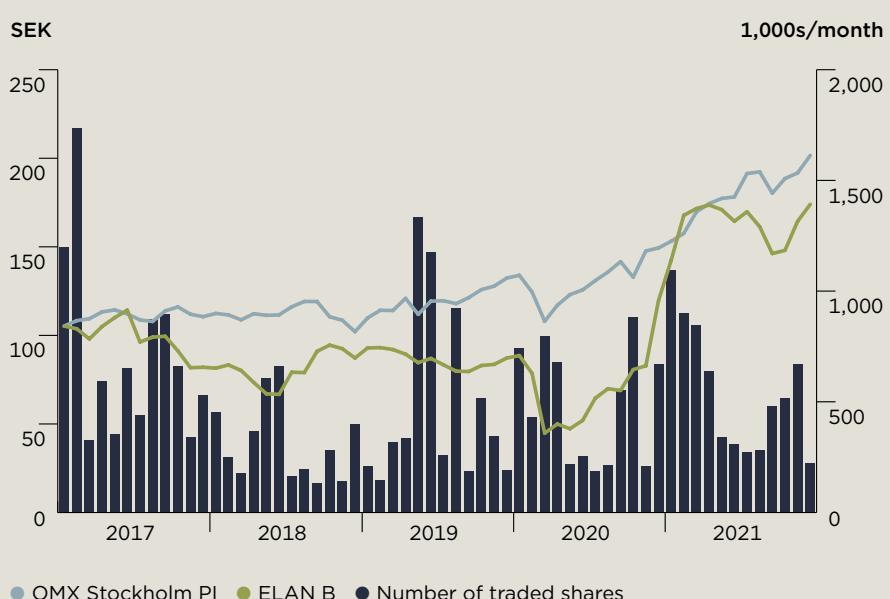
We are also happy to provide information about Elanders at events that are arranged by shareholder organizations, Swedish and foreign stockbrokers and banks.

ABG Sundal Collier, Aktiespararna, Erik Penser Bank and Nordea continuously monitor our development and publishes analyses of Elanders.

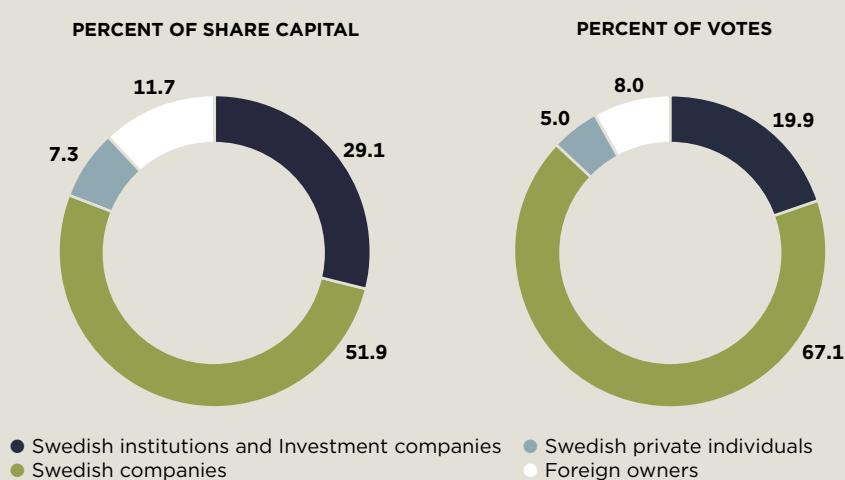
45%

The market value of B shares increased by 45 percent during 2021

DEVELOPMENT OF THE ELANDERS SHARE



SHAREHOLDER CATEGORIES 31 DECEMBER 2021



Source: Euroclear Sweden AB.

SHARE CAPITAL DEVELOPMENT

| | Number of A shares | Number of B shares | Accumulated number of shares | Accumulated share capital, SEK |
|--|-----------------------|-----------------------|------------------------------------|--------------------------------------|
| At Stock Exchange introduction in 1989 | 200,000 | 1,380,000 | 1,580,000 | 15,800,000 |
| 1991 Directed share issue to acquire Fabritius A/S in Norway | - | 252,000 | 1,832,000 | 18,320,000 |
| 1993 Bonus issue 1:1 | 200,000 | 1,632,000 | 3,664,000 | 36,640,000 |
| 1997 Directed share issue to acquire the Graphic Systems Group | - | 650,000 | 4,314,000 | 43,140,000 |
| 1997 Directed share issue to acquire Skandinaviska Lithorex | - | 250,000 | 4,564,000 | 45,640,000 |
| 1997 Directed share issue to acquire Gummesson | - | 350,000 | 4,914,000 | 49,140,000 |
| 1997 New share issue 1:4 in connection with the acquisition of the Minab Group | 100,000 | 1,128,500 | 6,142,500 | 61,425,000 |
| 1998 Directed share issue to acquire the Skogs Group | - | 1,287,500 | 7,430,000 | 74,300,000 |
| 2000 Directed share issue to acquire the shares in KåPe Group | - | 450,000 | 7,880,000 | 78,800,000 |
| 2000 Directed share issue to acquire the shares in Novum Group | - | 490,000 | 8,370,000 | 83,700,000 |
| 2007 New share issue 1:6 in connection with the acquisition of Sommer Corporate Media | 83,333 | 1,311,666 | 9,764,999 | 97,649,990 |
| 2010 New share issue 1:1 | 583,333 | 9,181,666 | 19,529,998 | 195,299,980 |
| 2012 Directed share issue to acquire d o m and fotokasten | - | 3,200,000 | 22,729,998 | 227,299,980 |
| 2014 New share issue 1:6 in connection with the acquisition of Mentor Media | 194,444 | 3,593,872 | 26,518,314 | 265,183,140 |
| 2016 New share issue 1:3 in connection with the acquisition of LGI | 453,703 | 8,385,734 | 35,357,751 | 353,577,510 |
| Outstanding shares and share capital on 31 December 2021 | 1,814,813 | 33,542,938 | 35,357,751 | 353,577,510 |

MAJOR SHAREHOLDERS 31 DECEMBER 2021

| | Number of A shares | Number of B shares | Percent of votes | Percent of share capital |
|--------------------------------------|-----------------------|-----------------------|---------------------|-----------------------------|
| Carl Bennet AB | 1,814,813 | 15,903,596 | 65.9 | 50.1 |
| Didner & Gerge Funds | - | 2,279,896 | 4.4 | 6.4 |
| Svolder AB | - | 2,270,935 | 4.4 | 6.4 |
| Fourth Swedish National Pension Fund | - | 1,880,425 | 3.6 | 5.3 |
| Carnegie Funds | - | 1,865,000 | 3.4 | 5.0 |
| Protector Insurance | - | 1,769,333 | 3.6 | 5.3 |
| Third Swedish National Pension Fund | - | 801,154 | 1.5 | 2.3 |
| BNP Paribas SEC Services Paris | - | 668,670 | 1.3 | 1.9 |
| HSBC Bank | - | 307,365 | 0.6 | 0.9 |
| Avanza Pension | - | 239,937 | 0.5 | 0.7 |
| Other Shareholders | - | 5,556,627 | 10.7 | 15.7 |
| Total | 1,814,813 | 33,542,938 | 100.0 | 100.0 |

Source: Euroclear Sweden AB.

SHAREHOLDER STATISTICS 31 DECEMBER 2021

| Number of shares | Number of shareholders | Number of A shares | Number of B shares | Percent of share capital | Percent of votes |
|------------------|---------------------------|-----------------------|-----------------------|-----------------------------|---------------------|
| 1-500 | 3,680 | - | 417,710 | 1.2 | 0.8 |
| 501-5,000 | 731 | - | 1,076,550 | 3.0 | 2.1 |
| 5,001-50,000 | 109 | - | 1,683,314 | 4.8 | 3.3 |
| 50,001-500,000 | 23 | - | 2,926,355 | 8.3 | 5.7 |
| 500,001- | 8 | 1,814,813 | 27,439,009 | 82.7 | 88.2 |
| Total | 4,551 | 1,814,813 | 33,542,938 | 100.0 | 100.0 |

Source: Euroclear Sweden AB.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President and Chief Executive Officer of Elanders AB (publ), corporate identity no 556008-1621, herewith present their annual report and the consolidated financial statements for 2021.

Elanders AB (publ) is the parent company of the Elanders Group and the company's B shares are listed on NASDAQ OMX Stockholm, Mid Cap. Elanders AB (publ) is a subsidiary to Carl Bennet AB, corporate identity no 556379-0715, registered in Gothenburg. Carl Bennet AB prepares consolidated financial statements that include Elanders.

OUR BUSINESS

Elanders is a global logistics company with a broad range of services of integrated solutions in supply chain management. The business is mainly run through two business areas, Supply Chain Solutions and Print & Packaging Solutions. The Group has approximately 7,000 employees and operates in some 20 countries on four continents. Our most important markets are China, Singapore, the United Kingdom, Sweden, Germany, and the USA. Our major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

OUR OFFER

Elanders helps its customers to more efficiently manage their entire supply chain, everything from raw materials to the product itself. By optimizing customers' material and component flows, Elanders actively helps its customers to reduce their environmental impact and thus contributes to a more sustainable society. Elanders can take a global total responsibility for the entire supply chain, including procurement, warehousing, configuration, production and distribution. Our offer also includes order management, payment solutions and, after sales services for our customers.

Our services are provided by business-oriented employees. They use their expertise and our advanced IT solutions to develop our customers' offers which are often completely dependent on efficient product, component and service flows as well as traceability and information.

In addition to our offer to B2B markets, the Group also sells photo products directly to consumers through the own brands fotokasten and myphotobook.

NET SALES AND RESULT

Net sales increased by MSEK 683 to 11,733 (11,050) compared to the same period last year. Cleared of exchange rate fluctuations and acquisitions, net sales increased by seven percent. Organic growth was primarily generated by the European division of Supply Chain Solutions. Last year some one-off deals concerning the procurement and sales of PPE had a positive effect on net sales and the result. Demand from customers continued to be good during the period even if several customers suffered disturbances in production due to the shortage of semiconductors and raw material.

Adjusted EBITA, the operating result adjusted for amortization on assets identified in conjunction with acquisitions and excluding one-off items, increased by MSEK 60 to MSEK 658 (598). One-off items amounted to MSEK -17(0) and referred solely to consultancy fees linked to acquisitions. With the same exchange rate as this period last year EBITA would have been MSEK 26 higher. The improvement in the result

compared to last year is due in part to higher profitability in general but the shortage of semiconductors has affected this year's result negatively. This has led to irregular capacity utilization when customers have shut down or added shifts on short notice. These disturbances primarily affected customer segments Automotive, Electronics and Industrial.

Otherwise customer activities and the number of offers requested continued to grow. In the customer segment Fashion & Lifestyle, for example, the Group has had to turn away a number of projects due to a lack of capacity.

The COVID-19 pandemic had a major impact on operations in 2020 and affected Group operations in 2021 as well but to a lesser extent. In 2021 the pandemic above all led to disruptions in many customers' supply chains. What marked 2021 the most was the semiconductor shortage that had a different effect on Group customers depending on their field. Its greatest negative impact was on customer segments Automotive, Electronics and Industrial, all of which had problems with supplies of semiconductors.

Several acquisitions were made during the year. The acquisition of Bergen Logistics and the platform it creates in North America will provide Elanders with completely new opportunities to grow with existing customers on the North American market.

Despite the fact that the second half of the year was weaker than in 2020, primarily due to the semiconductor shortage, 2021 was Elanders' best year ever in terms of result.

Supply Chain Solutions

The semiconductor shortage created disturbances in production and supply chains for several business area customers. It primarily affected customer segments Automotive, Electronics and Industrial. The disturbances had a negative effect on the business area's result since they led to irregular capacity utilization when customers reduced or added shifts on short notice. On the other hand, Fashion & Lifestyle grew substantially. The business area's result was also charged with one-off items of MSEK -17(0) which referred to consultancy fees linked to acquisitions.

Demand from all customer segments was very good throughout the year and net sales grew organically by ten percent. Customers' sales in stores began to recover in 2021 and activity continued to be high on their online shopping sites.

Organic growth in the Group was primarily generated by the business area's European division. In part it was driven by higher shipping rates for freight forwarding volumes and in part good demand in general. Last year the business area had some one-off deals concerning the procurement and sales of PPE which had a positive effect on net sales, the result and margins while the pandemic on the whole had a negative effect.

The acquisition of Bergen Logistics provides Elanders with a completely new platform on the North American market, primarily in Fashion & Lifestyle. Now it will be easier to help European and Asian customers become established on the market as well as provide service for customers already there. Even the acquisitions in Renewed Tech (ReuseIT) and Life Cycle Management (Eijgenhuijsen) were important complements to existing operations.

Print & Packaging Solutions

For business area Print & Packaging Solutions 2021 was a pretty challenging year. Brought on by the COVID-19 pandemic there were disturbances, like the semiconductor shortage, in global supply chains for several customers, particularly in Automotive and Industrial. At the same time paper mills for fine paper shut down which led to a shortage of fine paper causing a severe hike in paper prices. Despite this Print & Packaging Solutions had a very good year. The new acquisition Schätzl, which primarily focuses on growth area online print, contributed with a very strong end of the year.

Now that societies are beginning to open up again, marketing activities such as exhibitions etc. should have a positive effect on printed matter volumes. The market in general continues, as in previous years, to be characterized by tough price pressure, contracting total volumes and surplus capacity. Combined with the ongoing pandemic this has led to financial problems for many competitors. Total print volumes continue to contract on nearly every market and the unmistakable trend towards digital print and products designed to suit receivers, instead of traditional off-set print in big series, continues as well. The new acquisition Schätzl is specialized in online print, which is one of the few areas showing organic growth.

It is primarily the American service area which handles subscription boxes and combines print, freight forwarding and packing as one cohesive service that contracted in 2021. One of the large customers decided to procure shipping themselves which had a negative effect on net sales, mainly in the second half of the year.

As a response to contracting total volumes and the resulting price pressure the Group is continuing to consolidate production capacity, mostly regarding traditional off-set print. Elanders is also working on changes so that some existing print operations can also offer supply chain management services which has been successfully done in Brazil, Sweden and the USA.

SIGNIFICANT EVENTS DURING THE YEAR

The COVID-19 pandemic

COVID-19 has since the beginning of 2020 quickly spread and developed into a pandemic with a large number of infected. The measures taken by different governments to limit the spread of the virus has impacted financial activities and the Group's business in different ways.

- Many Group customers have experienced major disturbances in supply chains and this has affected both their operations and ours negatively. In 2021, there have only been minor disturbances.
- In order to dampen the effects of the COVID-19 virus outbreak the Group has received government support in some of the countries where we have operations. During 2021, Elanders has received MSEK 2 in support.

There is still a great deal of uncertainty regarding how long the COVID-19 pandemic will continue, which makes it difficult to predict the precise effect the next year. New outbreaks stemming from mutations and dramatic measures to curb spreading the virus can have a significant effect on Group business.

Semiconductor shortage

The current semiconductor shortage in some industries has had a negative impact on the Group's business. When shift patterns change on short notice it creates an uneven capacity utilization in production.

Refinancing

During the year the Group has renewed its main credit facilities and a new credit agreement is now in place. The agreement runs for three years with an option to extend it one plus one year. The counterparties of the agreement are one German and two Swedish banks. The new agreement

will give the Group greater flexibility regarding, for example, making acquisitions.

Acquisitions

ReuseIT Sweden AB and ReuseIT Finance AB

In March 2021 Elanders acquired 70 percent of the shares in ReuseIT Sweden AB and ReuseIT Finance AB ("ReuseIT"). The contract contains a mandatory put and call option that gives Elanders the right to acquire the remaining shares in the company during 2025. The option also gives the seller the right to sell the remaining shares for a defined purchase price. Net sales in ReuseIT in 2020 were almost MSEK 70 and profitability was good. The company, which has been consolidated into business area Supply Chain Solutions, is specialized in purchasing, securely erasing, renovating, reselling and renting out used IT equipment.

This acquisition and the previous acquisition of Azalea Global IT AB in 2020 make Elanders one of the leading actors on the Swedish Renewed Tech market. At the same time this is part of a larger strategic investment in global sustainable services.

The purchase price and acquisition costs charged cash flow in the first quarter by around MSEK 45.

Schätzl Druck & Medien GmbH & Co. KG

In July 2021 Elanders acquired all the shares in the German digital print company Schätzl Druck & Medien GmbH & Co. KG ("Schätzl"). The purchase price for the shares was MEUR 8 on a debt-free basis. The seller may also receive an additional sum which will be paid in 2024 if the company continues to develop positively. Schätzl had net sales of around MEUR 15 in the last twelve-month period with good profitability. Acquisition costs were around SEK 1 million and consisted primarily of consultancy fees.

Schätzl, which is now part of business area Print & Packaging Solutions, is specialized as a subcontractor for different actors in online print, which is one of the few areas in the graphic industry showing organic growth. Elanders is already a well-established subcontractor in this area and together with Schätzl Elanders will be one of the leading actors in Europe.

Bergen Shippers Corp.

In November Elanders acquired 80 percent of the shares in the American company Bergen Shippers Corp. which operates under the name Bergen Logistics. The company is specialized in contract logistics services for the customer segment Fashion & Lifestyle. The company's net sales in 2021 were more than MUSD 100 and EBITDA amounted to around MUSD 15, excluding IFRS 16 effects. The company was valued at MUSD 155 on a debt-free basis. There is a mandatory option to purchase/sell the remaining shares that can be used from 2024 on for a purchase price based on the company's future result development. Bergen Logistics has been consolidated into business area Supply Chain Solutions.

Acquisition costs were around MSEK 15 and consisted primarily of consultancy fees connected to the acquisition.

Eijgenhuijsen Exploitatie BV

Elanders acquired all the shares in Eijgenhuijsen Exploitatie BV and its subsidiary Eijgenhuijsen Precisievervoer BV (together Eijgenhuijsen) in November. Eijgenhuijsen operates in Life Cycle Management and offers special transportation and installation services for sensitive technical equipment as well as retrieves worn-out equipment. The company has annual net sales of around MEUR 10. The purchase price for the shares was MEUR 10 on a debt-free basis. Eijgenhuijsen has been consolidated into business area Supply Chain Solutions.

Acquisition costs were around MSEK 2 and consisted primarily of consultancy fees connected to the acquisition.

INVESTMENTS AND DEPRECIATION

During the year, net investments amounted to MSEK 1,394 (116), of which acquisitions and divestments amounted to MSEK 1,267 (30). Investments have mainly been made in production equipment. Depreciation, amortization and write downs amounted to MSEK 888 (885).

FINANCIAL POSITION, CASH FLOW AND EQUITY RATIO

Operating cash flow for the period amounted to MSEK -105 (1,783), whereof purchase price regarding acquisitions of operations amounted to MSEK -1,267 (-30). The decrease is mainly due to acquisitions and cut-off effects around previous year-end.

Net debt increased to MSEK 5,249 compared to MSEK 2,854 at the beginning of the year. Purchase price for acquisitions and liabilities in acquired companies contributed to the increase of MSEK 2,269.

Leverage, i.e. net debt/EBITDA for a rolling twelve-month period, is now at 3.6 (2.0). Excluding effects from IFRS 16 net debt/adjusted EBITDA ratio is 3.3 (1.5), calculated based on net debt of MSEK 2,539 (1,123). Adjusted for pro forma results for acquisitions and acquisition costs, net debt/EBITDA ratio is 2.8.

The Group's credit agreement contains financial covenants that must be met to secure the financing. The most important covenant is the net debt/EBITDA ratio that is calculated excluding IFRS 16 effects. This financial covenant was with a good margin met as of the balance sheet date.

RESEARCH AND DEVELOPMENT

The Group continuously develops different offers that are usually developed in connection with specific customer projects. Continuous development of order platforms takes place in our e-commerce business where costs for most of the work are recognized as they occur.

PERSONNEL

The average number of employees during the period was 6,288 (6,260), whereof 150 (143) in Sweden. At the end of the period the Group had 7,019 (6,058) employees, whereof 152 (147) in Sweden.

Further information concerning the number of employees, as well as salaries, remuneration, and terms of employment is given in note 5 to the consolidated financial statements.

PARENT COMPANY

The parent company has provided intragroup services. The average number of employees during the period was 11 (10) and at the end of the period 12 (10).

Other information concerning the number of employees, salaries, remuneration, and conditions of employment is given in note 5 to the consolidated financial statements.

INFORMATION CONCERNING COMPANY SHARES

On 31 December 2021 there were 1,814,813 registered Class A shares and 33,542,938 registered Class B shares; in total 35,357,751 shares. The Class B shares are listed under the symbol ELAN B on NASDAQ OMX Stockholm, Mid Cap. Each Class A share represents ten votes, and each Class B share represents one vote. Shareholders may vote for all the shares they own or represent. All shares receive the same dividend. The Annual General Meeting has not given the Board any authority to purchase shares or issue shares. There are no bonus programs with dilution effects.

Transferability

There are no restrictions in Class B shares transferability according to the articles of association or current legislation. The articles of association do contain a pre-emption clause concerning the company's Class A shares.

The company knows of no other agreements between shareholders that limit the transferability of the shares.

Shareholdings

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2021 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or similar.

Contracts with clauses regarding ownership changes

The company has certain customer contracts and bank agreements that can be terminated if there is a change in ownership.

There are no contracts between the company and Board members or employees that prescribe remuneration if they terminate their contract, are made redundant without reasonable grounds or if their employment or assignment ceases to exist because of a public purchase offer.

GUIDELINES FOR REMUNERATION TO SENIOR OFFICERS

The company's guidelines for remuneration to senior officers was adopted at the Annual General Meeting on April 28, 2021. The Board proposes that the Annual General Meeting 2022 adopts guidelines that for all intents and purposes are the same as for 2021, except the CEO's variable remuneration. The new guidelines are as follows:

Senior officers are persons who, together with the Chief Executive Officer, constitute Group Management. The guidelines are valid for employment contracts signed after the Annual General Meeting has adopted the guidelines as well as those cases in which changes are made in existing agreements after the decision by the Annual General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Elanders shall be a global and strategic partner to the customers in their business-critical processes. By offering integrated and customized solutions for handling all or part of the customers' supply chain, the business-critical processes may be optimized. The overriding goal is to be a leader in global and sustainable overall solutions within supply chain management and to best serve the customers' requirements on efficiency and delivery, prioritizing sustainability. The strategy is to act within niche areas in each marketing area where the group may achieve a market-leading position. In order to fulfill the long-term financial goals, and to achieve value growth and increase shareholder return over time, Elanders continually develops its offer to the customers. With new and improved services, total integrated solutions, and implementation of innovative technology, a good platform for continuous growth and development, as well as greater value for shareholders is created.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive total remuneration, enabled by these guidelines. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration

The remuneration shall be on market terms and may consist of the following components: fixed cash salary (basic wage), variable cash remuneration, pension benefits, and other benefits. Additionally, the general meeting, may irrespective of these guidelines, resolve on, among other things, share-related or share price-related remuneration.

For the CEO and the CFO, variable cash remuneration may amount to, at most, 70 (60) respectively 50 (50) percent of the basic wage. For other executives, variable cash remuneration may amount to, at most, 40 (40) percent of the basic wage. Additional variable cash remuneration, however not more than 100 (100) percent of the basic wage, may exceptionally be awarded after resolution by the Board of Directors, for the purpose of recruiting or retaining executives in light of local market conditions.

For the CEO, pension benefits, including health insurance (Sw. sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to, at most, 35 percent of the fixed annual cash salary.

For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to, at most, 35 percent of the fixed annual cash salary.

Other benefits may include, for example, company cars and industrial health services (Sw. företagshälsovård). Such benefits may, in total, amount to a minor proportion of the total remuneration.

Termination of employment

The notice period may not exceed 18 months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the cash salary for 18 months as regards the CEO and 12 months for other executives. The period of notice may not exceed six months, without any right to severance pay, when termination is made by the executive.

Criteria for awarding variable cash remuneration

The variable cash remuneration shall be linked to predetermined and measurable criteria, which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability by, for example, being clearly linked to the business strategy or promote the executive's long-term development. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated when the measurement period has ended (normally calendar year). The remuneration committee is responsible for the evaluation so far it concerns variable cash remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal to these remuneration guidelines, salary and employment conditions for all employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration as well as increase and growth rate over time. This information has then formed a basis for the remuneration committee's and the Board of Directors' evaluation of whether these guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration to the executive management, the application of the guidelines for executive remuneration, as well as the current remunera-

tion structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is a special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. In 2021, the Board of Directors approved that variable remuneration to an executive resident abroad could exceed the stipulated 40 percent of the basic wage. The reason is that the Board of Directors has deemed such derogation to be necessary in order to offer the executive competitive total remuneration in light of local market conditions.

OUTLOOK

Elanders continues to have a strong standing with its global customers where there is substantial potential for expansion both short and long term. Elanders' market position and global outreach is therefore in sync with the times.

The customer diversification Elanders has carried out in recent years ought to make the Group less sensitive to ups and downs in the business cycle going forward.

EVENTS AFTER THE BALANCE SHEET DATE

The war in Ukraine

Russia invaded Ukraine in February 2022. The war has so far not had any significant negative impact on Elanders' operations. However, some of the Group's customers have subcontractors in Ukraine and Russia. These customers have therefore started to have some problems with their supply chain.

There is still a great deal of uncertainty about how long the conflict will last and the extent of it. It is therefore difficult to predict the exact impact in the coming year. Increased sanctions and an increased scope of the conflict could have a significant impact on the Group's operations.

Apart from this, no major events have taken place between the balance sheet date and the date this report was signed.

APPROPRIATION OF PROFITS

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 1,330,680,637 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

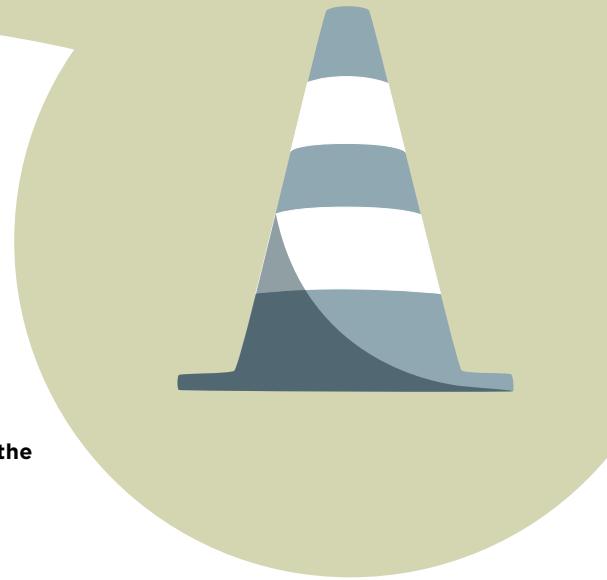
- | | |
|---|-------------------|
| <ul style="list-style-type: none"> • SEK 3.60 per share is distributed to the shareholders • the remaining balance is to be carried forward | SEK 127,287,904 |
| | SEK 1,203,392,733 |

The Board of Directors believes that the proposed dividends are justifiable in relation to the demands that the business' nature, scope, and risks make on group equity and the Group's consolidation needs, liquidity, and its position in general.

Risks and

UNCERTAINTY FACTORS

Elanders divides risks into business risks (customer concentration, operational risk, risks in operating expenses, contracts and disputes), financial risks (currency, interest, financing/liquidity and credit risk) as well as circumstantial risks (COVID-19 pandemic, business cycle sensitivity and the future of the services/products). For more detailed information than given below, as well as a sensitivity analysis, please see note 20 in the consolidated financial statements.



Business risk

Elanders encounters risks in operations daily, and normally these are within the Group's control. Group Management's close collaboration with the different group operations is a key factor in controlling these risks.

RISKS AND UNCERTAINTY FACTORS

Customer concentration

The Group's major customers are primarily active in the manufacturing industry and agreements with these customers normally run over two or three years. Elanders' ten largest customers represent 53 (55) percent of net sales in 2021. Elanders has two customers whose sales exceed 10 percent of the Groups' net sales. In 2021, sales to the Group's largest customer represent 14 (14) percent while sales to the next largest customer represent 12 (13) percent of the total net sales. Sales to these customers is made to several of their divisions, on several continents and is based on multiple stand-alone agreements.

Operational risk

Elanders is dependent of IT-systems for production, logistics and sales. Disruptions or cyberattacks on the systems can mean disturbances and have a negative impact on the Groups' reputation, profitability and financial position. Otherwise, the risk that the Group will suffer a major stop in production is relatively small. There are now critical interdependencies between the units within the respective business area or between the business areas. There are only a few cases where there are no alternative suppliers of critical input goods.

Risks in operating expenses

Elanders' main operating costs are cost for goods for resale and other production material MSEK 2,529 (2,737), personnel costs MSEK 2,789 (2,600) and freight costs MSEK 2,870 (2,437). These categories represent 73 (74) percent of total operating costs in 2021.

Contracts and disputes

In business daily operations can give rise to disputes.

WHAT ELANDERS DOES

Customer concentration

Elanders' strategy is not only to be a supplier to our larger customers but to be a strategic partner who builds the basis for long-term business relations. Elanders has worked together with several of the Group's largest customers for many years.

Operational risk

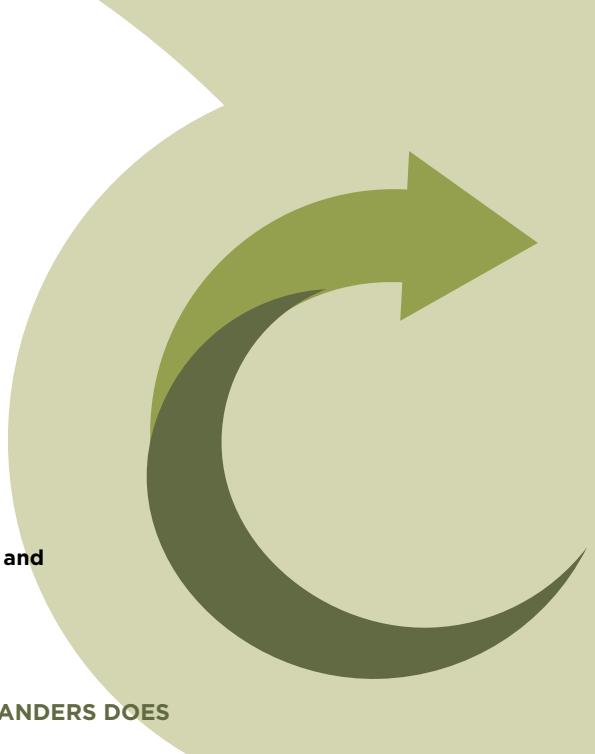
Elanders work to identify and prevent risks that can lead to disturbances in production. The work involves regular controls of the production sites where identified improvement areas are the basis for action plans. The Group also has business interruption insurance that covers the loss of margins for up to twelve months. Elanders also works continuously to ensure processes for follow-up and control regarding IT security in order to be able to meet increased threats to cyber security. Elanders has also developed training to increase employees' awareness of IT security.

Risks in operating expenses

The Group does not see any direct risk that any of these costs will rise in the near future to such a degree that it would have a material effect on group results. Elanders has also the possibility within some agreements to pass on increased costs to the customers.

Contracts and disputes

Elanders is not aware of any dispute that may have any significant effect on the Group's financial position. The Group's insurance program contains global liability insurance that covers general liability, product liability, crime fidelity, business interruption and limited protection against environmental damage. The Group also has liability insurance for members of the Board and officers.



Financial risk

The greatest financial risks for Elanders are currency risk, interest risk and financing/liquidity risk.

RISKS AND UNCERTAINTY FACTORS

Currency risk

The Group runs into currency risk through transactions in currencies other than the companies' local currency (transaction exposure) or when converting net result and net assets from foreign subsidiaries (translation exposure).

Interest risk

Exposure in the form of changes in the interest rate stems mainly from group interest-bearing liabilities with floating interest. Outstanding liabilities are primarily in EUR and USD.

Financing/liquidity risk

Elanders is dependent on obtaining financing from credit institutions. The Group's financing needs comprises current operations and preparedness for possible future investments. The availability of financing depends on factors such as the general availability of capital and Elanders' credit rating.

Credit risk

The Group is exposed to losses through the risk of a counterparty not meeting their obligations. Credit risk can be divided into financial credit risk and commercial credit risk where the financial risk primarily concerns investing surplus liquidity and trading exchange derivative instruments, and the commercial risk concerns accounts receivable. Elanders' commercial credit risk is spread out over a large number of customers and at the same time a few customers represent a large part of the Group's accounts receivable.

WHAT ELANDERS DOES

Currency risk

Receivables and liabilities as well as in some cases purchase and sales orders are partly hedged by using forward exchange contracts. Exposure of net assets in foreign subsidiaries is mainly connected to EUR and USD and hedging has been made in part through loans in EUR and USD. Apart from this hedging, no other hedging has been made to counter the translation risk.

Interest risk

Elanders strives to achieve a balance between cost-effective financing and the risk exposure of a negative influence in the result if interest levels suddenly changed significantly. In light of the low interest rates expected by the market, no hedging has been made regarding interest rates. Elanders is following developments closely and may enter into hedging arrangements.

Financing/liquidity risk

The Group has signed a new credit agreement during 2021. The agreement runs for three years with an option to extend it one plus one year. The counterparties of the agreement are one German and two Swedish banks.

Credit risk

The financial credit risk is limited and controlled by the fact that financial transactions may only be carried out with financial institutions that are approved of by Group Finance. The commercial credit risk is primarily handled by each subsidiary through external checks on credit ratings, regular communication with customers, monitoring their ability to pay and following up their financial reports.

Circumstantial risk

The external factors that have and may have the greatest impact on Elanders operations are the ongoing pandemic, the global economy and the war in Ukraine. Since these factors are outside of Elanders' control the Group continuously work to adjust operations to meet the new conditions.

RISKS AND UNCERTAINTY FACTORS

COVID-19 pandemic

The COVID-19 pandemic has resulted in many deaths and infections. It has also entailed widespread disturbances in many countries, among them many of Elanders' most important markets. There is a risk that the pandemic can continue to impact financial activities and the uncertainty around this is great. There is therefore a risk that the Group's business will be negatively affected in the coming quarters since the demand for the Group's services and products can contract. No one knows how long the pandemic will continue or how it will develop. Nor is it possible to predict how long the crisis measures and infection control restrictions implemented in different countries will continue or what further steps might be taken.

Business cycle sensitivity

The most tangible business cycle sensitivity is in group operations that supply our customers in the manufacturing industry, particularly in automotive and consumer electronics. Sales to customers in foodstuffs, cosmetics, pharmaceuticals and the public sector as well as to consumers are less affected by the general economic situation.

The war in Ukraine

Russia invaded Ukraine in February 2022. The war has so far not had any significant negative impact on Elanders' operations. However, some of the Group's customers have subcontractors in Ukraine and Russia. These customers have therefore started to have some problems with their supply chain.

There is still a great deal of uncertainty about how long the conflict will last and the extent of it. It is therefore difficult to predict the exact impact. Increased sanctions and an increased scope of the conflict could have a significant impact on the Group's operations.

WHAT ELANDERS DOES

COVID-19 pandemic

Elanders' first priority is to protect our employees and their surroundings as much as possible against the spread of the infection. Measures have been taken to protect our employees and the guidelines and recommendations of the respective authorities are followed. In order to soften any effects from lower demand from customers, we are keeping in close touch and working together with our customers and other partners. To a certain extent Elanders can adapt operations to changes in demand through furloughs, fewer temps and by making adjustments in costs.

Business cycle sensitivity

We work consciously to reduce the influence of business cycles by increasing sales to customers in less sensitive trades and customer groups as well as by increasing the geographic spread of sales. In most cases the expansions in supply chain do not involve significant investments in fixed assets and lease agreements are signed to match the customer contracts. A large part of the running costs in new projects are variable and can be adjusted in case of volume changes.

The war in Ukraine

Elanders follows the course of events closely and works with various action plans for the various possible scenarios that may arise. The Group currently has no operations in Ukraine and only one sales office in Russia.

Various parts of the Group help with humanitarian support on the ground in Europe, both for the employees affected and the refugee wave that is expected.



CORPORATE GOVERNANCE REPORT

This Corporate Governance Report, a part of the Board of Directors' Report in the Annual Report, describes Elanders' corporate governance, which comprise the management and the administration of the company operations as well as internal control over financial reporting.

The role of corporate governance in Elanders is to create a good foundation for active and responsible ownership, a suitable distribution of responsibility between the different company bodies as well as good communication with all of the company's interested parties.

SWEDISH CODE OF CORPORATE GOVERNANCE

Elanders follows the Swedish Code of Corporate Governance ("the Code"). The Code is based on the principle "follow or explain", meaning that a company following the Code can deviate from certain rules, but then needs to explain why. The following deviations from the Code at Elanders are:

- The Chairman of the Board is the Chairman of the nomination committee.

This deviation is further explained in the section on the nomination committee. More information about the Code can be found at www.corporategovernanceboard.se.

CORPORATE GOVERNANCE IN ELANDERS – A BRIEF OVERVIEW

Corporate governance in Elanders is based on legal requirements (primarily the Companies Act), accounting regulations, the articles of association, NASDAQ OMX Stockholm's issuer rules, internal regulations, policies, and the Code.

The Elanders Group's corporate governance, management and control are shared by the shareholders at the Annual General Meeting, the Board of Directors, and the Chief Executive Officer in accordance with the Companies Act, the articles of association as well as the Group Management. Shareholders appoint the company's nomination committee, Board and external auditors at the Annual General Meeting.

SHAREHOLDERS

On 31 December 2021, there were 4,557 (3,684) shareholders. The foreign ownership in Elanders was 12 (11) percent of shares and 8 (8) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2021 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or the like.

ANNUAL GENERAL MEETING

Shareholders execute their influence at the Annual General Meeting, the company's highest decision-making body. All shareholders in the share register that have declared their intention to participate in the Annual General Meeting within the stated time limit have the right to participate in the Meeting. Shareholders that cannot participate in person can elect a representative. At the Annual General Meeting a Class A share represents ten votes and a Class B share represents one vote. Class A shares and Class B shares have the same right to a share of company assets and profit. At the Annual General Meeting each person with voting rights is

Annual General Meeting 2021

The Annual General Meeting on 28 April 2021 decided:

- to adopt the Annual Report for 2020,
- to distribute a dividend of SEK 3.10 per share for 2020,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2020,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 4,119,000 to be divided within the Board,
- to appoint the following Board Members:
 - Carl Bennet (re-elected)
 - Eva Elmstedt (new elected)
 - Pam Fredman (re-elected)
 - Dan Frohm (re-elected)
 - Erik Gabrielson (re-elected)
 - Linus Karlsson (re-elected)
 - Cecilia Lager (re-elected)
 - Anne Lenerius (re-elected)
 - Magnus Nilsson (CEO) (re-elected)
 - Johan Stern (re-elected)
 - Caroline Sundewall (re-elected)
- to appoint Carl Bennet Chairman of the Board,
- to elect PricewaterhouseCoopers as company auditors until the Annual General Meeting 2022,
- that the Nomination Committee prior to the next Annual General Meeting shall be formed and fulfill tasks in accordance with the proposal in the notice, and,
- to approve the remuneration report submitted by the Board regarding remuneration to leading senior officers.

entitled to vote for their entire holding or represented holding without restrictions. Elanders' Class A shares are included in pre-emption as stated in the articles of association.

The Annual General Meeting decides on changes in the articles of association, chooses a Chairman, the Board and external auditors, adopts the annual accounts, decides on dividends, if any, and any other disposition of the result as well as discharges the Board from liability. Furthermore, the Annual General Meeting decides on guidelines for salaries and other remuneration for leading senior officers, any new share issue, and the manner in which the nomination committee is to be elected. Any shareholder with a matter they would like the Annual General Meeting to deal with should present their proposal to the Chairman of the Board or present any nomination proposal to the nomination committee. Minutes from Elanders' Annual General Meetings can be downloaded from www.elanders.com under Corporate Governance.

ANNUAL GENERAL MEETING 2022

The next Annual General Meeting for shareholders in Elanders will be held on Thursday 21 April, 2022. More information will be published in connection with the notice convening of the Annual General Meeting and will also be published on www.elanders.com.

NOMINATION COMMITTEE

The nomination committee prepares proposals for the Annual General Meeting concerning the election of, and remuneration to, the Chairman of the Board, Board members, committee members, and external auditors, the latter having been proposed by the audit committee. The nomination committee meets as needed and at least once a year. The nomination committee met twice last year and discussed the work of the Board, the independence of Board members, Board members' evaluation of the work of the Board, the work of the committees, the audit and the composition of the nomination committee. This year the committee has consisted of Carl Bennet, Chairman (Carl Bennet AB), Hans Hedström (Carnegie Funds), Fredrik Carlsson (Svolder) and Adam Gerge (Didner & Gerge Funds). During the year, Carl Gustafsson was replaced by Adam Gerge as a representative from Didner & Gerge. No remuneration

has been paid to the nomination committee. The members' contact information is found on page 127 in the Annual Report and on www.elanders.com under Corporate Governance.

The Chairman of the Board is also the chairman of the nomination committee, which is a deviation from the Code. Elanders believes it is reasonable that the shareholder with the largest number of votes be the chairman of the nomination committee since he ought to have a decisive influence on the composition of the nomination committee, because he has a majority of the votes at the Annual General Meeting.

THE BOARD OF DIRECTORS AND ITS WORK IN 2021

The Board is elected by the Annual General Meeting and proposed by the nomination committee. The Board is ultimately responsible for the management of the company, monitoring the work of the Chief Executive Officer, and continuously following developments in operations as well as the reliability of the company's internal control. The Board also decides on significant changes in the organization, investments and divestitures, adopts the budget, and approves the annual accounts. The Board is ultimately responsible for ensuring that the Group has adequate systems for internal control, that the accounts are prepared, and that they are reliable when published. The Group and its management have several methods to control the risks connected to operations. The Board supports Group Management by continually monitoring and identifying business risks in a structured manner as well as steering the work in the Group in how it handles the most significant risks. In conclusion this constitutes the Board's responsibility for corporate governance.

Elanders Board members are evaluated and appointed based on the company's business, development phase and other relevant circumstances. The diversity of education, knowledge, and experience as well as age and gender represented in the Board is also taken into account. When considering the election and re-election of Board members these factors have been used to make the Board as diverse and efficient as possible.

In accordance with Elanders' articles of association the Board of Directors should consist of at least three and no more than ten members with a maximum of two deputies. During the year the Board consisted of nine members without deputies: Carl Bennet (Chairman), Johan Stern

ELANDERS' CORPORATE GOVERNANCE



(Vice Chairman), Eva Elmstedt, Dan Frohm, Erik Gabrielson, Cecilia Lager, Anne Lenerius, Magnus Nilsson, and Caroline Sundewall. In addition, employees were represented by Martin Schubach with Martin Afzelius as deputy. All the members of the Board elected by the Annual General Meeting have an independent relationship to the company except Magnus Nilsson. Eva Elmstedt, Cecilia Lager, Anne Lenerius, and Caroline Sundewall are independent in relationship to the company's largest owner. Carl Bennet is dependent with regards to the shareholder Carl Bennet AB where he is Chairman of the Board and owner. Dan Frohm, Erik Gabrielson, and Johan Stern are also dependent in relation to Carl Bennet AB where Dan Frohm, Erik Gabrielson, and Johan Stern are members of the Board.

The Board has produced and adopted a work plan that regulates the division of responsibility between the Board, its Chairman and the Chief Executive Officer. It also includes a general meeting plan and instructions on financial reports as well as the other matters that must be put before the Board. The work plan is revised once a year or as needed.

The Board has seven ordinary meetings per year; four of them in conjunction with the year-end report and quarterly reports, one meeting dedicated to strategic matters, one meeting to adopt the coming year's budget and one constitutional meeting following the Annual General Meeting. In addition, the Board is called to further meetings as needed. The Group's external auditors participate in the meeting that deals with the report for the first nine months of the year as well as the meeting regarding the year-end report to inform the Board in its entirety about the result of their audit.

The Board followed the meeting plan for the year. The Board also met on four occasions relating to matters and decisions in connection with the refinancing as well as decisions regarding acquisitions.

At the constitutional meeting of the Board, the work plan and instructions for the Chief Executive Officer are reviewed and the customary decisions concerning authorized signatories are taken. In addition, the work plans for the remuneration and audit committees are adopted and their members appointed. At the constitutional meeting of the Board after the Annual General Meeting 2021, Johan Stern was made Vice Chairman. The Board in its entirety was authorized to sign for the company or one of the Chairman of the Board and the Chief Executive Officer, respectively. At the meeting concerning the year-end report, the Board met the auditors without the presence of the Chief Executive Officer or any other member from Group Management.

The Board travels as often as possible to visit and hold its meetings in one of the Group's subsidiaries. The Board members' remuneration and presence are presented in detail in the table below.

Further information about the Board and the members can be found on pages 124–125.

THE CHAIRMAN OF THE BOARD

The Chairman leads and organizes the Board and is responsible for making sure the Board meets its responsibilities and that the members receive the information necessary to ensure the work done by the Board is of high quality and performed according to legal stipulations and the contract with the stock exchange. The Chairman of the Board must also make sure that during the year an evaluation of the Board's work is carried out and that the nomination committee is informed of the results. The evaluation is carried out annually in the form of a questionnaire and encompasses the Board's composition, remuneration, materials, administration, work methods, meeting content, reports from the committees, and education. In addition, the Chairman of the Board represents the

MEMBERS OF THE BOARD, REMUNERATION, ATTENDANCE, ETC.

| Member | Board, attendance (number of meetings) | Remuneration Committee, attendance (number of meetings) | Audit Committee, attendance (number of meetings) | Total atten- dance, % | Remuneration Board + Committee work, SEK '000s | Share- holding ¹⁾ | Independent |
|----------------------------------|---|---|--|-----------------------------|--|---------------------------------|-------------|
| Members chosen by the AGM | | | | | | | |
| Carl Bennet, Chairman | 11 (11) | 1 (1) | Not member | 100 | 760 + 80 | 1,814,813 A 15,903,596 B | No, owner |
| Johan Stern, Vice Chairman | 11 (11) | 1 (1) | 3 (3) | 100 | 380 + 154 + 40 | 110,000 B | No, owner |
| Eva Elmstedt | 9 (9) | Not member | 2 (2) | 100 | 380 + 77 | 1,500 B | Yes |
| Pam Fredman ²⁾ | 2 (2) | 1 (1) | Not member | 100 | - | - | Yes |
| Dan Frohm | 11 (11) | Not member | 3 (3) | 100 | 380 + 77 | 23,676 B | No, owner |
| Erik Gabrielson | 11 (11) | 1 (1) | Not member | 100 | 380 + 40 | - | No, owner |
| Linus Karlsson ²⁾ | 2 (2) | 1 (1) | Not member | 100 | - | - | Yes |
| Cecilia Lager | 11 (11) | Not member | 3 (3) | 100 | 380 + 77 | 37,521 B | Yes |
| Anne Lenerius | 11 (11) | Not member | 3 (3) | 100 | 380 + 77 | 6,892 B | Yes |
| Magnus Nilsson, CEO | 11 (11) | Not member | Not member | 100 | Employee | 88,577 B | No, company |
| Caroline Sundewall | 11 (11) | Not member | 3 (3) | 100 | 380 + 77 | 8,000 B | Yes |
| Employee representatives | | | | | | | |
| Martin Afzelius | 10 (11) | Not member | Ingår ej | 91 | Employee | - | No, company |
| Martin Schubach | 11 (11) | Not member | Ingår ej | 100 | Employee | 267 B | No, company |
| Total | | | | 99 | 4 119 | | |

¹⁾ Shareholding as of December 31, 2021. The number of shares is only stated for the people who were in the Board of Directors at this time.

²⁾ Resigned from the Board of Directors at the Annual Shareholders' meeting on April 28th, 2021.

company in ownership matters and communicates viewpoints from the owners to the Board. The Chairman of the Board is elected by the Annual General Meeting. Carl Bennet has been the Chairman of the Board since 1997. Dan Frohm, who has been a board member of Elanders AB since 2017, will be proposed by the Nomination Committee as the new Chairman of the Board at the Annual General Meeting on April 21, 2022.

REMUNERATION COMMITTEE

The remuneration committee is composed of Board members with the highest competence in this field. It deals with matters concerning remuneration to the Chief Executive Officer and officers that report directly to him. Decisions concerning remuneration to other employees in management positions in the Group are made by each individual's closest superior in consultation with their closest superior, also known as the "grandfather principle". During the year, the remuneration committee held one meeting during which they adopted their work plan and prepared a proposal for remuneration. During the year the remuneration committee consisted of Carl Bennet, Chairman, Erik Gabrielson and Johan Stern. The guidelines for remuneration to senior officers adopted at the Annual General Meeting 2021 can be found in note 5 in the consolidated financial statements and on the company's website, www.elanders.com under Corporate Governance. The guidelines for remuneration to senior officers for 2021 and the Board of Director's proposal for guidelines for 2022 can be found on pages 45–46 in the Annual Report 2021. The company has not issued, and will not issue, any share-based payment obligation, or any similar incitement programs.

AUDIT COMMITTEE

The audit committee is appointed from within the Board based on members' experience of, and expertise in financial reporting, accounting, and internal control. The committee follows a work plan adopted by the Board. Its primary task is monitoring internal control, procedures for financial reporting, compliance of related laws and regulations as well as the external audit in the Group. The committee also evaluates the external auditors' qualifications and independence. The audit committee reports their observations on a regular basis to the Board and provides, as needed, external auditor candidates to the nomination committee.

The committee meets at least three times a year and as needed. The external auditors normally participate in committee meetings. The committee met three times in 2021. The auditors reported on the audit of the nine-month report, and the year-end report, the company's situation with the Code of Corporate Governance and internal control were discussed. The members of the audit committee were Johan Stern, Chairman, Eva Elmstedt, Dan Frohm, Cecilia Lager, Anne Lenerius, and Caroline Sundewall.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is the President of the Group, a member of the Board, and leads the Group's operations. The Chief Executive Officer's work is steered by the Companies Act, other laws and regulations, current laws for listed companies including the Code, the articles of association, and the framework established by the Board in, among other things, the CEO instruction. The Chief Executive Officer is authorized to sign for Elanders AB, as well as sign for all significant subsidiaries. The Chief Executive Officer is responsible for providing the Board with continual reports on group results and financial position as well as the information the Board needs to make qualified decisions. The Chief Executive Officer also keeps the Chairman of the Board apprised of developments in operations. All the managing directors in the Group's subsidiaries receive written instructions. These instructions contain guidelines the managing director must observe in the running of operations.

GROUP MANAGEMENT

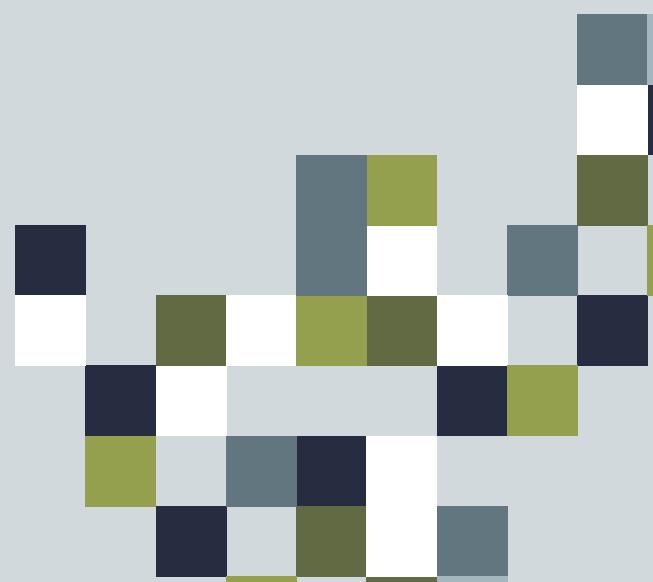
The President and Chief Executive Officer lead the work performed by Group Management and make decisions in consultation with members of Group Management. Group Management is responsible for day-to-day financial and commercial management and follow-up in the Group. It also strives to continually achieve synergies, identify acquisitions and structural opportunities as well as to adapt group operations to market demands and short and long-term developments. Group Management makes sure that the competence and capacity of the Group is coordinated and adjusted to be as useful and profitable as possible in the short and long term. Group Management meets on a quarterly basis, often in conjunction with a visit to a unit within the Group. Elanders' Group Management consists of:

- Magnus Nilsson, President and CEO
- Andréas Wikner, CFO
- Bernd Schwenger, responsible for Supply Chain Solutions (LGI)
- Kok Khoon Lim, responsible for Supply Chain Solutions (Mentor Media)
- Sven Burkhard, responsible for Print & Packaging Solutions
- Kevin Rogers, responsible for Global Sales

Further information about Group Management and the members can be found on pages 126–127.

THE BOARD'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The purpose of internal control over financial reporting is to ensure that it is reliable and that the financial reports follow generally accepted accounting principles and otherwise follow applicable laws and regulations concerning listed companies. According to the Swedish Companies Act and the Code of Corporate Governance the Board is ultimately responsible for an effective, functioning internal control in the Group. Internal control is based on the framework for internal control published by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and which comprises the control environment, risk assessment, control activities, information, communication as well as follow-up. The Chief Executive Officer is responsible for an organization and processes that ensure the quality of financial reports to the Board and the market.



Control environment

The control environment at Elanders is characterized by the proximity between Group Management and the operating units. The majority of the members in Group Management, except the Chief Executive Officer and the Chief Financial Officer, are also MDs in one or more of the larger operative units in the Group. The framework for internal control over financial reporting in Elanders consists of routines and distribution of responsibility that are clearly communicated in internal policies and different kinds of manuals. The Board has adopted a work plan that regulates the Board's responsibility and the manner in which work is done in committees. The Board also has an audit committee that is responsible for ensuring that established principles in financial reporting and internal control are complied with and developed. It also maintains regular contact with the external auditors. In order to maintain an effective control environment and good internal control the Board has delegated the practical responsibility to the Chief Executive Officer and established a CEO instruction which defines the division of responsibility between the Board and the Chief Executive Officer. Elanders has an internal control function which reports to the CEO and the CFO. The internal control function performs audits of the entities within the Group. The procedures and processes in the entities are evaluated and testing performed regarding the entities' internal controls.

Risk assessment

It is the responsibility of the Board to identify and handle any major financial risks and the risk of mistakes in financial reporting. This includes identifying areas in financial reporting where the risk of making a crucial mistake is higher as well as developing control systems to prevent and discover these faults. This is primarily done by identifying situations in operations and events in the outside world that could have an impact on financial reporting.

Control procedures

The aim of the control procedures is to ensure that financial reporting is correct and complete and that it is based on the Group's requirements for internal control over financial reporting. Control procedures consist of general and detailed controls and can be both preventive and detective. For instance, the Board continuously follows developments in the

operations through monthly reports containing detailed financial information as well as the Chief Executive Officer's comments on operations and result and financial position. Representatives from Group Finance or Group Internal Control regularly visit the entities within the Group and evaluate internal control and financial reporting. The MD in each subsidiary is responsible for making sure group governance regulations are implemented and followed and that any deviations are reported. Companies in the Elanders Group also make an annual self-assessment of how internal control functions in relation to the Group's goals.

Information and communication

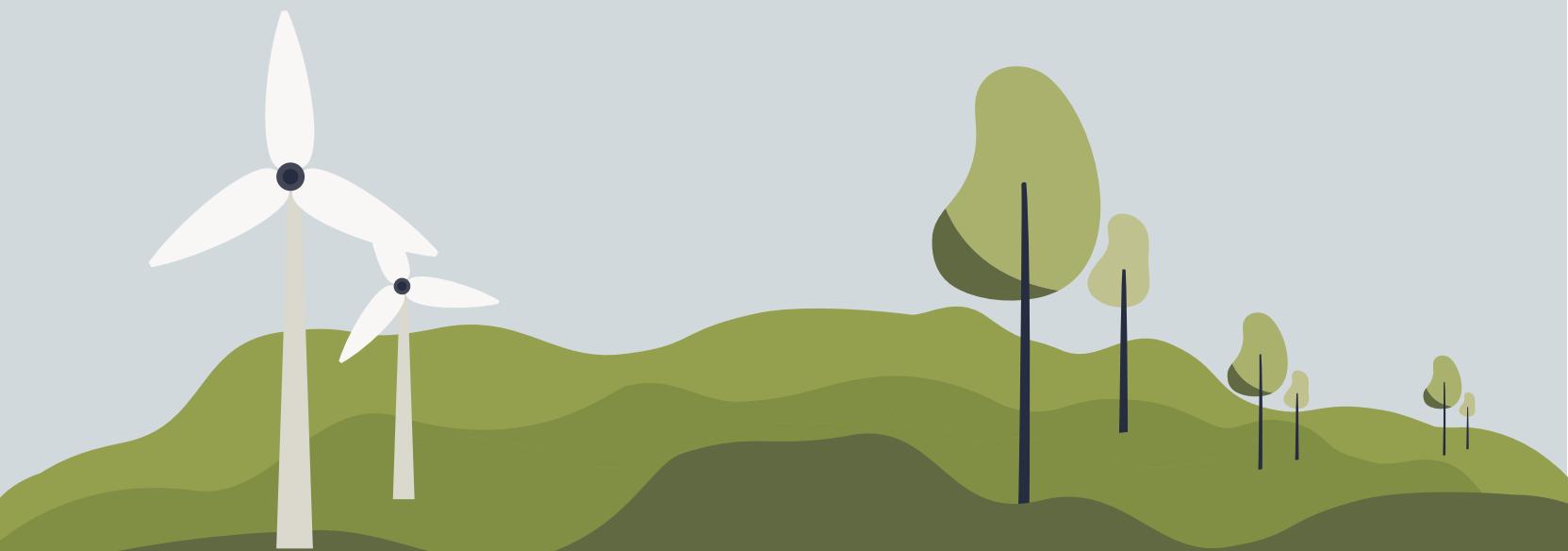
In order to make Elanders employees aware of the Group's policies and manuals, the information is communicated yearly, and when changes are made, to all affected employees within the Group. To ensure that information communicated externally is correct and complete, the Board has adopted an Information Policy that dictates what should be communicated, by whom and how the information should be released.

Follow-up

The Board follow-up of the internal control over financial reporting is first and foremost handled by the audit committee. The observations and potential areas of improvement in internal control that have been identified in the external audit are processed by the audit committee together with the external auditors and the Chief Financial Officer. The results from the audits performed by Group Internal Control and the annual self-assessment of internal control in the entities within the Group is reported to the audit committee and the external auditors.

EXTERNAL AUDIT

The Annual General Meeting 2020 chose the authorized public accounting company PricewaterhouseCoopers AB until the next Annual General Meeting. The Head auditor is the authorized public accountant Tomas Hilmarsson. Once a year, the auditors meet the Board in its entirety without the Chief Executive Officer or any other member of Group Management present, normally at the meeting that deals with the year-end report. The auditors also participate in the Board meeting dealing with the report for the first nine months of the year.



SUSTAINABILITY REPORT

Elanders' sustainability work is based on the UN global goals and the focus areas Environment and climate, Employees, Social conditions and human rights and Ethics and anticorruption.

Sustainability is an integrated part of Elanders' business and strategy and Elanders considers it to be both a responsibility and a business opportunity that can provide great opportunities to create value and improve profitability. In 2021, work continued to be focused on the health and safety of employees due to the ongoing pandemic. At the same time the company has continued to invest in sustainability, for instance by recruiting Nathalie Bödtker-Lund as Sustainability Director and by acquiring ReuseIT within Life Cycle Management.

SUSTAINABLE DEVELOPMENT

Since Elanders' listing on the stock market in 1989, the Group has been slowly transforming from being a purely graphic company with operations primarily in Sweden into a global service supplier with operations on four continents. Elanders has always strived to follow current trends like digitalization and globalization, current issues like climate change and shrinking natural resources as well as structural changes in the graphic industry. Along the way, acquisitions have contributed to the company's ability to expand into new markets, customer segments and services.

Elanders believes the success of a company should be measured in more than just numbers and are truly engaged in creating a good balance between building up a successful company and taking responsibility for social, ethical and environmental issues. Elanders is convinced that the best way to reach targeted goals is by having clearly formulated social, ethical and environmental principles, and then making sure they are being complied with. Elanders sees opportunities in working actively with sustainability to create value for the company and stakeholders and at the same time improve profitability through, for instance, greater resource efficiency and reducing costs like those for raw materials, energy and transportation.

The demands regarding CSR made on major, multi-national companies are just as high for their partners. Elanders' sustainability work is largely governed by the very high demands made by customers who in their own environmental and quality documentation stipulate requirements that suppliers must meet as well.

Every employee at Elanders is responsible for contributing to positive effects on the environment, improving the work environment, increasing equality, and counteracting corruption. Elanders works according to guidelines concerning CSR and is intent on contributing to developing society in the countries where the Group operates.

INTEGRATED SUSTAINABILITY

Elanders' sustainability work covers the Group's entire business model and permeates the company at every level. Sustainability matters are an integrated part of operations and decision-making. The goal is to have a positive impact on the environment. Elanders should also contribute to a sustainable social development and be a responsible and attractive employer.

As a way of focusing on developing sustainable and circular solutions Elanders has employed Nathalie Bödtker-Lund as Sustainability Director. The aim is to develop a sustainability strategy that comprises the entire Group and that will generate concrete and comprehensive goals for Elanders.

ABOUT THE SUSTAINABILITY REPORT

This Sustainability Report refers to the financial year 2021 and regards Elanders as the Group appeared at the end of 2021. The acquisitions during the year did not affect the scope of the Sustainability Report. The Sustainability Report includes subsidiaries held by the Group during most of the year.

The report covers the sustainability areas considered material to Elanders and its stakeholders within financial, environmental, and social aspects. The objective of the Sustainability Report is to present a fair image of the sustainability work performed within the Group. The Sustainability Report is published once a year and is integrated in the Annual Report.

Elanders' aim is to further increase the transparency regarding the sustainability work by increasing the collection and analysis of sustainability data as well as increasing the scope of its presentation. The ambition is to be able to present the Sustainability Report in accordance with the GRI Standards onwards.



Elanders believes the success of a company should be measured in more than just numbers and we are truly engaged in creating a good balance between building up a successful company and taking responsibility for social, ethical and environmental issues.

Stakeholder dialogue and

MATERIALITY ANALYSIS



STAKEHOLDER DIALOGUE

Elanders maintains a continuous dialogue with stakeholders to ensure that the prioritizations in the business are relevant over time. The five overriding stakeholder groups shown below have been identified as valuable for continuous development and improving Elanders' sustainability work. The continuous dialogues also forms a basis for the Sustainability Report.

MATERIALITY ANALYSIS

Elanders has performed a materiality analysis based on financial, environmental, social, and ethical aspects. The analysis is based on continuous dialogues with different stakeholder groups as well as information from the Board, Group Management, and other leading officers. The materiality analysis resulted in four material areas that Elanders' sustainability work is mainly focused on. Underlying aspects and key ratios linked to these four areas were also identified for Elanders' sustainability work. The main material areas will be reviewed continuously to ensure that Elanders is working with issues relevant to its business and stakeholders, and contributes to development over time.

| STAKEHOLDER GROUP | COMMUNICATION WITH STAKEHOLDER GROUPS |
|----------------------------|--|
| Shareholders and investors | Financial reports, Annual General Meeting, Investor meetings, Website, Press releases |
| Suppliers | Continuous dialogue, Procurements and purchasing negotiations |
| Employees | Development discussions, Intranet /other internal communication channels, Dialogue with unions |
| Customers | Continuous dialogue, Customer surveys |
| Society | Local cooperation, Participation in networks, Trainees and student essays |

Environment and climate

Historically, Elanders' operations have primarily had a direct impact on the environment through noise and solvent emissions. Since the acquisition of LGI in 2016 Elanders has a fleet of around 280 trucks with trailers. This fleet of trucks has a direct impact on the environment through transportation performed on behalf of customers. The extent of use for these trucks is largely beyond Elanders control, as it depends on the customers' volumes. Transportation adds to noise levels, air pollution, acidification, over fertilization and increased greenhouse effects.

Another aspect of Elanders' climate impact is energy consumption. Energy in Group facilities is mainly used in manufacturing, heating, lighting and cooling.

WHAT ELANDERS DOES

Elanders work to reduce its negative impact on the environment and climate, and the Group places great importance on strictly following legal requirements concerning the environment.

Elanders also strives for driving as environmentally friendly as possible, using transportation solutions that are as cost and energy-efficient as possible, and also optimizing the customers' transportation. Elanders is also evaluating electric trucks as a potential transport solution.

Elanders also works continuously to reduce energy consumption and to increase the proportion of renewable electricity in the operations.

The following areas are considered material for Elanders' environmental work:

- Materials
- Energy consumption
- Emissions

The following key ratios have been identified in the area:

- Percent of renewable electricity
- Emissions from transportation



Employees

The Elanders Group has 7,019 employees in some 20 countries. To actively work with human resources is essential since employees that are healthy and motivated contributes to Group development and success on every level.

WHAT ELANDERS DOES

Work concerning employees is governed by the Group's Code of Conduct. Employees receive training continuously to ensure awareness of the Group's common values. Central monitoring takes place every other year and continually by each company to ensure that the Code of Conduct and Anti-Corruption Policy have been communicated to all employees. Each company is responsible for creating their own procedures and guidelines to ensure conformance with the code.

The following areas are considered material for Elanders' work concerning employees:

- Common values
- Health and safety
- Equality, equal opportunity and diversity

The following key ratios have been identified in the area:

- Personnel turnover
- Absence due to illness
- Gender distribution



Social conditions and human rights

Because Elanders is a global business with operations on several continents, it is imperative to work with social conditions and human rights. Although ensuring fair working conditions on every level is a given, constant focus and follow-up is a necessity. As a globally active and influential group, Elanders intends to be one of the best regarding CSR and corporate engagement in every area the company is engaged in.

WHAT ELANDERS DOES

Elanders' work regarding social conditions and human rights is based on the Group's Code of Conduct. Elanders intends to be one of the best regarding CSR and corporate engagement and all companies in the Group are encouraged to support and get involved in both global as well as regional/local projects where they believe their contributions can make a difference.

The following areas are considered material for Elanders' work concerning social conditions and human rights:

- CSR
- Equal rights



Ethics and anti-corruption

An ethical and transparent approach is fundamental to Elanders reducing the risk for conflicts of interest as well as having a profitable and sustainable business with a strong brand.

WHAT ELANDERS DOES

Elanders follows all applicable laws and regulations, locally and internationally. Elanders has an Anti-Corruption Policy that comprises all employees, the Board and other persons that act in Elanders' name.

The following areas are considered material for Elanders' work concerning ethics and anti-corruption:

- Policies and education

Elanders has zero-tolerance for any type of corruption or bribe, which means the number of incidents concerning corruption is an important key ratio to monitor and the target number is zero.

ELANDERS' CODE OF CONDUCT

Elanders' Code of Conduct stipulates that both Elanders and its employees' actions and behavior must be characterized by honesty, integrity, personal responsibility, sincerity, loyalty and respect for others and the environment. The Code of Conduct comprises all employees, the Board and other people that act on Elanders' behalf. Elanders' Code of Conduct also comprises suppliers and business partners to ensure that the code has an impact throughout the entire value chain.

At the end of 2019, the Code of Conduct and Anti-Corruption Policy was communicated to every company in the Group. Employees have received training during the year and this will continue in 2022 when classroom training, which was postponed due to COVID-19, will hopefully become available in the later part of the fall. Central monitoring takes place every other year and continuously by each company to ensure that the Code of Conduct and Anti-Corruption Policy have been communicated to all employees. In 2021 81 percent of all white-collar workers in Elanders completed the training.

ENVIRONMENT AND CLIMATE

Elanders works systematically to reduce its environmental impact and develop products, services, and processes to achieve optimal quality. The overriding environmental goal is to reduce the Group's environmental impact in every company without lowering quality. Almost all companies are certified according to established quality and environmental standards like ISO 9001 and ISO 14001. The Group places great importance on strictly following legal requirements and compliance with other requirements in the regular environmental reviews performed according to ISO 14001 and in the investigations involved in acquisitions.

During the year, Elanders continued to work on reducing the environmental impact, everything from measures to reduce energy consumption and greenhouse gas emissions to generating less hazardous waste. Each company in the Group is responsible for its own environmental and quality work to meet local regulations and the quality and environmental reviews initiated by Elanders' customers. A previous example that demonstrates good results from this work, and which is still being evaluated,

comes from LGI. Together with the customer Porsche, Elanders invested in a completely new electrical truck that daily transports components from Elanders' warehouse in Freiberg, Germany to Porsche's production plant. Changing to an electrical truck reduces emissions by more than 30 tons annually and is a milestone on the road to more environmentally friendly logistics at Elanders.

Material

The connection between quality-assured production and manufacturing with a lower environmental impact is becoming evident to more and more companies. Environmental demands from customers and authorities can vary greatly from one geographic market Elanders operates to another, but the general trend is clear. Offering sustainable production on every level is becoming a prerequisite to be able to compete, particularly in global business.

Paper is a comprehensive part of the material used in production in the business area Print & Packaging Solutions and the Group works on monitoring, analyzing, reducing, and actively dealing with paper waste. When possible, Elanders produces print-on-demand, which reduces the risk of unused editions that will be scrapped at a later date. Elanders has several ecolabels in different operations such as the Swan, FSC® Forest Stewardship Council, Carbon Footprint and Climate Neutral Company.

Energy consumption

Reducing energy consumption and improved energy efficiency is an important focus area at Elanders and part of the continuous improvement work to save energy in operations. Elanders' goal is to reduce energy consumption and use as much renewable electricity as possible on the markets where it is available. Energy consumption and energy costs are regularly monitored to ensure the goal is met and that measures are always being taken to save energy.

Elanders primarily uses electricity and natural gas. When making new investments, Elanders selects the best possible technique from an energy efficiency perspective. For instance, many forklifts in the Group's facilities are electric.

Elanders' Code of Conduct and Anti-Corruption Policy

Elanders' Code of Conduct and anti-corruption policy comprises all employees and contains guidelines and regulations for the way Elanders' employees should relate to customers, suppliers and society in general. All business in Elanders is conducted with social responsibility and ethics. Taking social responsibility includes promoting human rights and fair working conditions as well as counteracting corruption. It is the responsibility of each company's management that these rules are followed by formulating and communicating guidelines and policies adapted to their specific company.

Elanders' Code of Conduct also comprises suppliers and business partners to ensure the Code of Conduct permeates in every part of the value chain.

The Code of Conduct is based on international principles such as the UN Universal Declaration of Human Rights, the UN Global Compact, ILO Declaration on Fundamental Principles and Rights in Working Life and the OECD guidelines for multinational companies.



| Percentage of renewable electricity | 2021 | 2020 | 2019 |
|-------------------------------------|------|------|------|
| All operations | 70 | 46 | 40 |

The percentage of electricity consumed by the Group that comes from renewable sources has increased compared to last year. This is largely due to operations in Supply Chain Solutions replacing most of their energy supply with renewable electricity as of January 1, 2021. At the same time the work to save energy has continued, among other things, through the installation of LED lighting in production space and offices, less energy used in relation to machine hours as well as the implementation of energy efficient electronic equipment and systems for monitoring and controlling energy consumption.

Emissions

Transportation is currently an indisputable necessity to Elanders' current financial and social development. At the same time transportation has a negative effect on people's health and the environment. Elanders' emissions into the air primarily consist of carbon dioxide and are largely generated by transportation.

Progress is continually being made in different areas to reduce the negative effects of transportation in Elanders, particularly in business area Supply Chain Solutions with its fleet of around 280 trucks. Utilization of this fleet is to a large extent steered by customer volumes and the kind of transportation a customer needs. However, Elanders tries to make driving as environmentally friendly as possible, find transportation solutions that are as cost and energy efficient as possible, and to optimize customers' transportation. As a result of continuously upgrading the fleet, Elanders has drastically lowered carbon dioxide emissions. In 2021, all trucks complied with the Euro 6 norm of a maximum of 80 mg/km NOx emissions. A consequence of this high standard has been a dramatic reduction in fuel consumption in the past few years. Elanders also works continuously to streamline transportation, thereby reducing environmental impact. Efficient motors, well-developed GPS systems, driver training, and awarding the most fuel-efficient drivers are all activities that contribute to reducing fuel consumption.

Elanders uses different types of solvent in producing printed matter – mostly vegetable solvents, aliphatic solvents as well as isopropanol. Elanders' goal is to eliminate the use of aromatic solvents since they have a severe negative effect on both health and the environment. The kind of solvents in use are routinely monitored.

According to the Environmental Code in Sweden and corresponding

legislation in other countries, several printing plants are required to have permits or submit reports depending on their total consumption of solvents. Local companies are responsible for making sure they comply with the laws, regulations, and standards valid for their operations and that the necessary measures are taken to meet all requirements.

Using solvents also causes emissions of VOC (Volatile Organic Compounds). Elanders continually looks for ways to reduce the environmental impact of these emissions without affecting product quality negatively, for example through more efficient methods that reduce consumption or by switching to less volatile alternatives. During the year more investments were made in digital presses with new technology which means lower emissions of VOC and ozone as well as significantly lower energy consumption.

Elanders' long-term goal is to reduce direct and indirect emissions of greenhouse gases. The Group's greatest impact comes from carbon dioxide emissions from the transportation fleet.

| Emissions | 2021 | 2020 | 2019 |
|---|-------|-------|-------|
| Average carbon dioxide emissions per 100 km, tons | 0.073 | 0.073 | 0.075 |
| Average fuel consumption per 100 km, liters | 27.5 | 27.8 | 28.0 |

Average carbon dioxide emissions per 100 km, tons is on par with the previous year and is considered to provide a fair view of average carbon dioxide emissions from operations over time since it is not linked to the number of trucks in use.

Average fuel consumption for 2020 and 2019 has been adjusted based on more exact calculation methods. In 2021, fuel consumption per 100 km decreased slightly compared to 2020. Measures to reduce fuel consumption are being taken continuously, for instance by the gradual replacement of batteries, individual follow-up and driver training as well as implementing bonus programs connected to fuel consumption. This work is continuous.

THE EU TAXONOMY CLIMATE DELEGATED ACT

In accordance with the Taxonomy regulation ((EU 2020/852) and its delegated acts (the "taxonomy"), companies should identify the economic activities that are environmentally sustainable based on technical audit criteria. For a certain economic activity to be classified as environ-



During the year more investments were made in digital presses with new technology which means lower emissions of VOC and ozone as well as significantly lower energy consumption.



mentally sustainable, it should materially contribute to one, or several, of six defined environmental objectives, not cause significant damage to any of the objectives and abide by fundamental labor law conventions and human rights.

In 2021, three key financial ratios will be reported that show how much of the business comes under taxonomy's technical audit criteria regarding climate change. Based on this Elanders has concluded that the Group financial operations that this reporting encompasses are services regarding road transportation (EU Taxonomy 6.6 *Freight transport services by road*) under Elanders' auspices. These services are supplied by business area Supply Chain Solutions. Road transportation is carried out either with owned or leased trucks. The type of vehicle used is decided through dialogue with customers. Based on the customers' requirements, Elanders works continually to ensure that transportation is as environmentally friendly as possible, using as the most cost- and energy-efficient solutions as possible while optimizing customers' transportation.

The following items linked to the above-mentioned road transport have been included in taxonomic activities; revenues from road transport; capital expenditures relating to acquired trucks and new right-of-use assets relating to trucks; operating costs related to the above trucks, such as maintenance and repair costs. Since this activity only takes place within one business area, no double counting should be possible.

| | Total (MSEK) | Share of taxonomy- eligible activities (%) | Share of non-taxonomy- eligible activities (%) |
|-----------------------------------|-----------------|---|---|
| Turnover ¹⁾ | 11,733 | 4 | 96 |
| Capital expenditure ²⁾ | 2,043 | 0 | 100 |
| Operating expenses ³⁾ | 253 | 4 | 96 |

¹⁾ The Group's total net sales reported according to principle in note 1.

²⁾ Current year's investments in tangible, intangible and right-of-use assets. This also includes corresponding assets from business combinations, but not goodwill, customer relationships and trademarks with indefinite useful life. See details in note 13, 14 and 15.

³⁾ Direct cost for maintaining the fixed assets covered by the taxonomy regulations.

LIFE CYCLE MANAGEMENT

In Life Cycle Management, Elanders has taken the initiative to create more climate friendly services. There is a huge sustainability factor in extending the life of, and reusing, equipment before it is finally recycled, since most of a product's environmental impact comes from producing it. In the service area Renewed Tech for IT equipment, Elanders handles obsolete units like computers, monitors, cell phones, servers and other computer accessories. IT equipment is picked up from the customer and each unit is inspected, refurbished and all data, for example company information and personal data, are wiped. Then the products are sold on the second-hand market. Equipment and parts that cannot be reused are properly recycled. Refurbishing equipment can double the product's lifetime, generating considerable carbon dioxide savings.

By using Elanders' services customers can take a global responsibility for their IT units and reduce their climate impact and thereby contribute to a more circular economy. At the same time, they receive a correct valuation of their equipment which can often be very valuable on the second-hand market today. Customers are also offered full transparency throughout the entire process, which is greatly appreciated.

During the year Elanders strengthened its offer in sustainable services by acquiring ReuseIT that is specialized in purchasing, securely erasing, renovating, reselling and renting out used IT equipment. The acquisition of ReuseIT is another step in Elanders' investments within sustainable services that contribute to a circular economy.

As a further step in Elanders' sustainability work and to actively contribute to a more circular economy, a partnership with Universeum was initiated at the end of 2020. Universeum is Sweden's national science center and a powerful arena for academic and popular education in science, technology, and sustainable development. The partnership is focused on reusing electronics, thereby increasing the lifetime of these products, which leads to considerable environmental gains.

EMPLOYEES

Through a number of acquisitions around the world, the number of employees has more than quadrupled in recent years. The majority of the increase in employees came through the acquisitions of Mentor Media in 2014 and LGI in 2016. Elanders' companies are to a large degree autonomous and follow the valid laws and regulations in their respective countries and regions. Nonetheless, it is important to have a set of common values within the Group in order to achieve a stable value foundation. These values are communicated to the employees through the Code of Conduct, which was updated in 2019. At the end of the year, 7,019 people were employed in some 20 countries on four continents.

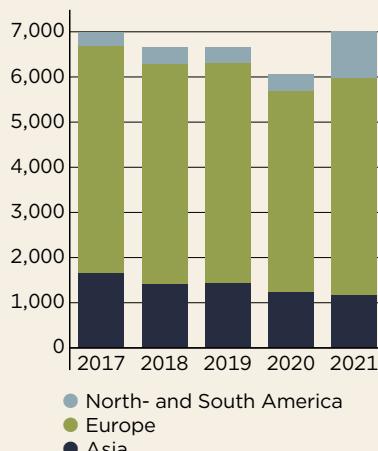
CO₂-SAVINGS



CO₂-savings¹⁾ in thousands of ton
from Elanders' Renewed Tech operations

¹⁾ The CO₂ savings, i.e. the CO₂ equivalent, have been calculated in accordance with the principles stated in *Rapport B 2372 Produktdatabaser: miljöfördelar med återbruk* developed by IVL Svenska Miljöinstitutet in collaboration with Inrego AB.

NUMBER OF EMPLOYEES PER REGION



| Personnel turnover % | 2021 | 2020 | 2019 |
|----------------------|------|------|------|
| All employees | 16.7 | 18.5 | 24.1 |

The rate of personnel turnover has decreased compared to the previous year due to fewer temporary and seasonal staff. However, temporary and seasonal staff continue to contribute to a relatively high rate of turnover.

Health and safety

Employees are Elanders' greatest asset and their health and safety have the highest priority. A healthy and secure work environment leads to healthy employees that work safely, are more productive, and contribute to society at large. Elanders has a zero vision concerning injuries at the workplace and works continuously on reducing risks that can lead to serious injuries. Elanders' policy concerning the work environment is found in the Group's Code of Conduct, where guidelines concerning the identification, management, and prevention of potential safety risks and emergencies are described in order to promote a good working environment and reduce the risk of injuries and illness. It is the responsibility of each company's management that these rules are followed by formulating and communicating guidelines and policies adapted to their specific work environment.

An important indication of how the work environment functions is absence due to illness and Elanders continuously strives to create conditions for as little absence due to illness as possible. In addition to following the guidelines in the Code of Conduct, Elanders continuously identifies improvement measures for personnel in the work environment, such as automation in production and ergonomic workplaces. Most injuries occur in production and the most common workplace injuries at Elanders are minor cuts or wounds from falling.

In 2021, Elanders continued to be focused on the health and safety of its employees due to the ongoing pandemic. Preventative measures include working from home when possible, measuring temperatures before allowing entrance to offices and plants for both employees and guests, minimizing trips and holding digitalized meetings. Elanders' subsidiaries LGI and ITG also launched a joint occupational health vehicle where the employees could get vaccinated against COVID-19 if they so wished. When the vaccination campaign is over, the truck will become an integrated part of occupational health and will be used for other care purposes when visiting the different locations. Together with all the other measures that Elanders has taken, this is another milestone that contributes to battling the coronavirus pandemic as well as keeping Group employees healthy.



LGI and ITG launched a joint occupational health vehicle during 2021.

Last year, Elanders, via the subsidiary Mentor Media, donated one million surgical masks, and 100,000 face shields and isolation gowns to different hospitals in Singapore. It was part of a joint initiative, SG United Initiative, where Mentor Medias' role was to provide personal protection equipment to the hospitals and other companies provided the logistics around it.

| Absence due to illness % | 2021 | 2020 | 2019 |
|--------------------------|------|------|------|
| All employees | 4.7 | 5.5 | 6.2 |
| Short-term absence | 3.1 | 4.0 | 5.2 |
| Long-term absence | 1.6 | 1.5 | 1.0 |

Absence due to illness has dropped compared to last year, primarily due to COVID-19. As in the previous year, the increase in long-term absence is primarily related to COVID-19.

Equality, equal opportunity, and diversity

Because of the development Elanders has gone through in the past few years, partly through major acquisitions, the Group's composition of employees has changed and it is now significantly more spread out geographically. This has not, however, changed Elanders' basic premise that long-lasting profitability can only be reached if there is equality, equal opportunity and diversity in the workplace. Among other things, this means that all employees should have the same opportunities to advance their careers. During the year, the work in this area continued as well as the development of a formal Equal Opportunity Plan for the Group that will be regularly evaluated by Elanders' Board and Group Management. In addition, each company works continuously with matters concerning equality, equal opportunity, and diversity in their respective organizations.

| Gender division, % | 2021 Men/ women | 2020 Men/ women | 2019 Men/ women |
|--------------------|-----------------------|-----------------------|-----------------------|
| All employees | 62/38 | 65/35 | 66/34 |
| Middle management | 71/29 | 74/26 | 74/26 |
| Group Management | 100/0 | 100/0 | 100/0 |
| Board of Directors | 56/44 | 60/40 | 60/40 |

SOCIAL CONDITIONS AND HUMAN RIGHTS

CSR

As an active global group, Elanders wants to be among the best regarding CSR and corporate commitment everywhere the company is involved. There are several different projects concerning social responsibility and aid going on in the Group. Each company decides themselves which projects they want to be involved in and support through, for instance, donations and support to regional and local organizations such as schools and orphanages.

One example is how Elanders in the USA has supported *The United Way of the Quad Cities* for many years. The organization helps city residents through activities that improve their health and increase their financial stability, and by providing education. In 2021, as in previous years, Elanders sponsored a campaign where for a week, employees focused on contributing as much as possible to the organization through diverse activities, events, and collections. Another example is support for the program *Rede Cultural Beija-Flor* for vulnerable children in Brazil through financial aid, printed material, and internships to give children a better start and reduce the number of street kids in the area.

Together with around ten other Swedish companies, Elanders initiated a collaboration with the organization *Pratham Education Foundation* in 2017. The innovative education organization was started in 1995 to improve the quality of education in India. Pratham has become one of the largest charitable organizations in the world today. Its founding principle is to help as many children as possible to achieve higher levels of knowledge through education programs that take into consideration the gaps in the Indian educational system. Pratham's educational methods, which are based on the student's actual level of knowledge, have been formed and developed together with researchers Esther Duflo, Abhijit Banerjee, and Michael Kremer who have carried out several field studies on Pratham's work. They were awarded the Swedish Central Banks Prize in Economic Sciences in Memory of Alfred Nobel 2019 for their work in this area.

The project was severely affected in 2021 by the coronavirus pandemic, which has affected India hard. Pratham has worked intensively to keep in touch with the children and villages to ensure that the students continued to receive an education. The work has largely been online, where children have had homework sent to their parents' or siblings' cell phones and later submitted it or presented it in a video conversation. The aim of the activities implemented during the year was to create the best prerequisites possible for the children when the school opens again and society goes back to normal. In 2021, around 5,000 volunteers were recruited in Assam and West Bengal who enabled more than 400 villages to continue participating in Pratham's activities.

Fair conditions

Elanders' values regarding fair conditions are established in the Code of Conduct which stipulates that Elanders works to protect international human rights. The Code of Conduct strictly prohibits any kind of forced labor, human trafficking, and child labor. It is self-evident for Elanders to work for children's right to education and to protect children from economic exploitation and dangerous or harmful jobs. Elanders' work is based on the UN Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.

Elanders' Code of Conduct also contains prohibition of any kind of harassment or discrimination. Everyone is offered the same opportunities and is treated with respect. Elanders actively supports freedom of speech, freedom of movement, and religious freedom within the framework of applicable legislation, and the Group does not tolerate human rights violations. In addition to this, Elanders provides fair working conditions at the same time as national and local laws are respected in the countries where operations are run. All Elanders employees have the right to a written employment contract.

Elanders' Code of Conduct also comprises suppliers and business partners to ensure the Code of Conduct permeates every part of the value chain. Elanders has therefore produced a "Suppliers Code of Conduct", which is communicated to suppliers and business partners. Each company is currently responsible for making sure that suppliers also comply with the Code of Conduct where considered relevant. In the same way, Elanders controls its suppliers, Elanders is often reviewed by customers to make sure fair conditions are used in production.

Elanders has not found a relevant, quantitative key ratio for its work on fair conditions. For the time being, Elanders will continue to focus on making sure the Code of Conduct is communicated to all employees as well as suppliers and business partners.

Sustainability initiative

Since 2000 Elanders is one of thirteen organizations that contribute to the prize sum of SEK 1 million for *WIN WIN Gothenburg Sustainability Award* (previously The Gothenburg Award for Sustainable Development). Today the WIN WIN organization is a recognized catalyst for regional,

national and global sustainable development, with a particular focus on younger generations. *The WIN WIN Youth Award* was instituted in 2018 and the organization works with alternate annual themes in ecology, economy and social sustainability.

Some of the more well-known laureates are Gro Harlem Brundtland (2002), Al Gore (2008), and Kofi Annan (2011). In 2021 the Icelandic whistleblower Jóhannes Stefánsson was awarded the *WIN WIN Gothenburg Sustainability Award* on the theme anti-corruption for his disclosure of the so-called Fishrot Files, a corruption scandal with its roots on Iceland and in Namibia. The theme for 2022 is *Sustainable Aquaculture*.

ETHICS AND ANTI-CORRUPTION

Elanders' reputation, ethical behavior, and trustworthiness are highly valued by the Group and its customers and any kind of corruption could impact the Group's image very negatively. Elanders follows applicable laws and regulations locally and internationally regarding both ethical rules and corruption. The Group's *Anti-Corruption Policy "Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy"* contains guidelines for handling corruption, fraud and money laundering, describes the way Group employees should relate to customers, suppliers, other stakeholders, and society in general. It clearly states that Elanders has absolutely zero tolerance for any kind of fraud, bribes, or other actions that create unfair advantages, and which transgress against Elanders' policy, local laws and regulations, industry standards, and ethics codes in the countries the Group is active in. Employees may not accept, be promised, demand, or swindle any kind of advantages in connection with their position in the company. The policy also states that all employees are obliged to comport themselves with integrity and ensure that they understand and follow Group guidelines. The policy also contains instructions on how to report any irregularities or deviations from the policy.

The updated Anti-Corruption Policy was communicated at the end of 2019 together with an e-learning training for Group employees. In 2021, a total of 81 (77) percent of all white-collar workers at Elanders completed the course. Education of Group employees is an ongoing process. In 2022 the intention is to produce material for use in classroom training, which was postponed due to COVID-19. There will be annual follow-ups to ensure that all employees in the Group have completed the anti-corruption course. The anti-corruption policy also contains instructions for reporting deviations from the policy, i.e., a whistleblower function. In 2021 one case was reported in the whistleblower function. Actions were taken and the case has now been closed.

No significant incidents of fraud, corruption, bribes, or money laundering have been reported in 2021.

THE EU GENERAL DATA PROTECTION REGULATION (GDPR)

GDPR became law in 2018 and is intended to protect individuals' basic rights, which is a human right. At the end of 2019, Elanders therefore produced a course to ensure that employees are knowledgeable about, and act in accordance with, the stipulations of GDPR. In 2021, a total of 81 (75) percent of all white-collar workers at Elanders completed the course. As with the anti-corruption training classroom training will hopefully commence during the latter part of 2022 after a postponement due to COVID-19. There will be annual follow-ups to ensure that all Elanders employees have been trained in GDPR.

In the beginning of 2021, Elanders' Binding Corporate Rules were approved by the Swedish Authority for Privacy Protection (IMY), making it only the third company in Sweden. These rules regulate how Elanders handles personal data to ensure that data protection regulations are followed when transferring personal data to Group companies outside the EU/EES. Approval was received after an exhaustive review by IMY and other co-reviewer European data protection authorities as well as an opinion from the European Data Protection Board, EDPB.

UN's sustainable

DEVELOPMENT GOALS

Agenda 2030, the UN's 17 Sustainable Development Goals were adopted by most of the world leaders in 2015 to promote socially, economically and environmentally sustainable development. Elanders contributes to the goals in varying degrees. The ambition is that Elanders sustainability work will create value for all stakeholders and thereby also contribute to these goals. The following seven goals have been identified as the most material for Elanders' sustainability work:



4 QUALITY EDUCATION

Ensure an inclusive and equitable education and promote lifelong learning opportunities for all.

Elanders supports several projects that promote raising knowledge levels through education. For example, Elanders works together with around ten other Swedish companies with the organization Pratham Education Foundation that strives to improve the quality of education in India.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

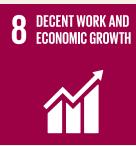
Ensure sustainable consumption and production patterns.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Solutions for streamlining and consolidating material flows and deliveries contribute significantly to reducing Elanders customers' environmental impact. Life Cycle Management is an important part of the offer where Elanders helps customers in every phase of a product's life cycle. For instance, the handling of returns of worn-out IT equipment when delivering new products to the customer, recycling computers, monitors and printers and restoring products for reuse on behalf of customers in a sustainable way.

Constant appraisals to reduce Elanders' environmental impact from emissions of volatile organic compounds (VOC) in print operations without negatively affecting quality, e.g., more efficient methods that reduce consumption or switching to less volatile solvents.



8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.

Fair working conditions for all employees through a clear Code of Conduct and continuously monitoring the work environment and workers' rights.



5 GENDER EQUALITY

Achieve gender equality and empower all women and girls.

Reduce income inequality within and among countries.

Elanders believes all people are equal independent of age, gender, ethnicity, sexual orientation, religious beliefs, etc. The Code of Conduct contains the strict prohibition of any kind of harassment or discrimination.



13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

Reducing energy consumption is fundamental when Elanders makes new investments.

As far as possible, the company uses renewable energy in the markets where it is available. Continuously upgrading the transportation fleet, efficient motors, well-developed GPS systems, continuously training drivers and awarding the most fuel-efficient drivers contribute to reducing fuel consumption.



10 REDUCED INEQUALITIES

Elanders creates value through the

SUSTAINABLE VALUE CHAIN

Sustainability is an integrated part of Elanders' offer and Elanders aims to create value by being a resource-efficient and sustainable company.

ORGANIZATION



Sustainability aspects:

- Health and safety
- Equality, equal opportunity, and diversity
- Social conditions, human rights, ethics, and anti-corruption

How Elanders creates value:

- Elanders' Code of Conduct and Anti-corruption Policy comprises all employees, suppliers and business partners. All business in Elanders is conducted with social responsibility and ethically.

Elanders' power to have an impact:

HIGH

Employees are Elanders' greatest asset and their health and safety have the highest priority. A healthy and safe work environment leads to healthier employees that work safely, are more productive and contribute to society at large.

PROCUREMENT & INBOUND SERVICES



Sustainability aspects:

- Sustainable resource solutions
- Warehousing efficiency

How Elanders creates value:

- Resource efficiency – products and services delivered efficiently at the right time.
- Elanders helps customers optimize their product flows, warehouse levels and storage space.

Elanders' power to have an impact:

MEDIUM

Elanders works together with our partners on a strategic, tactical, and operational level in order to provide a combined purchasing and procurement process which means that redundant or unnecessary costs are minimized by delivering products and services efficiently at the right time.

LIFE CYCLE MANAGEMENT



Sustainability aspects:

- Waste, recycling and reuse
- Carbon dioxide emissions

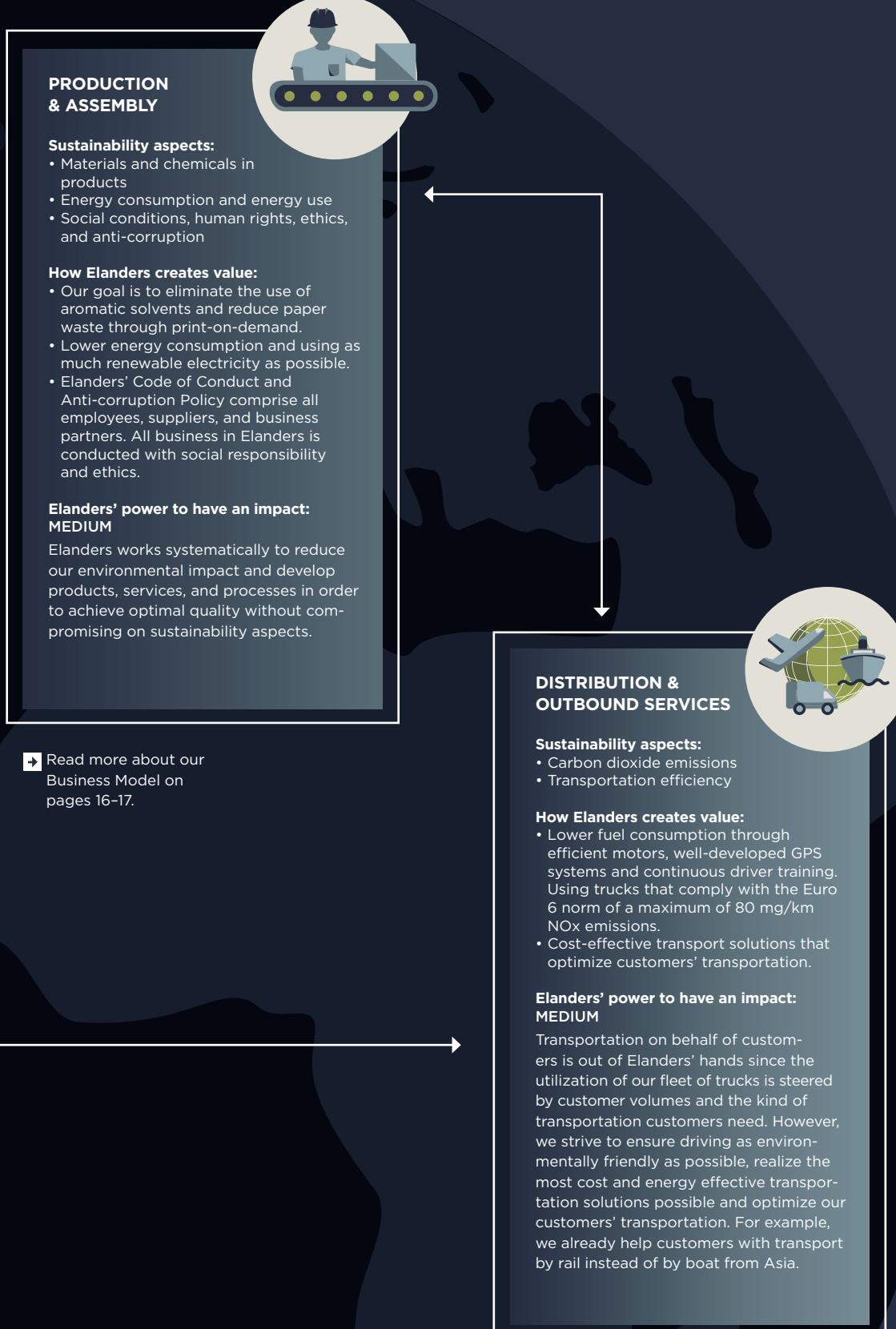
How Elanders creates value:

- Extending the life of products and less waste from IT equipment means greater resource efficiency and lower carbon dioxide emissions.
- Substantial environmental gains can be achieved by investing in and developing unique solutions in companies within Renewed Tech. With Elanders' global infrastructure these companies can scale up their operations more quickly.

Elanders' power to have an impact:

HIGH

Electronics' greatest environmental impact comes from producing them, which is why extending the life of a product as long as possible is so important. Creating solutions for reusing electronics generates environmental gains since the electronic components come to good use instead of being recycled or discarded.



INCOME STATEMENTS

| MSEK | Note | 2021 | 2020 |
|--------------------------------------|-------------|----------------|----------------|
| Net sales | 2, 3 | 11,733.1 | 11,050.1 |
| Cost of products and services sold | | -10,088.3 | -9,478.5 |
| Gross profit | | 1,644.8 | 1,571.6 |
| Selling expenses | | -336.9 | -317.4 |
| Administrative expenses | | -782.0 | -733.0 |
| Other operating income | 4 | 82.6 | 68.6 |
| Other operating expenses | 4 | -28.2 | -43.9 |
| Operating result | 5, 6, 7, 28 | 580.3 | 545.9 |
| Financial income | 8 | 25.2 | 27.2 |
| Financial expenses | 8 | -123.5 | -159.1 |
| Result after financial items | | 482.0 | 414.0 |
| Taxes | 9 | -151.0 | -122.2 |
| Result for the year | | 331.1 | 291.9 |
| Result for the year attributable to | | | |
| - parent company shareholders | | 322.3 | 287.1 |
| - non-controlling interests | | 8.7 | 4.8 |
| Earning per share, SEK ¹⁾ | 10 | 9.12 | 8.12 |

¹⁾ There have been no dilution effects.

STATEMENTS OF COMPREHENSIVE INCOME

| MSEK | | 2021 | 2020 |
|---|--|--------------|---------------|
| Result for the year | | 331.1 | 291.9 |
| <i>Items that will not be reclassified to the income statement</i> | | | |
| Actuarial gains/losses on defined benefit pensions plans | | 8.8 | -8.9 |
| Tax effect on actuarial gains/losses on defined benefit pensions plans | | -2.6 | 2.6 |
| <i>Items that will be reclassified to the income statement</i> | | | |
| Translation differences | | 178.5 | -224.9 |
| Change in fair value of the hedge of the net investment abroad | | -9.6 | 15.7 |
| Tax effect on the change in fair value of the hedge of net investments abroad | | 2.0 | -3.2 |
| Other comprehensive income | | 177.1 | -218.7 |
| Total comprehensive income for the year | | 508.2 | 73.2 |
| Total comprehensive income attributable to | | | |
| - parent company shareholders | | 499.2 | 69.5 |
| - non-controlling interests | | 9.0 | 3.7 |

STATEMENTS OF CASH FLOW

| MSEK | Note | 2021 | 2020 |
|--|--------|-----------------|-----------------|
| Operating activities | | | |
| Result after financial items | | 482.0 | 414.0 |
| Adjustments for items not included in cash flow | 12 | 847.7 | 892.3 |
| Paid taxes | 9, 11 | -128.0 | -41.8 |
| Cash flow from operating activities before changes in working capital | | 1,201.7 | 1,264.5 |
| Cash flow from changes in working capital | | | |
| Increase (-)/decrease (+) in inventory | | -128.3 | 76.8 |
| Increase (-)/decrease (+) in operating receivables | | -253.6 | 326.3 |
| Increase (+)/decrease (-) in operating payables | | 243.4 | 57.7 |
| Cash flow from operating activities | | 1,063.2 | 1,725.3 |
| Investing activities | | | |
| Investments in intangible and tangible assets | 13, 14 | -139.5 | -92.7 |
| Divestment of tangible assets | 14 | 11.6 | 5.7 |
| Acquired and divested operations | 29 | -1,266.8 | -29.5 |
| Change in long-term receivables | | 0.3 | 0.8 |
| Cash flow from investing activities | | -1,394.4 | -115.7 |
| Financing activities | | | |
| Amortization of borrowing debts | 22 | -2,075.4 | -166.8 |
| Amortization of lease liabilities | 22 | -647.6 | -657.9 |
| New loans | 22 | 3,089.0 | - |
| Other changes in interest-bearing liabilities | 12, 22 | -199.7 | -292.7 |
| Dividend to shareholders | | -112.1 | - |
| Transactions with shareholders with non-controlling interest | | - | 57.6 |
| Cash flow from financing activities | | 54.2 | -1,059.8 |
| Cash flow for the year | 11 | -277.0 | 549.9 |
| Cash and cash equivalents at the beginning of the year | | 1,101.4 | 655.2 |
| Translation difference in cash and cash equivalents | | 73.7 | -103.7 |
| Cash and cash equivalents at year-end | 19 | 898.1 | 1,101.4 |

STATEMENTS OF FINANCIAL POSITION

| MSEK | Note | 2021 | 2020 |
|---|----------------|-----------------|----------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | 13 | 4,516.5 | 3,084.9 |
| Tangible assets | 14, 27 | 698.2 | 518.7 |
| Right-of-use assets | 15 | 2,673.6 | 1,736.8 |
| Investments in associated companies | 16 | - | - |
| Deferred tax assets | 9 | 341.1 | 286.5 |
| Other financial assets | | 11.3 | 10.5 |
| Total fixed assets | | 8,240.7 | 5,637.3 |
| Current assets | | | |
| Inventory | 17 | 400.4 | 232.9 |
| Accounts receivable | 20 | 1,822.1 | 1,343.5 |
| Current tax receivables | 9 | 28.3 | 22.0 |
| Other receivables | | 133.3 | 101.2 |
| Prepaid expenses and accrued income | 18 | 276.7 | 200.8 |
| Cash and cash equivalents | 19, 23 | 898.1 | 1,101.4 |
| Total current assets | | 3,558.9 | 3,001.8 |
| Total assets | | 11,799.6 | 8,639.1 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 353.6 | 353.6 |
| Other contributed capital | | 1,275.6 | 1,275.6 |
| Retained earnings | | 1,647.3 | 1,257.7 |
| Equity attributable to parent company shareholders | 21 | 3,276.5 | 2,887.0 |
| Equity attributable to non-controlling interests | | 27.4 | 20.9 |
| Total equity | | 3,303.9 | 2,907.8 |
| LIABILITIES | | | |
| Long-term liabilities | | | |
| Lease liabilities | 20, 22 | 2,065.8 | 1,180.0 |
| Other interest-bearing liabilities | 20, 22, 23, 27 | 3,161.5 | 1,980.7 |
| Provisions for post-employment benefits | 23, 24 | 98.6 | 107.7 |
| Other provisions | 25 | 19.3 | 19.4 |
| Deferred tax liabilities | 9 | 233.6 | 168.4 |
| Total long-term liabilities | | 5,578.8 | 3,456.2 |
| Short-term liabilities | | | |
| Lease liabilities | 20, 22 | 689.0 | 608.7 |
| Other interest-bearing liabilities | 20, 22, 23, 27 | 131.9 | 78.3 |
| Accounts payable | 20 | 875.4 | 641.7 |
| Current tax liabilities | 9 | 109.0 | 71.4 |
| Other liabilities | | 160.8 | 118.8 |
| Accrued expenses and deferred income | 26 | 812.0 | 595.4 |
| Other provisions | 25 | 138.8 | 160.8 |
| Total short-term liabilities | | 2,916.9 | 2,275.1 |
| Total equity and liabilities | | 11,799.6 | 8,639.1 |

STATEMENTS OF CHANGES IN EQUITY

| MSEK | Equity attributable to parent company shareholders | | | | Equity of non-controlling interest | Total equity |
|--|--|---------------------------|-------------------|----------------|------------------------------------|----------------|
| | Share capital | Other contributed capital | Retained earnings | Total | | |
| Opening balance as of 1 Jan. 2020 | 353.6 | 1,275.6 | 1,147.7 | 2,777.0 | - | 2,777.0 |
| Transactions with shareholders with non-controlling interest | - | - | 40.5 | 40.5 | 17.2 | 57.5 |
| Result for the year | - | - | 287.1 | 287.1 | 4.8 | 291.9 |
| Other comprehensive income | - | - | -217.6 | -217.6 | -1.1 | -218.7 |
| Closing balance as of 31 Dec. 2020 | 353.6 | 1,275.6 | 1,257.7 | 2,887.0 | 20.9 | 2,907.8 |
| Dividend to shareholders | - | - | -109.6 | -109.6 | -2.5 | -112.1 |
| Result for the year | - | - | 322.3 | 322.3 | 8.7 | 331.1 |
| Other comprehensive income | - | - | 176.8 | 176.8 | 0.3 | 177.1 |
| Closing balance as of 31 Dec. 2021 | 353.6 | 1,275.6 | 1,647.3 | 3,276.5 | 27.4 | 3,303.9 |

Retained earnings include other reserves amounting to MSEK 227.0 (56.6).

NOTE 1 - ACCOUNTING PRINCIPLES

General information

Elanders AB (publ.), corporate identity number 556008-1621, is a limited company registered in Sweden. The parent company is registered in Mölndal. Elanders is listed on NASDAQ OMX Stockholm, Mid Cap. The company's primary business and its subsidiaries are described in the Board of Directors' Report in this Annual Report. The annual accounts for the financial year ending on 31 December 2021 were approved by the Board and will be presented to the Annual General Meeting on 21 April 2022 for adoption.

Accounting principles

Financial reporting

The Group has prepared the annual accounts according to the Annual Accounts Act, the EU approved International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as of 31 December 2021. In addition, the Group follows the Swedish Financial Reporting Board Recommendation RFR 1 Supplemental Accounting Regulations for Groups, which specifies the additions to IFRSs information that are required according to the provisions in the Annual Accounts Act. In group accounting all items are valued at acquisition value, unless otherwise specified. The Group reports in Swedish krona. All amounts are given in millions of Swedish krona, unless otherwise specified. The following is a description of the accounting principles considered elemental.

Consolidation

Group accounting comprises the parent company, Elanders AB, and companies in which Elanders AB directly or indirectly holds a controlling interest. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Equity in the Group is comprised of equity in the parent company and the part of the equity in subsidiaries generated after acquisition. All transactions and balances between group companies are eliminated in the consolidated accounts.

Associated companies

Associated companies are companies in which the group has a significant influence, normally when the holding equal at least 20 percent but less than 50 percent of the votes. Holdings in associated companies are recognized in accordance with the equity method.

Business combinations

Subsidiaries are reported in accordance with the acquisition method. Acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value based on the date of acquisition. The surplus arising from the difference between the cost of the shares in subsidiaries and the fair value of the acquired identifiable assets and liabilities is recorded as goodwill. Acquisition value is the fair value of the assets left as reimbursement to the seller as well as the liabilities taken over on the acquisition date. If the acquisition price is lower than the fair value of the acquired subsidiary's net assets, the difference is recorded directly in the income statement. Additional purchase sums are recorded as financial liabilities until they are settled. All acquisition costs are expensed. Companies acquired in the current year are included in group accounting from the acquisition date. Divested companies are included in group accounting up until the divestiture date.

Revenue recognition

Net sales consists of sales of both products and services. Since all products are essentially integrated parts of service deliveries to customers, a split of revenues into products and services is not meaningful.

Revenue is recognized when the control has been transferred to the customer in connection with final delivery. Revenue from contracts with customers are either recognized at one point in time or over time as the service is performed in accordance with the contract.

Lease agreements

Lease agreements are recognized as right-of-use assets with a corresponding lease liability in the balance sheet when the lease asset is available to use by Elanders.

Lease liabilities are recognized as the present value of future lease payments. Each payment is divided between amortization of the lease liability and a financial cost. The financial cost is allocated over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized during each period. Lease payments are discounted with the interest rate implicit in the lease if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied based on currency and maturity of lease contracts.

The right-of-use assets are recognized at cost and include initial present value of the lease liability. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the assets useful life and the lease term, whichever is the shortest.

The lease term is determined as the non-cancellable period of the lease, together with periods covered by an option to extend or terminate the lease if it is reasonably certain that the option will be exercised. Evaluation of the certainty that the option will be exercised is made by management who consider all available information such as costs for termination and the importance of the asset for the business.

Elanders leases mainly comprise of right-of-use assets for premises, machinery and equipment and vehicles. Short-term leases and leases for which the underlying asset is of low value are exempted and is expensed on a straight-line basis in the income statement. Leases of low value mainly include IT-equipment and office equipment.

Foreign currency

Items that are included in the financial reports from the various units in the Group are originally recognized in the currency used in the primary economic environment where the respective unit chiefly operates (functional currency). In the consolidated financial statements all amounts are translated to Swedish krona, which is the parent company's functional and reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are reported in each unit based on the unit's functional currency according to the transaction day exchange rate. Monetary assets and liabilities in foreign currency are translated to balance sheet date rates and translation differences are reported under the result for the period. Translation differences in operating receivables and payables are recorded under operating results while differences in financial assets and liabilities are reported under financial items.

Translation of foreign subsidiaries

When preparing the consolidated financial statements the balance sheets of foreign operations are translated to Swedish krona with balance sheet date rates while income statements are translated to the average exchange rates for the period. Translation differ-

NOTE 1 – ACCOUNTING PRINCIPLES (CONT.)

ences are recognized as translation reserves under equity. The accumulated translation differences are redistributed and reported as part of capital gains/losses in the event of a divestiture of a foreign operation. Goodwill and adjustments to fair value attributable to acquisitions with another functional currency than Swedish krona are reported as assets and liabilities in the acquired unit's currency and translated to balance sheet date rates.

Remuneration to employees

Remuneration to employees in the form of wages, paid vacation and sick leave, bonus, pensions and so forth is reported as it is earned. Pensions and other post-employment contributions are classified as defined contribution plans or defined benefit plans.

Defined contribution plans

In the case of defined contribution plans the company pays a fixed fee to a separate, independent legal entity and is not obligated to pay further fees. Group payments for defined contribution plans are recorded as an expense as they are earned, which is normally the same period the premium is paid.

Defined benefit plans

The liability reported in the balance sheet referring to defined benefit plans is equivalent to the defined benefit plan obligation on the balance sheet date less the fair value of plan assets. Actuarial changes are recorded within other comprehensive income. In the Elanders Group there are a number of employees that have defined benefit ITP plans in Alecta, which are classified as defined benefit multi-employer pension plan. This means that a company must report their proportional share of the defined benefit pension obligation and the plan assets and expenses that are connected to this pension plan. Since Alecta cannot provide the necessary information, these pension obligations are recognized as defined contribution pension plans according to point 34 in IAS 19.

Government grants

Government grants are recognized in the balance sheet as prepaid income when there is reasonable assurance that grants will be received and that Elanders will meet the conditions associated with the grants. Grants are reported as a cost reduction and accrued over the same periods as the related costs that the grant is intended to compensate.

Taxes

The period's tax expense or income consists of current tax and deferred tax. Current tax is based on the fiscal result for the year. The annual fiscal result differs from the result reported for the year due to adjustments for non-taxable and non-deductible items. Deferred tax is tax relating to taxable or tax-deductible temporary differences that cause or reduce tax in the future. Deferred tax is calculated according to the balance sheet method based on temporary differences between recorded and fiscal values of assets and liabilities. Calculation of the amounts is based on how the temporary differences are expected to reverse using enacted tax rates or tax rates announced on the balance sheet date. Deferred tax liabilities that refer to tax deficits and deductible temporary differences are only reported in cases where it is probable that tax deficits can be recognized against tax surpluses in the future. Deferred tax is reported as an income or an expense in the income statement except in cases where it refers to a transaction that is recorded in other comprehensive income. Then the tax effect is recorded directly in other comprehensive income. Deferred tax assets and liabilities are offset against each other if they refer to income tax that is charged by the same tax authority and where the Group intends to pay the net amount in tax.

Earnings per share

Earnings per share is calculated by dividing the result for the year attributable to parent company shareholders with the average number of outstanding shares during the period. The average number of outstanding shares during the period is adjusted for all potential dilution of ordinary shares when calculating earnings per share after dilution.

Tangible assets

Tangible assets are reported at their acquisition value less accumulated depreciation and write-downs. Tangible assets are straight-line depreciated over the estimated useful life of the asset. No depreciation on land is made. Costs for repairs and maintenance are recorded as expenses. The following useful lives are used to calculate depreciation:

| | |
|-----------------------------------|-------------|
| • Buildings | 25-30 years |
| • Service facilities in buildings | 5-15 years |
| • Land improvements | 20 years |
| • Printing presses, offset | 7-10 years |
| • Printing presses, digital | 3-5 years |
| • Other mechanical equipment | 7-10 years |
| • Computer equipment and systems | 3-5 years |
| • Vehicles | 5 years |
| • Other equipment | 5-10 years |

The residual value and useful life of assets are tested on every closing day. Capital gains/losses from the sale of tangible assets are recorded as Other operating income respectively Other operating expenses.

Intangible assets

Goodwill

Goodwill is the difference between the acquisition value and the Group's share of the fair value of the acquired subsidiary's, associated company's or jointly controlled entity's identifiable assets, liabilities or obligations on the date of acquisition. If at acquisition the fair value of the acquired assets, liabilities or obligations exceed the acquisition price the difference is recorded directly as income in the income statement. Goodwill has an indefinite useful life and is recorded at acquisition value less accumulated write-downs. When a company is sold the portion of goodwill attributable to that company which has not been written-down is calculated in capital gains/losses.

Other intangible assets

Other intangible assets are customer relations, brands, favorable contracts identified at the time of an acquisition as well as the cost of purchasing and developing software. Internally created intangible assets are reported as an asset only in cases where an identifiable asset has been created, it is fairly certain that the asset will lead to financial gains and invested expenses for developments can be calculated reliably. If it is not possible to report an internally created intangible asset the costs for development are recorded as expenses in the period in which they occur. Other intangible assets from acquisitions are reported at fair value on acquisition date and in subsequent periods other intangible assets are reported with a determined useful life at acquisition value less accumulated amortization and write-downs. Trademarks with indefinite useful life are recorded at acquisition value less accumulated write-downs. Useful life for other intangible assets, besides trademarks with indefinite useful life, is normally 5-10 years.

NOTE 1 - ACCOUNTING PRINCIPLES (CONT.)

Impairment losses

Group assets are assessed at every reporting date to determine whether or not there are a potential need for a write-down. Potential impairment losses relating to goodwill and intangible assets with indefinite useful life is, however, tested at least once a year. When this is made the recoverable amount of the asset is calculated. Goodwill and Intangible assets with indefinite useful life are allocated to the smallest cash generating unit, which corresponds to group operating segments. The recoverable amount is the highest of the value in use or the net realizable value of the asset. The value in use is the current value of all in and out payments attributable to the asset during its estimated useful life together with the current net realizable value at the end of the assets useful life. If the calculated recoverable amount is lower than the book value a write-down is made equivalent to the asset's recoverable amount. Prior write-downs are recovered when a change occurs in the premises that were the basis for deciding the assets' recoverable amount when it was written-down and which entails that the write-down is no longer considered necessary. Recoveries of prior write-downs are tested individually and are recorded in the income statement. Impairment losses relating to goodwill and intangible assets with indefinite useful life are not recovered in a following period.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is calculated in accordance with the First-in, First-out method (FIFO) or weighted average prices. Acquisition value includes the cost of materials, direct labor costs and overhead charges involved in production of the goods. Net realizable value is the calculated sales value less sales expenses.

Financial instruments

A financial asset or liability is recorded in the balance sheet when Elanders becomes a party in the instrument's contractual conditions. A financial asset is derecognized from the balance sheet when the rights in the contract are realized, have matured or the company loses control over them. A financial liability is derecognized from the balance sheet when the obligation in the contract is met or resolved in some other way. Financial instruments are valued the first time at fair value plus transaction costs, which applies to all financial assets and liabilities not recognized at fair value through the result. Financial assets and liabilities recognized at fair value through the result are valued the first time at fair value, while attributable transaction costs are valued through the result. Acquisitions and divestitures of financial assets are recorded on the date of business, which is the date the company pledges to acquire or sell the asset, except in cases where the company acquires or sells listed securities, in which case settlement date accounting is applied. Financial assets are controlled at every external reporting instance to determine whether or not there are objective indications that one or a group of financial assets should be written-down. Financial instruments are recorded at their amortized cost or fair value depending on the initial classification.

Calculation of fair value for financial instruments

Official quotations at year-end are used to determine the fair value of long-term derivative instruments. The market value of other financial assets and liabilities is determined by generally accepted methods such as discounting of future cash flows with the quoted interest rate corresponding to the period of the contract.

Amortized cost

Amortized cost is calculated with the help of the compound interest method, which means that premiums or discounts together with directly related expenses or income is recorded over the period the contract is valid with the help of the calculated compound interest. The amortized cost is the value generated from a present value calculation with the compound interest rate as the discount factor.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off against each other and presented as net amount in the balance sheet where there exists a legal right to set off and where the intention is to settle the items with a net amount or realize the asset and liability at the same time.

Cash and cash equivalents

Cash and cash equivalents are cash in financial institutions and short-term liquid placements with a term of less than three months.

Accounts receivable

Accounts receivable are categorized as Loans and receivables are initially recognized at the amount of consideration that is unconditional. Accounts receivable are amounts due from customers for services performed in the ordinary course of business or goods sold. They are generally due for settlement within 30-120 days and therefore are all classified as current. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses experienced within this period. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The Group uses factoring, which means that certain accounts receivable are transferred to a factoring company in exchange for cash. With the transfer to the factoring company, the credit risk also transitions, and the Group is therefore not reporting the transferred assets in the balance sheet.

Long-term receivables, current receivables and other receivables

The receivables above are categorized as Loans and receivables, which means they are recorded at amortized cost. In the case the term of a receivable is short it is recorded at its nominal value without a discount according to the method for amortized cost.

Derivative instruments

Derivative instruments are recorded at their fair value in the balance sheet. Changes in the value of cash flow hedges are reported in particular categories under other comprehensive results until the hedged item is recorded in the income statement. Any result on hedge instruments attributable to the effective part of the hedge are recorded as equity under hedge provisions. Any result on hedge instruments attributable to the ineffective part of the hedge are recorded in the income statement. Hedges of net investments in foreign subsidiaries are recorded in the same way as cash flow hedges, with the exception that any effects from the hedge is recorded in the translation reserve.

NOTE 1 – ACCOUNTING PRINCIPLES (CONT.)

Accounts payable

Accounts payable are categorized as Other financial liabilities which means they are reported at amortized cost. Accounts payable are recorded at their nominal value without a discount due to their expected short-term.

Other financial liabilities

Liabilities to credit institutions are categorized as Other financial liabilities which means they are reported at amortized cost and directly related expenses such as arrangement fees are distributed throughout the period of the loan with the help of the compound interest method. Financial liabilities are classified as short-term unless the Group has an unconditional right to postpone the payment of the debt for at least 12 months after the end of the reporting period.

Other liabilities at fair value

Other liabilities at fair value comprise liabilities attributable to put/call options related to acquisitions of non-controlling interests. The amount that may be paid if the option is exercised is initially recognized as a financial liability at the present value of the strike price applicable at the period in time where the option can first be exercised. Changes in value are recognized over equity.

Provisions

Provisions are recorded in the balance sheet when a company has a formal or informal obligation as a result of a past event and it is likely that an outflow of resources will be necessary to resolve the obligation and a reliable estimation of the amount can be made. Provisions for restructuring costs are reported when the Group has an established, detailed restructuring plan that has been announced to the parties concerned and there is a clear expectation that the plan will be implemented. Provisions are reconsidered every time an external report is made.

Reporting on segments

The two business areas are reported as operating segments, since this is how the Group is governed. The President has been identified as the highest executive decision-maker and follows the development of the operating segments based on sales and operating profit, but not assets or liabilities per reportable segment. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments are made on markets terms.

When presenting geographical sales the customer's location has determined which geographic area sales are allocated to.

Alternative performance measures

The Annual report includes alternative performance measures for monitoring the Group's operations. Alternative performance measures are performance measures that have not been defined by IFRS. For reconciliation of the primary alternative performance measures and financial definitions, see pages 120–122.

Important estimations and assessments

When preparing the financial reports estimations and assumptions are made about the future that effect balance sheet and income statement items in the annual accounts. These assessments are based on historic experience and the various assumptions that Group Management and the Board of Directors consider plausible under existing circumstances. In cases where it is not possible to ascertain the book value of assets and liabilities through information from other sources these estimations and assumptions form the basis of the valuation. If other assumptions are made or other circumstances influence the matter the actual outcome can differ from these assessments. Individual assessments can have a particularly significant effect on Elanders' result and position in the areas of goodwill impairment testing, valuation of tax loss carry forwards and provisions.

Goodwill and trademarks

Goodwill and trademarks that has an indefinite useful life is subject to impairment tests annually or when there is an indication that a write-down may be needed. Testing is performed on the lowest identified cash generating level, which for Elanders is the operating segment level. The impairment test contains a number of assumptions that can, according to different assessments, have a significant impact on the calculation of recoverable values such as:

- operating margins/results
- discount interest
- growth/inflation

Essential assumptions when testing the need for write-downs and a description of the effect of plausible, possible changes in these assumptions that are basis of the calculations are found in note 13.

Valuation of tax loss carry forwards

Deferred tax assets concerning tax loss carry forwards reported by the Group have been tested at year-end and it is deemed probable that these can be set off against taxable gains. The tax assets primarily refer to Swedish tax loss carry forwards that can be utilized for an unlimited amount of time. The Group's Swedish operations have historically been profitable and are expected to generate a substantial surplus in the future. Elanders therefore believes it is safe to say that it will be possible to set off the deficit deduction which the tax assets stem from, against future taxable surpluses.

New standards, amendments and interpretations of existing standards

Standards, amendments and interpretations of existing standards that came into effect during 2021

During the year no interpretations or amendments of existing standards have come into effect and had a significant effect on Elanders' financial reports.

Standards, amendments and interpretations of existing standards that have not yet come into effect

No new or amended standards that have not yet come into effect are expected to have a material impact on Elanders' financial reports.

NOTE 2 – SEGMENT REPORTING

The two business areas are reported as operating segments, since this is how the Group is governed and the President has been identified as the highest executive decision-maker. The operations within each operating segment have similar economic characteristics and resemble each other regarding the nature of their

products and services, production processes and customer types. These operations have thus been merged into one operating segment, which for Elanders is the same as a reportable segment. Sales between segments are made on market terms.

REPORTING BY SEGMENT

| MSEK | Supply Chain Solutions | | Print & Packaging Solutions | |
|--|------------------------|--------------|-----------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | 9,204.4 | 8,408.4 | 2,605.9 | 2,727.3 |
| Operating expenses | -8,745.1 | -7,974.1 | -2,443.6 | -2,579.9 |
| Operating result | 459.3 | 434.3 | 162.4 | 147.4 |
| Net financial items | - | - | - | - |
| Result before tax | 459.3 | 434.3 | 162.4 | 147.4 |
| Investments | 408.1 | 570.7 | 74.7 | 69.8 |
| Depreciation and amortization | -740.4 | -738.4 | -145.2 | -143.9 |
| Goodwill | 2,229.5 | 1,437.3 | 1,075.4 | 975.9 |
| Trademarks with indefinite useful life | 701.1 | 384.2 | - | - |

| MSEK | Group functions | | Eliminations | | The Group | |
|--|-----------------|---------------|--------------|----------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net sales | 38.9 | 40.4 | -116.2 | -126.0 | 11,733.1 | 11,050.1 |
| Operating expenses | -80.4 | -76.2 | 116.2 | 126.0 | -11,152.8 | -10,504.2 |
| Operating result | -41.5 | -35.8 | - | - | 580.3 | 545.9 |
| Net financial items | -98.2 | -131.9 | - | - | -98.2 | -131.9 |
| Result before tax | -139.7 | -167.7 | - | - | 482.0 | 414.0 |
| Investments | 0.3 | 1.0 | - | - | 483.1 | 641.4 |
| Depreciation and amortization | -2.5 | -2.4 | - | - | -888.1 | -884.7 |
| Goodwill | - | - | - | - | 3,304.9 | 2,413.3 |
| Trademarks with indefinite useful life | - | - | - | - | 701.1 | 384.2 |

Financial income and expenses are not allocated to the respective business areas since the financing of the Group is managed by Group Finance.

NOTE 2 – SEGMENT REPORTING (CONT.)

SALES BY GEOGRAPHIC AREA

| MSEK | 2021 | 2020 |
|-----------------|-----------------|-----------------|
| Germany | 5,193.6 | 4,565.4 |
| USA | 1,899.9 | 2,172.7 |
| Singapore | 1,524.2 | 1,586.6 |
| China | 610.9 | 665.5 |
| Sweden | 376.0 | 333.2 |
| United Kingdom | 347.3 | 314.6 |
| Hungary | 188.8 | 230.4 |
| Switzerland | 252.9 | 207.6 |
| Poland | 204.2 | 162.2 |
| Netherlands | 169.8 | 101.2 |
| Other countries | 965.7 | 710.7 |
| Total | 11,733.1 | 11,050.1 |

Fixed assets above include other intangible assets, tangible fixed assets as well as right-of-use assets. Goodwill and trademarks with indefinite useful life and a book value of MSEK 4,006 (2,797) have not been allocated by geography. They are only allocated by segment.

Information concerning the Group's largest customers

Elanders has two customers whose sales exceed 10 percent of the Groups' net sales. In 2021, sales to the Group's largest customer represent 14 (14) percent while sales to the next largest customer represent 12 (13) percent of the total net sales. Sales to these customers is made to several of their divisions, on several

FIXED ASSETS BY GEOGRAPHIC AREA

| MSEK | 2021 | 2020 |
|-----------------|----------------|----------------|
| Germany | 2,069.8 | 1,909.8 |
| USA | 1,100.0 | 90.2 |
| Netherlands | 172.2 | 25.6 |
| Czech Republic | 122.8 | 104.7 |
| Singapore | 89.1 | 78.9 |
| United Kingdom | 76.8 | 65.0 |
| Sweden | 62.1 | 51.1 |
| Poland | 61.2 | 72.6 |
| Hungary | 41.6 | 43.6 |
| China | 28.7 | 40.9 |
| Other countries | 58.0 | 60.5 |
| Total | 3,882.3 | 2,542.9 |

continents and is based on multiple stand-alone agreements. The three largest customers are mainly attributable to the segment Supply Chain Solutions. The Group's ten largest customers together represents 53 (55) percent of total net sales.

NOTE 3 – DISAGGREGATION OF REVENUE

Revenue has been divided into geographic markets, main revenue streams and customer segments since these are the categories the Group uses to present and analyze revenue in other contexts. Income for each category is presented per operating segment. The Group's customer contracts are easy to identify and products and services in a contract are largely connected and dependent on each other, and therefore part of an integrated offer.

Main revenue streams are presented based on the internal names used in the Group. Sourcing & Procurement services refer to the purchase and procurement of products for customers as

well as handling the flows connected to these products. Freight and transportation services refer to revenue from freight and transportation with our own trucks as well as pure freight forwarding. Other supply chain services such as fulfillment, kitting, warehousing, assembly and after sales services are presented under Other contract logistics services. Other work/services refer to pure print services and other services that do not fit into any of the first three categories. Intra-group invoicing regarding group functions is reported net in net sales to group companies.

| MSEK | Supply Chain Solutions | | Print & Packaging Solutions | | Total | |
|------------------------------------|------------------------|----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Total net sales | 9,204.4 | 8,408.4 | 2,605.9 | 2,727.3 | 11,810.4 | 11,135.7 |
| Less: net sales to group companies | -27.5 | -28.2 | -49.8 | -57.4 | -77.3 | -85.6 |
| Net sales | 9,176.9 | 8,380.2 | 2,556.1 | 2,669.9 | 11,733.1 | 11,050.1 |

| MSEK | Supply Chain Solutions | | Print & Packaging Solutions | | Group | |
|-------------------------------------|------------------------|----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Customer segments | | | | | | |
| Automotive | 1,926.7 | 1,706.4 | 293.4 | 318.7 | 2,220.1 | 2,025.1 |
| Electronics | 3,299.5 | 3,183.6 | 98.2 | 57.2 | 3,397.7 | 3,240.7 |
| Fashion & Lifestyle | 1,967.8 | 1,295.9 | 874.9 | 1,063.3 | 2,842.7 | 2,359.2 |
| Health Care & Life Science | 428.9 | 863.3 | 73.1 | 59.6 | 502.1 | 922.9 |
| Industrial | 1,049.7 | 944.9 | 480.5 | 620.9 | 1,530.2 | 1,565.8 |
| Other | 504.3 | 386.1 | 736.1 | 550.2 | 1,240.3 | 936.3 |
| Net sales | 9,176.9 | 8,380.2 | 2,556.1 | 2,669.9 | 11,733.1 | 11,050.1 |
| Main revenue streams | | | | | | |
| Sourcing and procurement services | 2,138.5 | 2,757.3 | - | - | 2,138.5 | 2,757.3 |
| Freight and transportation services | 2,941.2 | 2,116.4 | 562.5 | 735.9 | 3,503.7 | 2,852.3 |
| Other contract logistics services | 3,621.0 | 3,249.0 | 395.3 | 351.0 | 4,016.3 | 3,600.0 |
| Other work/services | 476.2 | 257.4 | 1,598.4 | 1,583.0 | 2,074.6 | 1,840.4 |
| Net sales | 9,176.9 | 8,380.2 | 2,556.1 | 2,669.9 | 11,733.1 | 11,050.1 |

NOTE 3 - DISAGGREGATION OF REVENUE (CONT.)

| MSEK | Supply Chain Solutions | | Print & Packaging Solutions | | Group | |
|--------------------------------------|------------------------|----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Geographic markets | | | | | | |
| <i>Europe</i> | | | | | | |
| Germany | 4,424.8 | 3,772.7 | 768.8 | 792.7 | 5,193.6 | 4,565.4 |
| Sweden | 369.9 | 324.4 | 6.1 | 8.9 | 376.0 | 333.2 |
| United Kingdom | 96.3 | 60.1 | 251.0 | 254.5 | 347.3 | 314.6 |
| Hungary | 152.7 | 188.8 | 36.1 | 41.6 | 188.8 | 230.4 |
| Switzerland | 208.5 | 160.2 | 44.4 | 47.4 | 252.9 | 207.6 |
| Poland | 79.1 | 40.0 | 125.1 | 122.2 | 204.2 | 162.2 |
| Netherlands | 134.6 | 80.3 | 35.2 | 20.9 | 169.8 | 101.2 |
| Other countries | 330.8 | 228.4 | 241.2 | 193.7 | 572.0 | 422.0 |
| Europe total | 5,796.6 | 4,854.7 | 1,507.9 | 1,481.9 | 7,304.6 | 6,336.6 |
| <i>Asia</i> | | | | | | |
| Singapore | 1,524.1 | 1,586.3 | 0.1 | 0.3 | 1,524.2 | 1,586.6 |
| China | 608.2 | 662.8 | 2.7 | 2.7 | 610.9 | 665.5 |
| India | 95.9 | 74.6 | 0.8 | 0.4 | 96.7 | 74.9 |
| Other countries | 157.0 | 101.2 | 30.0 | 21.1 | 187.0 | 122.3 |
| Asia total | 2,385.2 | 2,424.9 | 33.6 | 24.4 | 2,418.8 | 2,449.3 |
| <i>North and South America</i> | | | | | | |
| USA | 901.2 | 1,022.2 | 998.7 | 1,150.6 | 1,899.9 | 2,172.7 |
| Other countries | 84.4 | 71.0 | 11.4 | 8.0 | 95.8 | 78.9 |
| North and South America total | 985.6 | 1,093.1 | 1,010.1 | 1,158.5 | 1,995.7 | 2,251.6 |
| Other | 9.5 | 7.5 | 4.6 | 5.0 | 14.1 | 12.5 |
| Net sales | 9,176.9 | 8,380.2 | 2,556.1 | 2,669.9 | 11,733.1 | 11,050.1 |

NOTE 4 - OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

| OTHER OPERATING INCOME | | | OTHER OPERATING EXPENSES | | |
|--------------------------------------|-------------|-------------|---|--------------|--------------|
| MSEK | 2021 | 2020 | MSEK | 2021 | 2020 |
| Exchange rate gains | 14.1 | 15.6 | Result from investments in associated companies | - | -3.8 |
| Gains from the sales of fixed assets | 6.9 | 4.1 | Exchange rate losses | -16.8 | -30.1 |
| Insurance compensations | 6.1 | 8.0 | Losses from the sales of fixed assets | -2.2 | -5.3 |
| Other | 55.5 | 40.8 | Other | -9.3 | -4.7 |
| Total | 82.6 | 68.6 | Total | -28.2 | -43.9 |

NOTE 5 – PERSONNEL

AVERAGE NUMBER OF EMPLOYEES

| | Women | | Men | | Total | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Parent company | | | | | | |
| Sweden | 5 | 4 | 6 | 6 | 11 | 10 |
| Subsidiaries | | | | | | |
| Germany | 877 | 842 | 2,302 | 2,310 | 3,180 | 3,151 |
| China | 387 | 435 | 129 | 153 | 516 | 588 |
| Singapore | 228 | 237 | 267 | 298 | 496 | 536 |
| Hungary | 127 | 129 | 195 | 203 | 322 | 332 |
| Czech Republic | 140 | 143 | 183 | 179 | 323 | 322 |
| Poland | 69 | 64 | 239 | 246 | 308 | 310 |
| USA | 244 | 162 | 192 | 146 | 436 | 308 |
| India | 22 | 23 | 157 | 170 | 179 | 193 |
| United Kingdom | 44 | 46 | 124 | 140 | 167 | 186 |
| Sweden | 36 | 36 | 104 | 96 | 139 | 133 |
| Netherlands | 10 | 6 | 51 | 45 | 61 | 50 |
| Brazil | 20 | 21 | 27 | 25 | 47 | 46 |
| Austria | 12 | 10 | 33 | 34 | 45 | 43 |
| Italy | 17 | 14 | 8 | 8 | 25 | 22 |
| Mexico | 13 | 10 | 10 | 9 | 23 | 19 |
| Taiwan | 4 | 4 | 1 | 1 | 5 | 5 |
| Romania | 2 | 3 | 2 | 1 | 4 | 4 |
| Russia | - | - | 2 | 2 | 2 | 2 |
| Canada | - | - | 1 | - | 1 | - |
| France | - | - | 1 | 1 | 1 | 1 |
| Total | 2,256 | 2,189 | 4,032 | 4,072 | 6,288 | 6,260 |

SALARIES AND OTHER REMUNERATION

| MSEK | Board and CEO | | | | | |
|----------------|------------------------------------|-------------|-----------------------|-------------|-----------------|----------------|
| | Basic wage incl. other benefits | | Variable remuneration | | Other employees | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Parent company | 14.2 | 13.9 | 5.8 | 5.6 | 15.7 | 13.6 |
| Subsidiaries | 33.2 | 25.5 | 13.9 | 9.6 | 2,125.6 | 1,988.1 |
| Total | 47.4 | 39.3 | 19.7 | 15.2 | 2,141.3 | 2,001.7 |

| MSEK | Salaries and remuneration | | Social security contributions | | Pension contributions | |
|----------------|---------------------------|----------------|----------------------------------|--------------|-----------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Parent company | 35.7 | 33.0 | 14.0 | 12.1 | 7.3 | 5.5 |
| Subsidiaries | 2,172.7 | 2,023.2 | 382.5 | 379.2 | 27.5 | 29.3 |
| Total | 2,208.4 | 2,056.2 | 396.5 | 391.3 | 34.8 | 34.8 |

NOTE 5 – PERSONNEL (CONT.)

GENDER DISTRIBUTION IN MANAGEMENT

| | Women | | Men | | Total | |
|------------------|-------|------|------|------|-------|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Board members | 4 | 4 | 5 | 6 | 9 | 10 |
| Group Management | - | - | 6 | 7 | 6 | 7 |
| Supervisors | 119 | 88 | 290 | 253 | 409 | 341 |

The Board also includes two employee representatives.

REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2021

| SEK '000s | Basic wage/ Board remuneration | Variable remuneration | Other benefits | Pension contributions | Total |
|---|--------------------------------------|--------------------------|-------------------|--------------------------|---------------|
| Chairman of the Board | 840 | - | - | - | 840 |
| Board members (8 persons) | 3,279 | - | - | - | 3,279 |
| Chief Executive Officer | 9,919 | 5,834 | 130 | 3,461 | 19,344 |
| Other senior officers (6 persons) | 25,491 | 14,329 | 610 | 1,723 | 42,153 |
| Total remuneration to the Board, CEO and senior officers | 39,529 | 20,163 | 740 | 5,184 | 65,616 |

For allocation of the remuneration to each Board member, please see page 52.

REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2020

| SEK '000s | Basic wage/ Board remuneration | Variable remuneration | Other benefits | Pension contributions | Total |
|---|--------------------------------------|--------------------------|-------------------|--------------------------|---------------|
| Chairman of the Board | 806 | - | - | - | 806 |
| Board members (8 persons) | 3,516 | - | - | - | 3,516 |
| Chief Executive Officer | 9,446 | 5,557 | 121 | 3,294 | 18,417 |
| Other senior officers (6 persons) | 26,633 | 10,536 | 644 | 1,629 | 39,441 |
| Total remuneration to the Board, CEO and senior officers | 40,401 | 16,092 | 765 | 4,922 | 62,181 |

NOTE 5 – PERSONNEL (CONT.)

Basic wage/Board remuneration

The Chairman of the Board and Board members receive compensation for their participation on the Board and committee work from the total remuneration sum for the Board determined by the Annual General Meeting. Board members and deputies employed in the Group did not receive any fees or benefits in addition to those pertaining to their employment. The Chairman of the Board has not received any compensation other than Board and committee remuneration. Remuneration to the Chief Executive Officer, the former Chief Executive Officer and other senior officers consists of a basic salary, variable remuneration, other benefits and pension. Senior officers are the persons who, together with the Chief Executive Officer, comprised Group Management in 2021.

Variable remuneration

The proportion between basic salary and variable remuneration corresponds to the officer's responsibility and authority. For the Chief Executive Officer and the Chief Financial Officer variable remuneration should not exceed 70 (60) and 50 (50) percent respectively of their annual salary. For the other senior officers variable remuneration may not exceed 40 percent of their annual salary. Variable remuneration is based on results in relation to individually targeted goals.

Pension benefits as well as other benefits to the Chief Executive Officer and senior officers are part of the total remuneration. The variable remuneration represents the expense for the financial year 2021, which is normally paid out in 2022.

The variable remuneration for the Chief Executive Officer is based on goals established by the Board. For other senior officers, variable remuneration is based on goals established by the President together with the remuneration committee. No variable remuneration or any other kind of remuneration had a dilution effect.

Other benefits

"Other benefits" refers to housing, company cars etc.

Pensions

The Group has both defined benefit and defined contribution pension plans. Pension cost is the cost that affects the result for the year. One former employee and member of Group Management had defined benefit and defined contribution pension plans. The present value of the defined benefit obligation under those plans 31 December 2021 was MSEK 2.2 (2.2) on the balance sheet date. All pensions are fully vested, i.e. there is no dependency on future employment.

The current Chief Executive Officer only has a defined contribution pension corresponding to 35 percent of the salary pension. The salary pension is based on the basic salary. The retirement age is 65 years.

For the other senior officers the retirement age is 65 years. Pension provisions are no more than 35 percent of the basic wage or, if applicable, no more than the ITP cost and the legal general pension, or the equivalent.

Financial instruments

There is no compensation or benefits in the form of financial instruments.

Other remuneration

No other remunerations have been distributed.

Severance payments

The period of notice for termination of the Chief Executive Officer by the company is 18 months. The period of notice from the Chief Executive Officer is 6 months. The period of notice for termination of other senior officers is normally 12 months. Usually no severance pay is paid no matter which party gives notice. Normal wages are paid during the period of notice.

Deviations from the guidelines

The Board is entitled to deviate from the above guidelines if the Board determines that there are special reasons that in specific cases can justify this. The Board has during the year deviated from the guidelines for one of the senior officers regarding the variable remuneration and the limitation at 40 percent of the basic wage.

Preparation and decision process

The remuneration committee has during the year presented the Board with recommendations concerning principles for the remuneration of senior officers. The recommendations have included proportions between fixed and variable remuneration as well as the size of possible raises. In addition, the remuneration committee has proposed criteria for deciding on variable remuneration as well as pension terms and severance pay. The Board has discussed the remuneration committee's proposals and made its decisions guided by their recommendations.

The Board has determined the remuneration for the Chief Executive Officer for the financial year of 2021 based on the remuneration committee's proposals. The Chief Executive Officer has determined the remuneration for other senior officers after consultation with the chairman of the remuneration committee.

Members of the remuneration committee during the year were Carl Bennet, Chairman, Pam Fredman, Erik Gabrielson, Linus Karlsson and Johan Stern. The remuneration committee meets when necessary but at least once a year to prepare proposals for the remuneration of the Chief Executive Officer and agree or disagree to his proposal for remuneration and conditions for senior officers who report directly to him. In addition, the remuneration committee draws up principles for salary levels and employment terms for Group Management. The remuneration committee proposes remuneration, terms and principles to the Board that then decides on these matters. The remuneration committee has met once in 2021. When necessary the committee has been supported by external expertise in matters concerning compensation levels and structures.

NOTE 6 - FEES TO THE AUDITORS

| MSEK | 2021 | 2020 |
|------------------------|-------------|------------|
| PwC | | |
| Audit assignment | 5.8 | 5.5 |
| Audit-related services | - | - |
| Tax advisory services | 0.2 | - |
| Other services | 4.4 | - |
| Other | | |
| Audit assignment | 0.8 | 0.8 |
| Audit-related services | 0.0 | 0.0 |
| Tax advisory services | 0.6 | 0.6 |
| Other services | 0.1 | 0.3 |
| Total | 11.2 | 7.2 |

The audit assignment refers to fees for the statutory audit, i.e. work that was necessary to deliver the auditor's report, as well as so-called audit advice provided in connection with the audit engagement. The total fee to PwC and its network amounted to MSEK 10.4 (5.5) during the year, of which MSEK 5.8 (5.5) was the fee for the audit assignment.

The parent company has paid MSEK 2.0 (1.3) in remuneration to the audit firm PricewaterhouseCoopers AB for the audit engagement, of which MSEK 0.0 (0.0) related to other services.

NOTE 7 - COSTS CLASSIFIED BY NATURE

| MSEK | 2021 | 2020 |
|--|-----------------|-----------------|
| Costs for goods for resale and other production material | 2,528.7 | 2,736.8 |
| Personnel costs | 2,788.9 | 2,600.1 |
| Freight costs | 2,869.5 | 2,437.5 |
| Other production costs | 1,797.3 | 1,549.5 |
| Costs for depreciation and write-downs | 888.1 | 884.7 |
| Cost for advertising and other selling expenses | 63.3 | 74.7 |
| Other costs | 271.5 | 245.4 |
| Total | 11,207.2 | 10,528.9 |

The table shows the total cost for sold products and services, sales costs and administrative costs allocated per type of cost.

NOTE 8 – FINANCIAL INCOME AND EXPENSES

| FINANCIAL INCOME | | | FINANCIAL EXPENSES | | |
|---------------------|-------------|-------------|---------------------------------------|---------------|---------------|
| MSEK | 2021 | 2020 | MSEK | 2021 | 2020 |
| Interest income | 0.7 | 1.6 | Interest expenses leasing liabilities | -60.5 | -56.1 |
| Exchange rate gains | 24.4 | 25.4 | Interest expenses other liabilities | -31.2 | -53.4 |
| Other | 0.1 | 0.2 | Exchange rate losses | -25.1 | -38.5 |
| Total | 25.2 | 27.2 | Other | -6.7 | -11.1 |
| | | | Total | -123.5 | -159.1 |

NOTE 9 – TAXES

RECORDED TAX

| MSEK | 2021 | 2020 |
|---|---------------|---------------|
| Current tax on the result for the year | -137.9 | -115.8 |
| Withholding tax on dividends and other taxes | -11.4 | -10.5 |
| Correction of previous years' current tax expense | -0.8 | -6.6 |
| Deferred tax | -0.9 | 10.7 |
| Recorded tax | -151.0 | -122.2 |

RECONCILIATION OF RECORDED TAX

| MSEK | 2021 | 2020 |
|---|---------------|---------------|
| Result before taxes | 482.0 | 414.0 |
| Tax according to Swedish tax rate of 20,6 (21.4)% | -99.3 | -88.6 |
| Tax effect of: | | |
| Differences in tax rates for foreign subsidiaries | -15.7 | -0.4 |
| Non-deductible costs | -21.0 | -10.3 |
| Revaluation of deferred taxes | -0.3 | -3.5 |
| Correction of previous years' tax expense | -2.1 | -6.6 |
| Withholding tax on dividends | -12.4 | -10.5 |
| Other | -0.2 | -2.2 |
| Recorded tax | -151.0 | -122.2 |

NOTE 9 – TAXES (CONT.)

DEFERRED TAX ASSETS AND LIABILITIES BY NATURE, NET

| MSEK | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| Tax loss carryforwards | 168.7 | 184.8 |
| Fixed assets | -133.2 | -143.1 |
| Other items | 102.4 | 101.2 |
| | 138.0 | 142.9 |
| Less: | | |
| Tax losses carried forward not valued | -30.5 | -24.9 |
| Closing value, net | 107.5 | 118.1 |

Unrecorded deferred tax assets refer to not valued tax loss carryforwards. For information concerning the valuation of the tax loss carryforwards please see note 1, section "Important estimations and assessments" on page 73.

ALLOCATION OF DEFERRED TAX ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

| MSEK | 2021 | 2020 |
|---------------------------|--------------|--------------|
| Deferred tax assets | 341.1 | 286.5 |
| Deferred tax liabilities | -233.6 | -168.4 |
| Closing value, net | 107.5 | 118.1 |

CHANGE IN DEFERRED TAX

| MSEK | 2021 | 2020 |
|---|--------------|--------------|
| Opening value, net | 118.1 | 109.6 |
| Acquisition of operations | -5.8 | -2.4 |
| Recorded deferred tax on the result for the year | -0.9 | 10.7 |
| Tax items charged directly against other comprehensive income | -0.6 | -0.6 |
| Translation differences | -3.3 | 0.8 |
| Closing value, net | 107.5 | 118.1 |

Tax items charged directly against other comprehensive income refer to the Group's hedge reserve and hedging of net investments abroad.

DUE DATE STRUCTURE – DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS

| MSEK | 2021 | 2020 |
|-----------------------|--------------|--------------|
| Due within one year | 1.4 | 0.4 |
| Due within 2-10 years | 1.9 | - |
| Due after 10 years | 2.1 | 3.5 |
| No due date | 132.8 | 156.0 |
| Closing value | 138.2 | 159.9 |

NOTE 10 – EARNINGS PER SHARE

| | 2021 | 2020 |
|---|-------------|-------------|
| Result for the year attributable to parent company shareholders, MSEK | 322.3 | 287.1 |
| Average number of outstanding shares, in thousands | 35,358 | 35,358 |
| Earnings per share, SEK | 9.12 | 8.12 |

Earnings per share is calculated by dividing the result attributable to the parent company's shareholders with the average number of outstanding shares during the year. There is no dilution.

NOTE 11 – OPERATING CASH FLOW

| MSEK | 2021 | 2020 |
|---|---------------|----------------|
| Cash flow from operating activities | 1,063.2 | 1,725.3 |
| Financial items | 98.2 | 131.9 |
| Paid taxes | 128.0 | 41.8 |
| Acquired and divested operations | -1,266.8 | -29.5 |
| Other items included in cash flow from investing activities | -127.6 | -86.2 |
| Operating cash flow | -105.0 | 1,783.3 |

Operating cash flow is defined as cash flow from operating activities, excluding financial items and paid taxes, and cash flow from investing activities.

NOTE 12 – SUPPLEMENTARY INFORMATION TO CASH FLOW STATEMENTS

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

| MSEK | 2021 | 2020 |
|--|--------------|--------------|
| Depreciation, amortization and write-downs of intangible and tangible assets | 888.1 | 884.7 |
| Changes in provisions that affect cash flow | -32.2 | 1.3 |
| Result from disposal of tangible assets | -4.6 | 1.2 |
| Unrealized exchange rate gains and losses | -3.3 | -6.9 |
| Other changes | -0.3 | 12.0 |
| Total | 847.7 | 892.3 |

PAID AND RECEIVED INTEREST

| MSEK | 2021 | 2020 |
|-------------------|--------------|---------------|
| Paid interest | -91.7 | -109.6 |
| Received interest | 0.7 | 1.6 |
| Total | -91.0 | -108.0 |

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash and bank balances. Short-term placements are classified as cash and cash equivalents when:

- the risk of changes in their fair value is insignificant.
- they are easily converted.
- they mature in less than three months from the date they were acquired.

Other changes in interest-bearing liabilities

The item Other changes in interest-bearing liabilities mainly refers to changes stemming from utilization of revolving credits.

NOTE 13 – INTANGIBLE ASSETS

| MSEK | Goodwill | | Trademarks ¹⁾ | |
|---|----------------|----------------|--------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 2,413.9 | 2,480.9 | 384.2 | 399.4 |
| Investments | - | - | - | - |
| Acquired and divested operations | 795.6 | 41.0 | 293.9 | - |
| Disposals | - | - | - | - |
| Reclassification | - | - | - | - |
| Translation difference | 96.1 | -108.0 | 23.1 | -15.2 |
| Closing acquisition value | 3,305.6 | 2,413.9 | 701.1 | 384.2 |
| Opening accumulated amortization and write-downs | -0.7 | -0.7 | - | - |
| Acquired and divested operations | - | - | - | - |
| Amortization for the year | - | - | - | - |
| Disposals | - | - | - | - |
| Translation difference | - | - | - | - |
| Closing accumulated amortization and write-downs | -0.7 | -0.7 | - | - |
| Net residual value | 3,304.9 | 2,413.3 | 701.1 | 384.2 |

| MSEK | Other intangible assets ²⁾ | | Total | |
|---|---------------------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 781.0 | 804.2 | 3,579.1 | 3,684.5 |
| Investments | 16.9 | 7.9 | 16.9 | 7.9 |
| Acquired and divested operations | 277.0 | 11.7 | 1,366.4 | 52.7 |
| Disposals | -17.6 | -3.1 | -17.6 | -3.1 |
| Reclassification | 0.0 | 0.1 | 0.0 | 0.1 |
| Translation difference | 35.6 | -39.8 | 154.7 | -163.1 |
| Closing acquisition value | 1,093.0 | 781.0 | 5,099.7 | 3,579.1 |
| Opening accumulated amortization and write-downs | -493.6 | -454.9 | -494.2 | -455.5 |
| Acquired and divested operations | -12.0 | - | -12.0 | - |
| Amortization for the year | -75.9 | -69.7 | -75.9 | -69.7 |
| Disposals | 17.4 | 2.9 | 17.4 | 2.9 |
| Translation difference | -18.5 | 28.1 | -18.5 | 28.1 |
| Closing accumulated amortization and write-downs | -582.5 | -493.6 | -583.1 | -494.2 |
| Net residual value | 510.5 | 287.4 | 4,516.5 | 3,084.9 |

¹⁾ Trademarks with indefinite useful life.²⁾ Customer relations, trademarks with defined useful life, software and leasehold.

NOTE 13 – INTANGIBLE ASSETS (CONT.)

AMORTIZATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

| MSEK | 2021 | 2020 |
|------------------------------------|--------------|--------------|
| Cost of products and services sold | -53.3 | -54.9 |
| Selling expenses | -18.6 | -8.2 |
| Administrative expenses | -4.3 | -6.6 |
| Total | -76.2 | -69.7 |

Impairment test

Goodwill and trademarks with indefinite useful life are subjected to impairment tests annually and when there are indications that a write-down may be necessary. Normally tests are made on the cash generating unit connected to the asset.

The recoverable amount for each cash generating unit is based on a calculation of the value in use. Impairment tests are performed on the lowest identified cash generating level, which for Elanders corresponds to its operating segments.

The value in use for the different cash generating units is calculated as the present value of endless cash flows. Cash flows for the first four years are based on budgets and strategic plans.

Significant variables in the tests are for example growth rate, operating margin and investment level. In the years following the initial four year period, an inflation of 2.0 (2.0) percent and growth rate of 2.0 (2.0) percent is assumed for business area Supply Chain Solutions. For the business area Print & Packaging Solutions an inflation rate of 2.0 (2.0) percent and a growth of 0.0 (0.0) percent has been assumed. For the impairment test, a discount rate after tax has been calculated based on the weighted average cost of capital (WACC). For the current year it was 7.1 (8.3) percent. Based on the assumptions given above the useful value exceeds the recorded value for all cash generating units.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE DIVIDED BY CASH GENERATING UNIT

| MSEK | 2021 | 2020 |
|-----------------------------|----------------|----------------|
| Supply Chain Solutions | 2,930.6 | 1,821.5 |
| Print & Packaging Solutions | 1,075.4 | 975.9 |
| Total | 4,006.0 | 2,797.4 |

For further details regarding intangible assets with indefinite useful life see note 2, page 74.

Sensitivity analysis

A number of sensitivity analyses have been made to evaluate whether or not feasible unfavorable changes could lead to need for write-downs. The analyses have focused on if the average growth rate or operating margin was reduced with one percentage unit or the discount rate was increased with one percentage unit. The analyses have not shown any need for impairment and the

recoverable value exceeds the book value for both business area Print & Packaging Solutions and Supply Chain Solutions. A need for impairment is identified first at a discount rate of 9.3 percent and 9.8 percent for Supply Chain Solutions and Print & Packaging Solutions respectively.

NOTE 14 – TANGIBLE ASSETS

| MSEK | Buildings and land ¹⁾ | | Plant and machinery | | Equipment, tools, fixtures and fittings | |
|---|-------------------------------------|---------------|------------------------|---------------|--|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 337.2 | 363.2 | 884.0 | 946.7 | 722.9 | 758.9 |
| Investments | 4.2 | 1.4 | 24.3 | 18.3 | 66.8 | 53.2 |
| Acquired and divested operations | 91.9 | - | 21.7 | - | 212.2 | 0.2 |
| Disposals | -11.9 | -0.2 | -38.9 | -16.0 | -120.5 | -47.5 |
| Reclassification | 7.2 | 0.0 | 0.4 | 9.9 | 10.8 | 1.7 |
| Translation difference | 19.5 | -27.3 | 44.9 | -74.8 | 40.3 | -43.7 |
| Closing acquisition value | 448.0 | 337.2 | 936.4 | 884.0 | 932.5 | 722.9 |
| Opening accumulated depreciation and write-downs | -200.6 | -200.3 | -679.8 | -696.5 | -554.9 | -561.5 |
| Acquired and divested operations | -41.8 | - | -12.0 | - | -108.5 | - |
| Depreciation for the year | -15.2 | -15.0 | -49.0 | -57.1 | -79.2 | -69.6 |
| Disposals | 11.6 | 0.0 | 38.1 | 15.4 | 114.8 | 42.1 |
| Reclassification | - | - | 1.7 | 0.0 | -1.7 | 0.0 |
| Translation difference | -10.9 | 14.6 | -37.0 | 58.4 | -29.3 | 34.2 |
| Closing accumulated depreciation and write-downs | -256.9 | -200.6 | -738.0 | -679.8 | -658.7 | -554.9 |
| Net residual value | 191.1 | 136.5 | 198.4 | 204.2 | 273.7 | 168.0 |

| MSEK | Fixed assets under construction ²⁾ | | Total | |
|---|--|-------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 9.9 | 10.6 | 1,953.9 | 2,079.4 |
| Investments | 27.3 | 11.9 | 122.6 | 84.8 |
| Acquired and divested operations | 14.8 | - | 340.6 | 0.2 |
| Disposals | 0.0 | -0.4 | -171.3 | -64.1 |
| Reclassification | -18.4 | -11.8 | 0.0 | -0.1 |
| Translation difference | 1.4 | -0.5 | 106.1 | -146.3 |
| Closing acquisition value | 35.0 | 9.9 | 2,351.9 | 1,953.9 |
| Opening accumulated depreciation and write-downs | - | - | -1,435.2 | -1,458.3 |
| Acquired and divested operations | - | - | -162.3 | - |
| Depreciation for the year | - | - | -143.4 | -141.6 |
| Disposals | - | - | 164.5 | 57.5 |
| Reclassification | - | - | - | - |
| Translation difference | - | - | -77.2 | 107.2 |
| Closing accumulated depreciation and write-downs | - | - | -1,653.6 | -1,435.2 |
| Net residual value | 35.0 | 9.9 | 698.2 | 518.7 |

¹⁾ Buildings and land include land with a book value of MSEK 31.0 (16.2).

²⁾ Fixed assets under construction include advances related to tangible assets of MSEK 14.4 (9.9).

There were no significant investment obligations per 31 December 2021 or 2020.

NOTE 14 – TANGIBLE ASSETS (CONT.)

DEPRECIATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

| MSEK | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| Cost of products and services sold | -119.7 | -119.4 |
| Selling expenses | -2.1 | -1.2 |
| Administrative expenses | -21.5 | -21.0 |
| Total | -143.4 | -141.6 |

NOTE 15 – RIGHT-OF-USE ASSETS

| MSEK | Buildings and land | | Plant and machinery | |
|--|-----------------------|----------------|---------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 2,320.6 | 2,021.2 | 190.6 | 196.6 |
| Investments | 746.5 | 540.0 | 45.6 | 40.4 |
| Acquired and divested operations | 661.7 | - | 46.2 | - |
| Disposals | -99.2 | -119.7 | -17.7 | -35.4 |
| Translation difference | 112.5 | -121.0 | 7.7 | -10.9 |
| Closing acquisition value | 3,742.0 | 2,320.6 | 272.4 | 190.6 |
| Opening accumulated depreciation and write-downs | -881.4 | -526.3 | -83.0 | -64.7 |
| Depreciation for the year | -530.3 | -523.4 | -51.2 | -51.0 |
| Disposals | 99.1 | 119.7 | 17.7 | 27.8 |
| Translation difference | -36.5 | 48.5 | -3.8 | 4.8 |
| Closing accumulated depreciations and write-downs | -1,349.1 | -881.4 | -120.3 | -83.0 |
| Net residual value | 2,392.9 | 1,439.1 | 152.1 | 107.6 |

NOTE 15 – RIGHT-OF-USE ASSETS (CONT.)

| MSEK | Equipment, tools, fixtures and fittings | | Total | |
|--|--|---------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 394.7 | 397.0 | 2,905.9 | 2,614.8 |
| Investments | 29.4 | 61.4 | 821.5 | 641.8 |
| Acquired and divested operations | 0.7 | - | 708.6 | - |
| Disposals | -69.7 | -46.6 | -186.6 | -201.7 |
| Translation difference | 7.7 | -17.0 | 127.9 | -148.9 |
| Closing acquisition value | 362.8 | 394.7 | 4,377.3 | 2,905.9 |
| Opening accumulated depreciation and write-downs | -204.6 | -159.1 | -1,169.1 | -750.1 |
| Depreciation for the year | -87.1 | -99.1 | -668.6 | -673.5 |
| Disposals | 62.0 | 44.4 | 178.8 | 191.9 |
| Translation difference | -4.4 | 9.2 | -44.8 | 62.6 |
| Closing accumulated depreciations and write-downs | -234.2 | -204.6 | -1,703.6 | -1,169.1 |
| Net residual value | 128.7 | 190.1 | 2,673.6 | 1,736.8 |

DEPRECIATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

| MSEK | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| Cost of products and services sold | -647.5 | -655.7 |
| Selling expenses | -7.9 | -6.3 |
| Administrative expenses | -13.2 | -11.6 |
| Total | -668.6 | -673.5 |

EXPENSES RECOGNIZED IN THE INCOME STATEMENT

| MSEK | 2021 | 2020 |
|--|---------------|---------------|
| Depreciation right-of-use assets | -668.6 | -673.5 |
| Interest expenses lease liability | -60.5 | -56.1 |
| Expenses related to short-term leases and leases with low value | -97.4 | -93.8 |
| Expenses related to variable leasing fees that is not included in the valuation of the lease liability | -51.5 | -24.8 |
| Total | -878.0 | -848.2 |

The total cash flow for leasing contracts amounted to MSEK 857 (833).

NOTE 16 – SHARES IN ASSOCIATED COMPANIES

| Shares in associated companies | Percentage holding | Carrying value, MSEK | MSEK | 2021 | 2020 |
|--------------------------------|--------------------|----------------------|--------------|------|------|
| LOGworks GmbH | 49 | - | Fixed assets | 0.0 | 0.1 |

The table below shows summarized income statement and balance sheet for the Group's associated companies.

| MSEK | 2021 | 2020 |
|---------------------|-------|-------|
| Net sales | 169.9 | 112.6 |
| Operating result | 10.3 | 1.2 |
| Result for the year | 7.2 | 1.1 |

NOTE 17 – INVENTORY

| MSEK | 2021 | 2020 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 200.1 | 111.7 |
| Work in process | 30.9 | 19.9 |
| Finished goods | 169.4 | 101.3 |
| Total | 400.4 | 232.9 |

Costs relating to obsolescence expensed during the year amounted to MSEK 4.6 (7.9) and at year-end the obsolescence reserve was MSEK 12.9 (13.5).

NOTE 18 – PREPAID EXPENSES AND ACCRUED INCOME

| MSEK | 2021 | 2020 |
|----------------------------------|--------------|--------------|
| Services performed, not invoiced | 118.5 | 112.4 |
| Other prepaid expenses | 95.4 | 50.1 |
| Other accrued income | 62.8 | 38.3 |
| Total | 276.7 | 200.8 |

NOTE 19 – CASH AND CASH EQUIVALENTS

| MSEK | 2021 | 2020 |
|----------------------------------|--------------|----------------|
| Cash and bank | 898.1 | 1 101.4 |
| Cash and cash equivalents | 898.1 | 1 101.4 |

Translation differences in cash and cash equivalents for the year were MSEK 73.7 (-103.7).

NOTE 20 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial goals regarding capital structure

The major financial goal of Elanders is to create value for the owners of the company. The purpose of the goals regarding group capital structure are to ensure the company's ability to continue operations and generate returns to its shareholders as well as be useful to other interested parties. Achieving a good balance between equity and loan financing ensures the flexibility the Group needs in order to be able to invest in operations while maintaining control over the cost of capital. Dividends to shareholders, redemption of shares, issuing new shares or divesting assets are examples of measures the Group can use to adjust its capital structure.

Elanders has the goal of net debt in relation to EBITDA as a maximum of 2.5 times. In 2021 this quota was 3.6 (2.0) times.

Financial risk management

The major purpose of group financial risk management is to identify, control and minimize the Group's financial risks. Risk management is centralized to Group Finance. Financial risks in the Group's subsidiaries are managed by Group Finance that also acts as an internal bank. The exception is commercial credit risks, which are handled by each subsidiary. The financial policy adopted by the Board steers which currency risks are hedged as well as how interest, financing and liquidity risks are handled. The greatest financial risks the Group is exposed to are currency risk, interest risk, financing risk and credit risk.

Currency risk

Elanders runs into a currency risk primarily through transactions in another currency than that of the company's local currency (transaction exposure) and when converting net profit and net assets from foreign subsidiaries (translation exposure).

Transaction exposure

Actual receivables and payables along with contracted purchase and sales orders with payment flows within a twelve-month period are hedged to some extent. Anticipated or budgeted flows are not hedged.

The Group uses forward exchange contracts to handle exchange risk exposure and hedge accounting for contracted future payment flows as well as translation of financial assets and liabilities. The hedge reserve for forward exchange contracts per 31 December 2021 amounted to MSEK 0.1 (0.1) and will be returned to the income statements in 2022.

Translation differences on operating receivables and payables as well as forward exchange contracts that are held for hedging purposes are reported as other operating income or expenses. Translation differences on financial liabilities and assets and the associated hedging instruments are reported under financial items.

Translation exposure

Elanders' results from foreign subsidiaries in foreign currency consist primarily of USD and EUR and the Group result is sensitive to fluctuation in these currencies. Below is an analysis of how a positive or negative change of 10 percent of the average exchange rates on these currencies should have affected the Group net sales and operating result in 2021:

| MSEK | Estimated effect from changes in exchange rates by 10% | | |
|-----------|--|------------------|-------------------|
| | Net sales | Operating result | Result before tax |
| EUR | +/- 727 | +/- 35 | +/- 24 |
| USD | +/- 374 | +/- 22 | +/- 15 |
| EUR & USD | +/- 1,101 | +/- 57 | +/- 39 |

In regards to net assets in foreign subsidiaries the exposure is primarily in EUR and USD. Hedging of the net investments made in foreign subsidiaries has partly been made regarding the operations in Germany, USA and Singapore through loans in EUR and USD. If the exchange rates in EUR and USD changed by 10 percent it would affect equity by MSEK 270 (181), including the above described hedging.

Currency hedges

The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2021. All the contracts are due within a year. The nominal amount refers to hedged currency translated to SEK.

| Currencies | Nominal amount MSEK | Average hedging rate |
|------------|---------------------|----------------------|
| SEK/EUR | 97.9 | 10.25 |
| EUR/PLN | 20.6 | 4.63 |
| USD/PLN | 1.0 | 3.97 |
| USD/SEK | 31.6 | 9.04 |
| PLN/SEK | 0.6 | 2.16 |

NOTE 20 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

Interest risk

Interest risk is defined as the risk of lower profits caused by a change in interest rates. The Group strives to achieve a balance between cost efficient borrowing and the risk exposure if a sudden, substantial interest rate change should occur and negatively influence profits and cash flow. If there is a change in market interest rates by one percentage unit (on the utilized credit facilities at year end, which are covered by the agreement with the Group's main banks), the Group's profit after tax would have been affected by approximately MSEK 27 (23).The following table presents the allocation of interest-bearing and non-interest-bearing financial assets and liabilities. Reserves for pensions have been included in interest-bearing liabilities. In the table regarding dividing financial instruments into categories further down in this note they are included in non-financial liabilities.

| MSEK | Floating interest | Non-interest-bearing |
|-----------------------|-------------------|----------------------|
| Current receivables | - | 1,892.2 |
| Cash and bank | 898.1 | - |
| Long-term liabilities | -5,326.0 | - |
| Current liabilities | -820.9 | -740.6 |
| Total | -5,248.8 | 1,151.6 |

Financing/liquidity risk

Financing/liquidity risk is defined as the risk of not being able to meet payment obligations as a result of insufficient liquid funds or difficulties in finding financing. During the year a new credit facility agreement has been signed with the Group's main banks. The Group now has three (two) main banks. The agreement runs for three years with an option to extend it one plus one year. Related to the Group's interest-bearing liabilities there are covenants from the credit institutions regarding debt/equity ratio and net debt in relation to EBITDA. As of 31 December 2021 all covenants were fulfilled with a good margin. See page 93 concerning due date structure regarding financial liabilities.

Credit risk

Credit risk is defined as the risk of a counterparty not meeting their obligations. Credit risk can be divided into financial credit risk and commercial credit risk.

Financial credit risk

The most crucial financial credit risk for the Group arises when trading exchange derivative instruments and investing surplus liquidity. Hence, in order to reduce the risk, the financial policy stipulates that only counterparts that have been approved by Group Finance should be used. On 31 December 2021 total exposure regarding financial credit risks was MSEK 968 (1,547). The exposure is based on the recorded value of all financial assets except shareholdings and accounts receivable.

Commercial credit risk

The commercial credit risk consists of the payment ability of customers and is handled by the subsidiaries through careful monitoring of payment ability, follow up of customers' financial reports and good communication. The Group's total credit risk is spread out over many different companies. However, in actuality a few customers represent a large part of the Group's accounts receivable. These customers are for the most part large, listed companies that have been thoroughly investigated. The total commercial credit exposure is equivalent to the book value of accounts receivable and amounted to MSEK 1,822 (1,344) per 31 December 2021.

In 2021 credit losses amounted to MSEK 0 (2).

Operational risks

In addition to the financial risks above Elanders is exposed to risks tied to daily operations. Handling operational risks is part of the day-to-day work in our subsidiaries and in Group Management. In terms of responsibility all group operations are represented in Group Management which meets and communicates on a regular basis.

Sensitivity analysis

The table below presents how group results after tax would have been affected by a change of one percentage in the variables connected to Elanders various operational risks. Each variable has been treated individually under the condition that the others remain constant. It is assumed that a change in net sales will affect the value added on the margin which thereafter will presumably fall straight through the income statement. A change in personnel costs is multiplied with total personnel costs. A change in material costs is multiplied with the total costs of material and is not assumed to be able to be charged from the customer. The analysis does not pretend to be exact. It is merely indicative and aims to show the most relevant, measurable factors in this connection. The figures are presented in MSEK.

- Net sales $+/- 42$
 - Personnel cost $+/- 20$
 - Cost of material $+/- 18$

NOTE 20 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

DUE DATE STRUCTURE REGARDING FINANCIAL LIABILITIES

Due date structure regarding financial liabilities, including interest expenses, is presented in the table below. The amounts are future undiscounted cash flows. During the year a new credit facility agreement has been signed with the Group's main banks. The Group now has three (two) main banks. The agreement runs for three years with an option to extend it one plus one year. In the due date structure regarding the financial liabilities, the interest and currency exchange rates as of year end have been used.

| MSEK | Jan.-Mar. 2022 | Apr.-Dec. 2022 | 2023-2026 | 2027- |
|-----------------------------|-------------------|-------------------|----------------|--------------|
| Borrowing debts | 27.3 | 82.8 | 2,798.6 | - |
| Finance lease liabilities | 215.5 | 573.5 | 1,857.1 | 415.9 |
| Accounts payable | 875.4 | - | - | - |
| Other financial liabilities | 65.2 | - | 362.4 | - |
| Interest | 34.3 | 95.2 | 155.0 | 20.6 |
| Total | 1,217.6 | 751.5 | 5,173.1 | 436.5 |

Other financial liabilities maturing 2023-2026 refers to mandatory call/put options relating to acquisitions of non-controlling interests.

Financial instruments – initial assessment

Financial instruments are valued the first time at fair value plus transaction costs, which applies to all financial assets and liabilities not recognized at fair value through profit or loss. Financial assets and liabilities recognized at fair value through profit or loss are valued the first time at fair value, while attributable transaction costs are valued through profit or loss.

Mandatory call/put options are initially recognized as financial liability at the present value of the redemption price that applies at the time when the option can first be exercised.

RECEIVABLES OVERDUE BUT NOT WRITTEN-DOWN

| MSEK | 2021 | 2020 |
|----------------------------|--------------|--------------|
| 1-30 days overdue | 142.8 | 111.7 |
| 31-60 days overdue | 29.4 | 28.5 |
| 61-90 days overdue | 19.5 | 17.2 |
| 91-120 days overdue | 13.3 | 5.4 |
| More than 120 days overdue | 1.3 | 4.3 |
| Total | 206.3 | 167.1 |

Only accounts receivables are included in the table above. No other overdue receivables existed as of 31 December 2021 or 2020. Accounts receivable amounting to MSEK 15 (10) are overdue with more than 90 days without any identified need for write-down. The receivables refers to customers without any history of payment difficulties.

CHANGE IN PROVISION FOR DOUBTFUL RECEIVABLES

| MSEK | 2021 | 2020 |
|---|--------------|--------------|
| Opening provision for doubtful receivables | -28.0 | -24.2 |
| Bad debt provision in acquired operations | -8.8 | - |
| Reversal of provision from previous year | 20.7 | 12.5 |
| Utilized provisions for confirmed losses | - | 0.6 |
| Provisions during the year | -10.7 | -18.1 |
| Translation difference | -1.0 | 1.2 |
| Closing provision for doubtful receivables | -27.8 | -28.0 |

INTEREST INCOME AND EXPENSES STEMMING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

| MSEK | 2021 | 2020 |
|--|--------------|---------------|
| Interest income from financial assets | 0.7 | 1.6 |
| Interest expenses due to financial liabilities | -90.4 | -108.4 |
| Total | -89.7 | -106.8 |

The reason the result is not the same as the interest result recorded under financial items is mainly due to the fact that financial items stemming from pensions have been excluded.

NOTE 20 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

Net profit/loss for financial instruments recorded in the income statement

The table below contains the following items that have been recorded in the income statement:

- Profits and losses stemming from exchange rate differences, including profits and losses attributable to hedge accounting.
- Profits and losses stemming from financial instruments where hedge accounting is applied.
- Profits and losses stemming from derivatives where hedge accounting is not applied.

| MSEK | 2021 | 2020 |
|-----------------------------|--------------|--------------|
| Loans and receivables | 59.7 | -111.5 |
| Other financial liabilities | -88.5 | 88.0 |
| Total | -28.8 | -23.5 |

Financial assets and liabilities measured at fair value

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward exchange contracts and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. All derivatives are included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels. The table below presents fair value respective booked value per class of financial assets and liabilities, which are recorded gross.

| MSEK | 2021 | 2020 |
|--|------|------|
| Other current assets – Derivative instruments in hedge accounting relationships | 0.1 | - |
| Short-term non-interest-bearing liabilities – Derivative instruments in hedge accounting relationships | - | 0.1 |

Mandatory call/put options are initially recognized as financial liability at the present value of the redemption price that applies at the time when the option can first be exercised. Changes in the fair value of these liabilities are recognized over equity.

The fair value of other financial assets and liabilities valued at their amortized purchase price is estimated to be equivalent to their book value.

Hedge accounting

Financial instruments used to hedge currency risks in contracted cash flows as well as net investments abroad have been recorded at market value in the balance sheet. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency, the group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

Categorization of financial instruments

The categorization of financial assets and liabilities and their book value in the balance sheets for 2021 and 2020 are presented in the tables below. For information regarding financial assets and liabilities valued at fair value see previous page. For other assets and liabilities shown below the fair value is estimated to be equivalent to their book value.

FINANCIAL ASSETS AT AMORTIZED COST

| MSEK | 2021 | 2020 |
|---------------------------|----------------|----------------|
| Accounts receivable | 1,822.1 | 1,343.5 |
| Other financial assets | 70.2 | 52.3 |
| Cash and cash equivalents | 898.1 | 1,101.4 |
| Total | 2,790.4 | 2,497.2 |

LIABILITIES AT AMORTIZED COST

| MSEK | 2021 | 2020 |
|--|----------------|----------------|
| Trade payables and other financial liabilities | 940.6 | 683.6 |
| Borrowings | 6,048.3 | 3,847.7 |
| Total | 6,988.9 | 4,531.3 |

NOTE 21 – SHARE CAPITAL

| Number of registered shares in the parent company | 2021 | 2020 |
|---|-------------------|-------------------|
| Issued per 1 January | 35,357,751 | 35,357,751 |
| Issued per 31 December | 35,357,751 | 35,357,751 |

| 2021 | Number of shares | Number of votes | Share capital, SEK |
|--------------|-------------------|-------------------|--------------------|
| A shares | 1,814,813 | 18,148,130 | 18,148,130 |
| B shares | 33,542,938 | 33,542,938 | 335,429,380 |
| Total | 35,357,751 | 51,691,068 | 353,577,510 |

All shares are completely paid for. No shares are reserved for transfer according to option agreements or other contracts. The shares' quota value is SEK 10.

NOTE 22 – INTEREST-BEARING LIABILITIES

The Group had a total of MSEK 4,132 (3,201) per 31 December 2021 in credit facilities including factoring of which MSEK 995 (976) were unutilized.

The financing cost is priced according to a fixed interest term and an agreed margin. The Group's average effective interest rate during the year was 2.6 (3.1) percent. A fee is charged for granted credit facilities, this is recognized within other financial expenses.

CHANGES IN INTEREST-BEARING LIABILITIES

| MSEK | 2021 | 2020 |
|---|----------------|----------------|
| Opening liabilities | 3,847.7 | 4,510.0 |
| Reported liabilities relating to lease agreements entered during the year | 1,051.6 | 550.6 |
| Amortization of lease liabilities | -647.6 | -657.9 |
| Other changes in lease liabilities | 470.4 | 83.2 |
| Reported liabilities relating to new loans entered into during the year | 3,089.0 | - |
| Amortization of borrowing debts | -2,075.4 | -166.8 |
| Other changes in borrowing debts | 171.4 | -273.4 |
| Translation difference | 141.2 | -198.0 |
| Closing liabilities | 6,048.3 | 3,847.7 |

Pledged assets

See note 27 for information on pledged assets.

NOTE 23 – NET INTEREST-BEARING DEBT

| MSEK | Cash and cash equivalents | Interest- bearing long- term liabilities | Interest- bearing short- term liabilities | Total |
|------------------------------------|---------------------------------|--|---|----------------|
| Net debt as of 1 Jan. 2021 | -1,101.0 | 3,268.0 | 687.0 | 2,854.0 |
| Acquired and divested operations | -103.5 | 995.5 | 110.0 | 1,001.9 |
| Changes with cash effect | 380.7 | 788.1 | -545.2 | 623.6 |
| Changes with no cash effect | - | 156.6 | 543.6 | 700.2 |
| Translation difference | -73.9 | 117.4 | 25.5 | 69.0 |
| Net debt as of 31 Dec. 2021 | -897.7 | 5,325.6 | 820.9 | 5,248.8 |

NOTE 24 – PROVISIONS FOR POST-EMPLOYMENT BENEFITS

Defined benefit pension plans

Defined benefit pension plans mainly cover retirement pensions and widow pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of wages or a certain annual sum. Retirement pensions are based on the number of years a person is employed. The employee must be registered in the plan for a certain number of years in order to receive full retirement pension. For each year at work the employee earns an increasing right to pension, which is recorded as pension earned during the period as well as an increase in pension obligations. These plans are financed through payments made regularly by the employer.

The fair value of the plan assets in the Elanders' defined benefit pension plans amounted to MSEK 23.1 (23.0) as of 31 December 2021 and the present value of the pension obligations amounted to MSEK 121.7 (130.7). The defined contribution plans are mainly attributable to the operations in Germany.

The actuarial measurement of pension obligations and costs for defined benefit plans are based on the following actuarial significant assumptions:

| Percent | 2021 | 2020 |
|--------------------------------|------|------|
| Discount rate ¹⁾ | 0.85 | 0.45 |
| Expected return on plan assets | 0.85 | 0.45 |

¹⁾ The discount rate is based on the anticipated returns from a typical high-quality company euro bond with AA rating.

PROVISION FOR POST-EMPLOYMENT OBLIGATIONS

| MSEK | Funded plans | Unfunded plans | Total |
|--|-----------------|-------------------|-------------|
| Present value of post-employment obligations | 106.1 | 15.6 | 121.7 |
| The fair value of plan assets | -23.1 | - | -23.1 |
| Total | 83.0 | 15.6 | 98.6 |

NOTE 24 – PROVISIONS FOR POST-EMPLOYMENT BENEFITS (CONT.)

CHANGE IN CURRENT VALUE OF THE POST-EMPLOYMENT OBLIGATIONS

| MSEK | 2021 | 2020 |
|-----------------------------------|--------------|--------------|
| Opening balance | 130.7 | 130.2 |
| Interest expense | 1.3 | 1.0 |
| Actuarial gains(-)/losses(+), net | -8.6 | 6.5 |
| Current year service cost | 0.3 | 0.3 |
| Pensions paid out | -4.0 | -2.8 |
| Translation difference | 2.0 | -4.7 |
| Closing balance | 121.7 | 130.7 |

CHANGE IN PLAN ASSETS FAIR VALUE

| MSEK | 2021 | 2020 |
|-----------------------------------|-------------|-------------|
| Opening balance | 23.0 | 24.4 |
| Return on plan assets | 0.2 | 0.2 |
| Disbursement | -0.5 | - |
| Actuarial gains(-)/losses(+), net | 0.2 | -0.9 |
| Translation difference | 0.2 | -0.8 |
| Closing balance | 23.1 | 23.0 |

NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT REGARDING DEFINED BENEFIT PLANS

| MSEK | 2021 | 2020 |
|--|------------|------------|
| Current year service cost | 0.3 | 0.3 |
| Interest expense | 1.3 | 1.0 |
| Return on plan assets | -0.2 | -0.2 |
| Pension costs for defined benefit plans | 1.4 | 1.2 |

Defined contribution pension plans

These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by individual group companies to different insurance companies. The premium payments are based on the individuals' wages and salaries. The pension costs for the current period are included in the income statement and amount to MSEK 38.7 (34.8).

The obligations for retirement and sick pensions for white-collar workers for several of the Swedish companies have been safeguarded through an insurance in Alecta. According to an opinion from the Swedish Financial Reporting Board, UFR 10, this is a

defined benefit multi-employer plan. The Group has not had access to the information necessary to report these plans as defined benefit pension plans for the financial year 2021. This is because Alecta is not able to provide the specific defined benefit obligation for those being insured. Consequently, the pension plans that are safeguarded through insurance in Alecta are reported as a defined contribution plan. The payments for pension insurances from Alecta totaled MSEK 1.4 (1.8) in 2021. For 2022, no significant changes are expected regarding the total costs for pension insurance from Alecta.

NOTE 25 – OTHER PROVISIONS

| MSEK | Guarantee commitments | Restructuring measures | Restoration costs | Other | Total |
|---|------------------------------|-------------------------------|--------------------------|--------------|--------------|
| Opening balance as of 1 Jan. 2021 | 65.8 | 32.7 | 47.1 | 34.6 | 180.2 |
| Provided for during the year | 29.1 | 6.9 | 42.4 | 21.2 | 99.6 |
| Utilized during the year | -16.6 | -30.7 | -27.8 | -22.4 | -97.5 |
| Reversal of unutilized amounts | -11.8 | -1.5 | -9.6 | -6.3 | -29.2 |
| Acquired operations | 0.1 | - | 0.1 | 0.8 | 1.0 |
| Translation difference | 1.1 | 0.3 | 1.4 | 1.1 | 3.9 |
| Closing balance as of 31 Dec. 2021 | 67.7 | 7.7 | 53.6 | 29 | 158.0 |
| Of which: | | | | | |
| Current | 67.7 | 7.7 | 38.4 | 25.0 | 138.8 |
| Non-current | | | 15.2 | 4.0 | 19.2 |
| MSEK | Guarantee commitments | Restructuring measures | Restoration costs | Other | Total |
| Opening balance as of 1 Jan. 2020 | 51.8 | 85.8 | 29.3 | 19.4 | 186.3 |
| Provided for during the year | 33.8 | 17.8 | 34.4 | 30.5 | 116.5 |
| Utilized during the year | -12.7 | -69.5 | -13.6 | -12.7 | -108.5 |
| Reversal of unutilized amounts | -4.6 | -0.3 | -0.6 | -0.2 | -5.7 |
| Acquired operations | - | - | - | - | 0.0 |
| Translation difference | -2.5 | -1.1 | -2.4 | -2.4 | -8.4 |
| Closing balance as of 31 Dec. 2020 | 65.8 | 32.7 | 47.1 | 34.6 | 180.2 |
| Of which: | | | | | |
| Current | 65.8 | 32.7 | 34.3 | 28.0 | 160.8 |
| Non-current | | | 12.8 | 6.6 | 19.4 |

NOTE 26 – ACCRUED EXPENSES AND DEFERRED INCOME

| MSEK | 2021 | 2020 |
|--|--------------|--------------|
| Holiday pay liability | 59.1 | 51.1 |
| Social security contributions | 45.4 | 37.0 |
| Accrued salaries and remuneration | 183.3 | 124.4 |
| Accrued expenses for services and goods received | 402.8 | 287.1 |
| Other accrued expenses and deferred income | 121.4 | 95.8 |
| Total | 812.0 | 595.4 |

NOTE 27 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

| MSEK | 2021 | 2020 |
|----------------------|--------------|--------------|
| Floating charges | 119.3 | 119.3 |
| Other pledged assets | 240.4 | 239.9 |
| Total | 359.7 | 359.2 |
| Pledged to: | | |
| Credit institutions | 359.7 | 359.2 |

Other pledged assets refer primarily to collateral in the form of shares in subsidiaries. The item also includes leased assets held under a retention of title clause.

CONTINGENT LIABILITIES

| MSEK | 2021 | 2020 |
|------------------------|------------|------------|
| Contingent liabilities | 0.2 | 0.1 |
| Total | 0.2 | 0.1 |

NOTE 28 – TRANSACTIONS WITH RELATED PARTIES

The transactions between subsidiaries have taken place with normal business terms and at market prices. During the year intra-group sales of products and services amounted to MSEK 4,780 (4,751). Intra-group transactions and balances have been eliminated and are therefore not included in the figures below concerning the Group.

Sales of products and services

During 2021 and 2020 there have not been any sales of products and services to related parties.

Purchase of products and services

Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 2.6 (1.0).

No Board member or senior officer has or has had direct or indirect participation in any business transactions, between themselves or the Group that are or were of an unusual nature concerning the terms.

Remuneration to Board members and management is reported in note 5.

NOTE 29 – ACQUIRED AND DIVESTED OPERATIONS

Acquisition of operations in 2021

ReuseIT Sweden AB and ReuseIT Finance AB

In March 2021 Elanders acquired 70 percent of the shares in ReuseIT Sweden AB and ReuseIT Finance AB ("ReuseIT"). ReuseIT is a rapidly growing company with net sales in 2020 of almost MSEK 70 and good profitability. They are specialized in purchasing, securely erasing, renovating, reselling and renting out used IT equipment. The acquisition makes Elanders one of the leading actors on the Swedish market. At the same time this is part of a larger strategic investment in global sustainable services.

The contract contains a mandatory put and call option that gives Elanders the right to acquire the remaining shares in the company during 2025. For this reason, the company is consolidated to 100 percent from the acquisition date and no non-controlling interests is reported. The purchase price for the remaining shares is based on the company's earnings in the coming years and the assumed purchase price has been recognized as a liability. ReuseIT is part of business area Supply Chain Solutions and was consolidated into the Group per March 2021. The acquisition did not have any material effect on net sales or the result during the period.

The purchase price and acquisition costs charged cash flow in the first quarter by around MSEK 45, of which MSEK 1 consisted of consultancy fees. The acquisition was financed within Elanders' existing credit framework.

The purchase price allocation is preliminary.

Schärtl Druck & Medien GmbH & Co. KG

In July 2021 Elanders acquired all the shares in the German digital print company Schärtl Druck & Medien GmbH & Co. KG ("Schärtl"). Schärtl is specialized as a subcontractor for different actors in online print, which is one of the few areas in the graphic industry showing organic growth. Elanders is already a well-established subcontractor in this area and together with Schärtl Elanders will be one of the leading actors in Europe.

Schärtl had net sales of around MEUR 15 in the last twelve-month period with good profitability. The purchase price for the shares was MEUR 8 on a debt-free basis. The seller may also receive an additional sum, based on the earnings in the coming years, which will be paid in 2024.

Schärtl is part of business area Print & Packaging Solutions and was consolidated into the Group as of July 2021. Since the acquisition the company has contributed to Group net sales by just over MSEK 100 and to the net result by MSEK 11.

One-off costs in connection with the acquisition were around MSEK 1 and consisted of consultancy fees. The acquisition was financed within Elanders' existing credit framework.

The purchase price allocation is preliminary.

NOTE 29 – ACQUIRED AND DIVESTED OPERATIONS (CONT.)

Bergen Shippers Corp.

In November 2021 Elanders acquired 80 percent of the shares in the American supply chain management company Bergen Shippers Corp. The company operates under the name Bergen Logistics and is specialized in contract logistics services for the customer segment Fashion & Lifestyle. This acquisition makes this customer segment the largest in the Group.

The company's net sales in 2020 were MUSD 82 and over MUSD 100 in 2021. The company was valued at MUSD 155 on a debt free basis and Elanders initially acquired 80 percent of the shares for MUSD 124. The initial purchase price charged cash flow in the fourth quarter 2021. The contract contains a mandatory put and call option for the remaining shares in the company that can be used during 2024. For this reason, the company is consolidated to 100 percent from the acquisition date and no non-controlling interests is reported. The purchase price for the remaining shares is based on the company's earnings in 2023 and the assumed purchase price has been recognized as a liability. Bergen Logistics is part of business area Supply Chain Solutions and was consolidated into the Group per November 2021. Since the acquisition the company has contributed to Group net sales by just over MSEK 200 and to the net result by MSEK 8, excluding acquisition costs but including financing costs.

One-off costs in connection with the acquisition were around MSEK 15 and consisted primarily of consultancy fees. Bergen Logistics is expected to contribute positively to earnings per share during 2022. The acquisition was financed with an acquisition loan via the Group's three principal banks.

The purchase price allocation is preliminary.

Eijgenhuijsen Exploitatie BV

At the end of November 2021 Elanders acquired all the shares in Eijgenhuijsen Exploitatie BV and its subsidiary Eijgenhuijsen Precisievervoer BV (together Eijgenhuijsen). Through this acquisition Elanders will be able to offer special transportation, installation and retrieving of advanced technical equipment. Eijgenhuijsen is a leading actor in the Netherlands in this field. The acquisition is a step in augmenting value-adding services to customers such as those in Electronics and Healthcare & Life Science. Eijgenhuijsen is privately owned and had net sales of MEUR 10 in 2020.

Eijgenhuijsen is part of business area Supply Chain Solutions and was consolidated into the Group per December 2021. The acquisition did not have any material effect on net sales or the result during the period.

The purchase price was around MEUR 10 on a debt-free basis. The acquisition was financed within Elanders' existing credit framework and acquisition costs were around MSEK 2.

The purchase price allocation is preliminary.

PRELIMINARY PURCHASE PRICE ALLOCATION (PPA) BERGEN LOGISTICS

| MSEK | Recorded values in acquired operations | Adjustments to fair value | Recorded value in the Group |
|---|--|---------------------------|-----------------------------|
| Intangible assets | 0 | 534 | 534 |
| Other assets ¹⁾ | 771 | 68 | 839 |
| Current assets excluding cash and cash equivalents | 143 | 0 | 143 |
| Cash and cash equivalents | 46 | 0 | 46 |
| Other non-interest-bearing liabilities | -87 | -64 | -151 |
| Interest-bearing liabilities ²⁾ | -687 | 0 | -687 |
| Identifiable net assets | 185 | 538 | 723 |
| Goodwill | | | 682 |
| Total | 185 | 538 | 1,405 |
| Less: | | | |
| Unpaid purchase price | | | -278 |
| Cash and cash equivalents in acquisitions | | | -46 |
| Negative effect on cash and cash equivalents for the Group | | | 1,081 |

¹⁾ Whereof right-of-use assets MSEK 664.

²⁾ Whereof lease liabilities MSEK 664.

NOTE 29 – ACQUIRED AND DIVESTED OPERATIONS (CONT.)

PRELIMINARY PURCHASE PRICE ALLOCATION (PPA) OTHER ACQUISITIONS

| MSEK | Recorded values in acquired operations | Adjustments to fair value | Recorded value in the Group |
|---|--|---------------------------|-----------------------------|
| Intangible assets | 4 | 44 | 48 |
| Other assets ¹⁾ | 153 | 1 | 155 |
| Current assets excluding cash and cash equivalents | 53 | 0 | 53 |
| Cash and cash equivalents | 59 | 0 | 59 |
| Other non-interest-bearing liabilities | -56 | -10 | -65 |
| Interest-bearing liabilities ²⁾ | -109 | 0 | -109 |
| Identifiable net assets | 105 | 35 | 141 |
| Goodwill | | | 144 |
| Total | 105 | 35 | 285 |
| Less: | | | |
| Unpaid purchase price | | | -61 |
| Amortization of external loans in connection with acquisition | | | 21 |
| Cash and cash equivalents in acquisitions | | | -59 |
| Negative effect on cash and cash equivalents for the Group | | | 186 |

¹⁾ Whereof right-of-use assets MSEK 78.

²⁾ Whereof lease liabilities MSEK 78.

Acquisition of operations in 2020

In October 2020 Elanders signed a contract to acquire 70 percent of the shares in Azalea Global IT AB. Azalea has net sales of around MSEK 30 annually, good profitability and is specialized in Value Recovery Services. They manage the entire chain from purchasing used IT equipment and restoring and resetting it to then selling it to a network of customers. The acquisition of Azalea is a part of Elanders' investments within sustainable services that contribute to a circular economy. The acquisition did not have any material effect on net sales or profit during

the period. In connection with the acquisition, intangible assets in the form of customer relationships amounting to MSEK 12 and goodwill amounting to MSEK 41 were identified. The agreement contains a mandatory call & put option that gives Elanders the right to acquire the remaining shares in the company in 2024. The option also gives the sellers the right to sell the remaining shares at a defined purchase price. The acquisition costs, i.e. the costs for advisors in connection with the acquisition, amounted to MSEK 0.4.

NOTE 30 – EVENTS AFTER THE BALANCE SHEET DATE

The war in Ukraine

Russia invaded Ukraine in February 2022. The war has so far not had any significant negative impact on Elanders' operations. However, some of the Group's customers have subcontractors in Ukraine and Russia. These customers have therefore started to have some problems with their supply chain.

There is still a great deal of uncertainty about how long the conflict will last and the extent of it. It is therefore difficult to

predict the exact impact in the coming year. Increased sanctions and an increased scope of the conflict could have a significant impact on the Group's operations.

Apart from this, no major events have taken place between the balance sheet date and the date this report was signed.

INCOME STATEMENTS

| MSEK | Note | 2021 | 2020 |
|-------------------------------------|------|--------------|--------------|
| Net sales | | 38.9 | 40.4 |
| Selling expenses | | -9.6 | -14.9 |
| Administrative expenses | 2 | -78.0 | -66.9 |
| Other operating income | 3 | 4.7 | 5.4 |
| Operating result | 4, 7 | -44.0 | -36.0 |
| Result from shares in subsidiaries | | 253.3 | 108.6 |
| Interest income | | 104.7 | 119.7 |
| Other financial income | | 69.4 | 127.0 |
| Interest expenses | | -26.9 | -49.0 |
| Other financial expenses | | -86.5 | -117.8 |
| Result after financial items | 5 | 270.0 | 152.6 |
| Taxes | 6 | -5.9 | -7.6 |
| Result for the year | | 264.1 | 145.0 |

STATEMENTS OF COMPREHENSIVE INCOME

| MSEK | 2021 | 2020 |
|--|--------------|--------------|
| Result for the year | 264.1 | 145.0 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 264.1 | 145.0 |

CASH FLOW STATEMENTS

| MSEK | Note | 2021 | 2020 |
|--|--------|---------------|---------------|
| Operating activities | | | |
| Result after financial items | | 270.0 | 152.6 |
| Adjustments for items not included in cash flow from operating activities | 15 | 191.6 | -261.3 |
| Paid taxes | | -0.1 | -0.1 |
| Cash flow from operating activities before changes in working capital | | 461.5 | -108.8 |
| Cash flow from changes in working capital | | | |
| Increase (-)/decrease (+) in operating receivables | | -23.7 | 15.5 |
| Increase (+)/decrease (-) in operating liabilities | | 5.8 | 7.6 |
| Cash flow from operating activities | | 443.6 | -85.6 |
| Investing activities | | | |
| Acquisition of tangible assets and intangible assets | 10, 11 | -0.1 | 0.0 |
| Acquisition of subsidiaries | 9 | -629.6 | -34.3 |
| Received dividends from subsidiaries | 15 | 253.3 | 117.6 |
| Lending to and from subsidiaries | | -584.8 | 506.4 |
| Cash flow from investing activities | | -965.4 | 589.8 |
| Financing activities | | | |
| Amortization of loans | 13 | -2,070.1 | -166.8 |
| New loans | 13 | 3,088.8 | - |
| Other changes in interest-bearing liabilities | 13 | -203.5 | -294.5 |
| Dividend to parent company shareholders | | -109.6 | - |
| Cash flow from financing activities | | 705.6 | -461.3 |
| Cash flow for the year | | 183.8 | 42.9 |
| Cash and cash equivalents at the beginning of the year | | 115.2 | 72.3 |
| Cash and cash equivalents at year-end | | 299.0 | 115.2 |

BALANCE SHEETS

| MSEK | Note | 2021 | 2020 |
|---|--------|----------------|----------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | 10 | 1.3 | 2.4 |
| Tangible fixed assets | 11 | 0.6 | 0.8 |
| Shares in subsidiaries | 9 | 2,092.6 | 1,433.5 |
| Receivables from group companies | | 3,078.7 | 2,459.7 |
| Deferred tax assets | 6 | 100.3 | 106.1 |
| Other financial assets | | 4.3 | - |
| Total fixed assets | | 5,277.8 | 4,002.2 |
| Current assets | | | |
| Receivables from group companies | | 118.5 | 103.8 |
| Other receivables | | 2.9 | 1.2 |
| Prepaid expenses and accrued income | | 19.1 | 6.9 |
| Cash and bank balances | | 299.0 | 115.1 |
| Total current assets | | 439.4 | 227.1 |
| Total assets | | 5,717.2 | 4,229.2 |
| EQUITY, PROVISIONS AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 353.6 | 353.6 |
| Statutory reserve | | 332.4 | 332.4 |
| Restricted equity | | 686.0 | 686.0 |
| Unrestricted equity | 8 | 1,330.7 | 1,176.1 |
| Total equity | | 2,016.6 | 1,862.1 |
| PROVISIONS | | | |
| Provisions for pensions and similar obligations | | - | - |
| Other provisions | | 4.9 | 7.0 |
| Total provisions | | 4.9 | 7.0 |
| LIABILITIES | | | |
| Long-term liabilities | | | |
| Liabilities to credit institutions | 13, 14 | 2,796.7 | 1,959.5 |
| Liabilities to group companies | | 6.7 | 6.1 |
| Other liabilities | | 50.2 | 20.7 |
| Total long-term liabilities | | 2,853.5 | 1,986.2 |
| Current liabilities | | | |
| Liabilities to credit institutions | 13, 14 | 108.5 | 77.3 |
| Accounts payable | | 4.0 | 1.7 |
| Liabilities to group companies | | 689.6 | 259.7 |
| Other liabilities | | 2.1 | 2.6 |
| Accrued expenses and deferred income | 12 | 37.9 | 32.8 |
| Total current liabilities | | 842.1 | 374.2 |
| Equity, provisions and liabilities | | 5,717.2 | 4,229.2 |

STATEMENTS OF CHANGES IN EQUITY

| MSEK | Share capital | Statutory reserve | Unrestricted equity | Total |
|---|---------------|-------------------|---------------------|----------------|
| Opening balance as of 1 Jan. 2020 | 353.6 | 332.4 | 1,031.1 | 1,717.1 |
| Result for the year | - | - | 145.0 | 145.0 |
| Other comprehensive income | - | - | - | - |
| Closing balance as of 31 Dec. 2020 | 353.6 | 332.4 | 1,176.1 | 1,862.1 |
| Dividend | - | - | -109.6 | -109.6 |
| Result for the year | - | - | 264.1 | 264.1 |
| Other comprehensive income | - | - | - | - |
| Closing balance as of 31 Dec. 2021 | 353.6 | 332.4 | 1,330.7 | 2,016.6 |

NOTE 1 – ACCOUNTING PRINCIPLES

A presentation of Elanders' accounting principles can be found in note 1 to Elanders' consolidated financial statements. The parent company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Financial Reporting Board Recommendation RFR 2 Accounting for legal entities and where applicable statements made by the Swedish Financial Reporting Board. RFR 2 requires the parent company to, in the annual accounts for the legal entity, use all the EU approved IFRSs and interpretations as far as possible within the framework of the Annual Accounts Act and the Security Law, taking into consideration the connection between accounting and taxation. The parent company generally follows the same previously described principles as the Group. Differences between group and parent company accounting principles are presented below.

Taxes

Tax laws allow provisions for special reserves and funds that are reported separately in the parent company. This allows companies within limits to allocate and retain recorded results in operations without them being immediately taxed. The untaxed reserves are not subject to taxation until they are dissolved. If companies lose money the untaxed reserves can be used to cover the losses without being taxed.

Intangible assets

The parent company amortizes goodwill according to plan, which is not permitted for the Group. Goodwill is amortized on a straight-line basis over a twenty-year period since it relates to acquisitions of a strategic nature.

Shares in associated companies and jointly controlled entities

Shares in associated companies, jointly controlled entities and subsidiaries are reported in the parent company according to the acquisition method. Acquisition-related costs for subsidiaries, which are expensed in group accounting, are included as part of the acquisition value for participation in subsidiaries. Reported values are tested on every balance sheet date in order to determine if the need for write-downs is indicated.

Pensions

The parent company's pension obligations have been calculated and reported based on the Swedish Security Law. Application of the Swedish Security Law is a prerequisite for fiscal deductions.

Financial guarantee contracts

The parent company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries. A financial guarantee contract is a contract in which the company has a commitment to reimburse the holder of a debt instrument for loss it incurs because a specified debtor fails to make payment when due according to the contract terms. The parent company applies RFR 2 p. 71 to account for financial guarantees, which is a relief compared to the rules in IAS 39 connected to reporting and taxation. The parent company recognizes financial guarantee contracts as a provision on the balance sheet when the company has a commitment.

Group and shareholder contributions

Group and shareholder contributions are recognized according to the alternative rule in the Swedish Financial Reporting Board Recommendation RFR 2. This means that received and paid group contributions are reported as appropriations. Shareholder contributions are activated in shares and participations, as long as write-downs are not required.

Financial instruments and hedge accounting

In view of the connection between accounting and taxation, the rules on financial instruments and hedge accounting are not applied by the parent company as a legal entity.

In the parent company, financial assets are valued at cost, less any impairment and financial current assets at the lower value of cost or net realizable value.

Lease agreements

IFRS 16 Leases are not applied in the parent company as exemption is allowed for application in legal entities. This means that the leasing fees are expensed on a straight-line basis in the income statement.

Standards, amendments and interpretations of existing standards that have taken effect in 2021

No new standards, amendments or interpretations that have had significant effect on the company's financial reports have come into effect during 2021.

NOTE 2 - FEES TO THE AUDITORS

| MSEK | 2021 | 2020 |
|------------------------|------------|------------|
| PwC | | |
| Audit assignment | 2.0 | 1.3 |
| Audit-related services | - | - |
| Tax advisory services | - | - |
| Other services | - | - |
| Total | 2.0 | 1.3 |

No fees were paid to other auditing firms.

Audit assignment is defined as the statutory audit, i.e. the work necessary to produce the auditors' report as well as so called audit consultation given in connection with the audit.

NOTE 3 - OTHER OPERATING INCOME

| MSEK | 2021 | 2020 |
|---------------------|------------|------------|
| Exchange rate gains | 0.0 | 0.0 |
| Other | 4.7 | 5.4 |
| Total | 4.7 | 5.4 |

NOTE 4 - PERSONNEL

Please see note 5 to the consolidated financial statements for personnel related information.

NOTE 5 - RESULT FROM FINANCIAL ITEMS**RESULT FROM SHARES IN SUBSIDIARIES**

| MSEK | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| Write-downs of shares in subsidiaries | - | -8.9 |
| Dividends from subsidiaries | 253.3 | 117.6 |
| Total | 253.3 | 108.6 |

INTEREST INCOME

| MSEK | 2021 | 2020 |
|-------------------------------|--------------|--------------|
| Interest income, external | 0.0 | 0.1 |
| Interest income, subsidiaries | 104.7 | 119.6 |
| Total | 104.7 | 119.7 |

OTHER FINANCIAL INCOME

| MSEK | 2021 | 2020 |
|---------------------|-------------|--------------|
| Exchange rate gains | 69.4 | 127.0 |
| Total | 69.4 | 127.0 |

INTEREST EXPENSES

| MSEK | 2021 | 2020 |
|---------------------------------|--------------|--------------|
| Interest expenses, external | -25.4 | -47.9 |
| Interest expenses, subsidiaries | -1.5 | -1.1 |
| Total | -26.9 | -49.0 |

OTHER FINANCIAL EXPENSES

| MSEK | 2021 | 2020 |
|--------------------------|--------------|---------------|
| Exchange rate losses | -80.1 | -107.2 |
| Other financial expenses | -6.4 | -10.6 |
| Total | -86.5 | -117.8 |

NOTE 6 – TAXES

| TAX ON THE RESULT FOR THE YEAR | | | RECONCILIATION OF RECORDED TAX | | |
|---|--------------|--------------|---|-------------|-------------|
| MSEK | 2021 | 2020 | MSEK | 2021 | 2020 |
| Withholding tax on income from foreign subsidiaries | -0.1 | -0.1 | Result before taxes | 270.0 | 152.6 |
| Correction of previous years' current tax expense | -2.0 | - | Tax according to Swedish tax rate of 20.6 (21.4)% | -55.6 | -32.7 |
| Deferred tax | -3.8 | -7.4 | Tax effect of: | | |
| Total | -5.9 | -7.6 | Non-taxable dividends from subsidiaries | 52.2 | 25.2 |
| DEFERRED TAX RECEIVABLES | | | Write-downs of shares in subsidiaries | - | -1.9 |
| MSEK | 2021 | 2020 | Effect from change in tax rate | - | 0.3 |
| Tax loss carry forwards | 88.8 | 96.5 | Withholding tax on income from foreign subsidiaries | -0.1 | -0.1 |
| Other | 11.5 | 9.6 | Contribution, representation and association costs | -0.2 | -0.2 |
| Total | 100.3 | 106.1 | Other | -2.2 | 1.9 |
| | | | Total | -5.9 | -7.6 |

NOTE 7 – TRANSACTIONS WITH RELATED PARTIES

Sales of products and services

The parent company reimburse its subsidiaries for services mainly relating to marketing, IT, auditing, insurance, etc. Besides this there have been no sales of products or services to related parties.

Purchase of products and services

During the year, the Parent Company purchased services from subsidiaries for MSEK 2.5 (5.5).

Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 2.6 (1.0).

No Board member or senior officer has or has had direct or indirect participation in any business transactions, between themselves or the company that are or were of an unusual nature concerning the terms.

Remuneration to Board members and Group Management is reported in note 5 to the consolidated financial statements.

NOTE 8 – PROPOSED APPROPRIATION OF PROFITS

Profit and other non-restricted equity at the disposition of the Annual General Meeting:

| MSEK | 2021 | 2020 |
|-------------------------|----------------|----------------|
| Retained earnings | 1,066.5 | 1,031.1 |
| Net result for the year | 264.1 | 145.0 |
| Total | 1,330.7 | 1,176.1 |

The Board of Directors and the Chief Executive Officer propose that the profit and other non-restricted equity will be dealt with accordingly:

| MSEK | 2021 | 2020 |
|--|----------------|----------------|
| SEK 3.60 (3.10) per share is distributed to the shareholders | 127.3 | 109.6 |
| Remaining balance to be carried forward | 1,203.4 | 1,066.5 |
| Total | 1,330.7 | 1,176.1 |

NOTE 9 - SHARES IN SUBSIDIARIES

| MSEK | 2021 | 2020 |
|---------------------------|----------------|----------------|
| Opening book value | 1,433.5 | 1,377.6 |
| Investments | 659.1 | 64.8 |
| Write-downs | - | -8.9 |
| Closing book value | 2,092.6 | 1,433.5 |

SPECIFICATION OF SHARES IN SUBSIDIARIES

| | Identity no. | Registered office | Number of shares | Percentage holding | Book value of holding, MSEK |
|--|-----------------------|------------------------|------------------|--------------------|-----------------------------|
| d o m Deutsche Online Medien GmbH | HRB265124 | Waiblingen, Germany | - | 100 | 23.0 |
| myphotobook GmbH | HRB94377 | Berlin, Germany | - | 100 | - |
| Elanders do Brasil Representações Ltda | 08.789.936/0001-55 | São Paulo, Brazil | - | 100 | 12.2 |
| Mentor Gerenciamento de Supply Chain (Brasil) Ltda | 51.959.310/0001-79 | São Paulo, Brazil | - | 100 | 9.4 |
| Elanders France SARL | 828035394 | Paris, France | - | 100 | 0.0 |
| Elanders GmbH | HRB722349 | Waiblingen, Germany | - | 100 | 108.6 |
| Elanders International AB | 556058-0622 | Mölndal, Sweden | - | 100 | - |
| Mentor Media Ltd | 199302450H | Singapore | - | 100 | - |
| Asiapack Limited | 626139 | Hong Kong, China | - | 100 | - |
| Asiapack (Shenzhen) Co., Ltd | 91440300734155669E | Shenzhen, China | - | 100 | - |
| Chengdu Mentor Media Co., Ltd | 91510100597273959A | Chengdu, China | - | 100 | - |
| Mentor Internet Solution Pte Ltd | 199508226M | Singapore | - | 100 | - |
| Mentor Media (Chongqing) Co., Ltd | 915000006939331000 | Chongqing, China | - | 100 | - |
| Mentor Media (Chongqing) Co., Ltd - Wuhan Branch | 91420100MA4KYTDK3K | Wuhan, China | - | - | - |
| Mentor Media (Kunshan) Co., Ltd | 913205837584821000 | Kunshan, China | - | 100 | - |
| Mentor Media Ltd, Taiwan Branch | 70777068 | Taoyuan, Taiwan | - | 100 | - |
| Mentor Media (Shenzhen) Co., Ltd | 91440300726187433D | Shenzhen, China | - | 100 | - |
| Mentor Media (USA) Supply Chain Management Inc | C3095841 | Eastvale, USA | - | 100 | - |
| Mentor Media (Xiamen) Co., Ltd | 91350200612051108M | Xiamen, China | - | 100 | - |
| Mentor Media CBZ (Chongqing) Co., Ltd | 915000005814642000 | Chongqing, China | - | 100 | - |
| Mentor Media Juárez S.A. de C.V. | MMJ0810145N1 | Juárez, Mexico | - | 100 | - |
| Mentor Media (Shenzhen) Logistics Ltd | 91440300793899377C | Shenzhen, China | - | 100 | - |
| Mentor Printing and Logistics Private Limited | U72900TN2006PTC061596 | Chennai, India | - | 100 | - |
| Mentor Shanghai Trading Co., Ltd | 91310115329537946A | Shanghai, China | - | 100 | - |
| Mentor Supply Chain (Chongqing-CBZ) Co., Ltd | 91500106MA5YR1XH62 | Chongqing, China | - | 100 | - |
| Mentor Supply Chain (Netherlands) BV | 858777265 | Rotterdam, Netherlands | - | 100 | - |
| Mentor Media Czech s.r.o. | CZ27742270 | Brno, Czech Republic | - | 100 | - |
| Mentor Supply Chain Mexico S.A. de C.V. | MSC191028QH1 | Juárez, Mexico | - | 100 | - |
| Shanghai Mentor Media Co., Ltd | 91310115703003515D | Shanghai, China | - | 100 | - |
| Tristellar Graphic Sdn. Bhd. | 64775T | Johor, Malaysia | - | 100 | - |

NOTE 9 – SHARES IN SUBSIDIARIES (CONT.)

SPECIFICATION OF SHARES IN SUBSIDIARIES (CONT.)

| | Identity no. | Registered office | Number of shares | Percentage holding | Book value of holding, MSEK |
|--|--------------------|-----------------------------|------------------|--------------------|-----------------------------|
| Elanders Holding GmbH | HRB105591 | Herrenberg, Germany | - | 100 | 380.5 |
| LGI Logistics Group International GmbH | HRB243806 | Herrenberg, Germany | - | 100 | - |
| Helix Software + Support GmbH | HRB226056 | Herrenberg, Germany | - | 100 | - |
| ITG GmbH Internationale Spedition und Logistik | HRB66157 | Schwaig, Germany | - | 100 | - |
| ITG Fulfillment GmbH | HRB33746 | Oberhausen, Germany | - | 100 | - |
| ITG Air & Sea GmbH | HRB250422 | Munich, Germany | - | 75 | - |
| ITG International Transports Inc. | 43240627 | Boston, USA | - | 100 | - |
| LGI Netherlands BV | 34083373 | Amsterdam, Netherlands | - | 100 | - |
| Eijenhuizen Exploitatie BV | 08040501 | Ruurlo, Netherlands | - | 100 | - |
| Eijenhuisen Precisievervoer BV | 08064979 | Ruurlo, Netherlands | - | 100 | - |
| OOO ITG International Transports + Logistics | OGRN 1127746350720 | Moscow, Russia | - | 100 | - |
| LGI Austria GmbH | FN 349601 w | Laxenburg, Austria | - | 100 | - |
| LGI Espana s.l. | B19274901 | Cabanillas del Campo, Spain | - | 100 | - |
| LGI Hungaria Logisztikal Kft | 13-09-140503 | Páty, Hungary | - | 100 | - |
| LGI Logistics Group International AB | 556727-7990 | Arlöv, Sweden | - | 100 | - |
| LGI Logistics Group International Ltd | GB 07251732 | Milton Keynes, UK | - | 100 | - |
| LGI Polska Sp. z o.o. | KRS 0000246814 | Wroclaw, Poland | - | 100 | - |
| Logistics Worksolution Sp. z o.o. | KRS 0000735255 | Starachowice, Poland | - | 100 | - |
| LGI Romania s.r.l. | J02/1032/2019 | Arad, Romania | - | 100 | - |
| LGI Czechia s.r.o. | CZ25204581 | Zákupy, Czech Republic | - | 100 | - |
| LGI Deutschland GmbH | HRB354685 | Herrenberg, Germany | - | 100 | - |
| LGI FreightLog GmbH | HRB761526 | Freiberg am Neckar, Germany | - | 100 | - |
| LGI Logistics Solution GmbH | HRB32410 | Duisburg, Germany | - | 100 | - |
| LGI TechLog GmbH | HRB513968 | Herrenberg, Germany | - | 100 | - |
| Logistik Lernzentrum GmbH | HRB246072 | Böblingen, Germany | - | 100 | - |
| Mölndal 1 GmbH | HRB781610 | Herrenberg, Germany | - | 100 | - |
| Mölndal 2 GmbH | HRB781648 | Herrenberg, Germany | - | 100 | - |
| Elanders Holding USA Inc. | 87-2849643 | Delaware, USA | - | 100 | 582.0 |
| Bergen Shippers Corp | 0400327871 | New Jersey, USA | - | 80 | - |
| Bergen Logistics Canada, Inc. | 002489278 | Brampton, Canada | - | 100 | - |
| Bergen Ventures BV | 860650704 | Veghel, Netherlands | - | 100 | - |
| Bergen Logistics BV | 860652397 | Veghel, Netherlands | - | 100 | - |
| Rey 11 LLC | 0400422543 | New Jersey, USA | - | 80 | - |
| Rex 11 SRL | 1016600023931 | Chișinău, Moldova | - | 100 | - |
| Elanders Hungary Kft | 20-09-065122 | Zalalövő, Hungary | - | 100 | 146.1 |
| Elanders Infologistics AB | 556121-8891 | Mölndal, Sweden | 314,330 | 100 | 286.8 |
| Elanders Sverige AB | 556262-1689 | Borås, Sweden | - | 100 | - |
| Elanders Italy S.r.l. | 5686620963 | Ponzano Veneto, Italy | - | 100 | 2.7 |

NOTE 9 - SHARES IN SUBSIDIARIES (CONT.)**SPECIFICATION OF SHARES IN SUBSIDIARIES (CONT.)**

| | Identity no. | Registered office | Number of shares | Percentage holding | Book value of holding, MSEK |
|---------------------------------------|----------------|---------------------|------------------|--------------------|-----------------------------|
| Elanders Ltd | GB 3788582 | Newcastle, UK | - | 100 | 31.4 |
| Elanders McNaughtan's Ltd | SC 135425 | Glasgow, UK | - | 100 | - |
| Spreckley Ltd | 4179929 | Newcastle, UK | - | 100 | - |
| Elanders Polska Sp. z o.o. | KRS 0000101815 | Płońsk, Poland | - | 100 | 89.9 |
| Elanders UK Ltd | GB 2209256 | Harrogate, UK | - | 100 | 0.9 |
| fotokasten GmbH | HRB24050 | Waiblingen, Germany | - | 100 | 57.6 |
| Midland Information Resources Company | 42-1468885 | Davenport, USA | 10,000 | 100 | 223.0 |
| ElandersUSA, LLC | 58-1448183 | Atlanta, USA | - | 100 | - |
| Goldcup 20533 AB | 559342-0507 | Mölndal, Sweden | 50,000 | 70 | 133.0 |
| Azalea Global IT AB | 556757-5229 | Göteborg, Sweden | - | 100 | - |
| ReuseIT Sweden AB | 559210-6404 | Växjö, Sweden | - | 100 | - |
| ReuseIT Finance AB | 559210-6602 | Växjö, Sweden | - | 100 | - |
| Schmid Druck + Medien GmbH | HRB18350 | Kaisheim, Germany | - | 100 | 5.5 |
| Schätzl Druck & Medien GmbH | HRB28117 | Donauwörth, Germany | - | 100 | - |
| Total | | | | | 2,148.5 |

No book value is stated for the companies not directly owned by the parent company.

NOTE 10 – INTANGIBLE ASSETS

| MSEK | Goodwill | | Other intangible assets | | Total | |
|---|-------------|-------------|-------------------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Opening acquisition value | 2.0 | 2.0 | 6.2 | 6.2 | 8.1 | 8.1 |
| Acquisitions | - | - | 0.1 | - | 0.1 | - |
| Closing acquisition value | 2.0 | 2.0 | 6.2 | 6.2 | 8.2 | 8.1 |
| Opening accumulated amortization and write-downs | -1.7 | -1.6 | -4.0 | -3.0 | -5.7 | -4.6 |
| Amortization of the year | -0.1 | -0.1 | -1.0 | -1.0 | -1.1 | -1.1 |
| Closing accumulated amortization and write-downs | -1.8 | -1.7 | -5.1 | -4.1 | -6.8 | -5.7 |
| Net residual value | 0.2 | 0.3 | 1.1 | 2.1 | 1.3 | 2.4 |

Other intangible assets refer to software.

AMORTIZATION SPECIFIED PER FUNCTION IN THE INCOME STATEMENT

| MSEK | 2021 | 2020 |
|-------------------------|-------------|-------------|
| Selling expenses | -0.9 | -0.9 |
| Administrative expenses | -0.2 | -0.2 |
| Total | -1.1 | -1.1 |

NOTE 11 – TANGIBLE FIXED ASSETS

| MSEK | 2021 | 2020 |
|---|-------------|-------------|
| Opening acquisition value | 1.2 | 1.2 |
| Acquisitions | - | 0.0 |
| Closing acquisition value | 1.2 | 1.2 |
| Opening accumulated depreciation | -0.5 | -0.3 |
| Depreciation for the year | -0.2 | -0.2 |
| Closing accumulated depreciation | -0.7 | -0.5 |
| Net residual value | 0.6 | 0.8 |

Depreciation has been charged entirely to administrative expenses.

There has been no financial leasing.

NOTE 12 – ACCRUED EXPENSES AND DEFERRED INCOME

| MSEK | 2021 | 2020 |
|--|-------------|-------------|
| Salaries and holiday pay | 13.8 | 12.2 |
| Social security contributions | 14.5 | 12.1 |
| Interest | 0.1 | 0.1 |
| Other accrued expenses and deferred income | 9.5 | 8.3 |
| Total | 37.9 | 32.8 |

NOTE 13 – LIABILITIES TO CREDIT INSTITUTIONS

All liabilities to credit institutions are borrowing debts. Loans from Elanders' main banks follows the terms in the credit agreement and maturity is in July 2024. Elanders AB has loans in USD and EUR. The interest rate on the loans per 31 December 2021 was in the interval 1.05–1.67 (1.50–2.04) percent.

Please see note 20 to the consolidated financial statements for information regarding financial risk management.

CHANGES IN INTEREST-BEARING LIABILITIES

| MSEK | 2021 | 2020 |
|---|----------------|----------------|
| Opening liabilities | 2,036.8 | 2,611.0 |
| New loans | 3,088.8 | - |
| Amortization of loans | -2,070.1 | -166.8 |
| Other changes in interest-bearing liabilities | -203.5 | -294.5 |
| Translation difference | 53.2 | -113.0 |
| Closing liabilities | 2,905.2 | 2,036.8 |

BANK OVERDRAFT FACILITIES

Utilized amounts and available credit in group bank overdraft facilities are given below.

| MSEK | 2021 | 2020 |
|--|--------------|-------------|
| Bank overdraft facilities, utilized amount | - | - |
| Bank overdraft facilities, granted amount | 121.1 | 70.0 |
| Not utilized overdraft | 121.1 | 70.0 |

NOTE 14 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

| MSEK | 2021 | 2020 |
|----------------------|--------------|--------------|
| Floating charges | 3.3 | 3.3 |
| Other pledged assets | 286.8 | 286.8 |
| Total | 290.1 | 290.1 |
| Given to: | | |
| Credit institutions | 290.1 | 290.1 |
| Total | 290.1 | 290.1 |

Other pledged assets primarily refer to collateral in the form of shares in subsidiaries.

CONTINGENT LIABILITIES

| MSEK | 2021 | 2020 |
|--|--------------|-------------|
| Surety and contingent liabilities given for subsidiaries | 134.8 | 81.1 |
| Total | 134.8 | 81.1 |

Exemption rules for subsidiaries

The parent company has issued a guarantee under Section 479(C) of the UK Companies Act 2006 for the year ended 31 December 2021 in respect of the subsidiaries Elanders Ltd, Elanders UK Ltd, Elanders McNaughthans Ltd and Spreckley Ltd registered in the United Kingdom, listed in note 9. The parent company guarantees all outstanding liabilities to which the subsidiary companies are subject to on 31 December 2021, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from audit by virtue of Section 479(A) of the Companies Act 2006.

The parent company has issued a guarantee to the subsidiaries Schmid Druck + Medien GmbH, Elanders GmbH and Elanders Holding GmbH, all registered in Germany. The parent company guarantees for all obligations of Schmid Druck + Medien GmbH, Elanders GmbH and Elanders Holding GmbH existing as of 31 December 2021 until the end of the following financial year. As a consequence of this, Schmid Druck + Medien GmbH, Elanders GmbH and Elanders Holding GmbH including its German subsidiaries LGI Logistics Group International GmbH, LGI Deutschland GmbH, LGI FreightLOG GmbH, LGI TechLog GmbH, Helix Software + Support GmbH, Logistik Lernzentrum GmbH, LGI Logistics Solution GmbH, ITG GmbH Internationale Spedition und Logistik, ITG Fulfillment GmbH and ITG Air & Sea GmbH, listed in note 9, apply the exemption rules set out in sec. 264 (3) German Commercial Code (HGB). Those rules exempt from legal audit and publishing and allows preparation reliefs of the financial statements. Furthermore, according to sec. 291 (1) and (2) German Commercial Code (HGB) Elanders Holding GmbH, LGI Logistics Group International GmbH, ITG GmbH Internationale Spedition und Logistik, ITG Air & Sea GmbH and Elanders GmbH are exempted from the preparation of consolidated financial statements and the management commentary as they are included in the consolidated financial statements of Elanders AB.

NOTE 15 – SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOW

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash and bank balances. Short-term investments are classified as cash and cash equivalents when:

- the risk for changes in their fair value is insignificant.
- they are easily converted.
- they mature in less than three months from the date they were acquired.

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW FROM OPERATING ACTIVITIES

| MSEK | 2021 | 2020 |
|--|--------------|---------------|
| Depreciation, amortization and write-downs of intangible and tangible assets | 1.3 | 1.3 |
| Dividends from subsidiaries | -253.3 | -117.6 |
| Unrealized exchange rates gains and losses | 445.9 | -152.9 |
| Other items | -2.3 | 7.9 |
| Total | 191.6 | -261.3 |

PAID AND RECEIVED INTEREST

| MSEK | 2021 | 2020 |
|-------------------|-------------|-------------|
| Paid interest | -26.7 | -48.3 |
| Received interest | 107.2 | 126.6 |
| Total | 80.5 | 78.3 |

DIVIDENDS RECEIVED FROM SUBSIDIARIES

| MSEK | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| Azalea Global IT AB | 2.5 | - |
| d o m Deutsche Online Medien GmbH | 20.3 | - |
| fotokasten GmbH | 19.3 | - |
| Elanders GmbH | 177.0 | 67.1 |
| Elanders Hungary Kft | 20.3 | 26.5 |
| Elanders Italy S.r.l. | 5.1 | - |
| Elanders Polska Sp. z o.o. | 8.9 | 15.0 |
| Midland Information Resources Company | - | 8.9 |
| Total | 253.3 | 117.6 |

Proposed

APPROPRIATION OF PROFITS

The Board of Directors and Chief Executive Officer hereby certify that the Annual Report has been prepared in accordance with good accounting practice in Sweden and that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), referred to in the European Parliament's and Council's directive 1606/2002 of 19 July 2002 regarding the application of International Financial Reporting Standards, and that they give a true and fair view of the parent company's and Group's financial position and result, and that the Board of Directors' Report provides a true and fair view of the development of the parent company's and Group's operations, financial position and result and describes significant risks and uncertainties that the parent company and the companies within the Group face.

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 1,330,680,637 in the parent

company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 3.60 per share, a total of SEK 127,287,904, is distributed to the shareholders
- the remaining balance of SEK 1,203,392,733 is to be carried forward.

The Board of Directors believes that the proposed dividends are justifiable in relation to the demands that the business' nature, scope and risks make on Group equity and on the Group's consolidation needs, liquidity and its position in general.

This Annual Report will be presented at the Annual General Meeting 21 April 2022 for adoption.

MÖLNDAL 16 MARCH 2022

Carl Bennet
Chairman of the Board

Johan Stern
Vice Chairman of the Board

Eva Elmstedt

Dan Frohm

Erik Gabrielson

Cecilia Lager

Anne Lenerius

Caroline Sundewall

Martin Afzelius

Martin Schubach

Magnus Nilsson
Chief Executive Officer

OUR AUDITOR'S REPORT WAS ISSUED ON 16 MARCH 2022
PRICEWATERHOUSECOOPERS AB

Tomas Hilmarsson
Authorized Public Accountant
Auditor in Charge

AUDITOR'S REPORT

To the general meeting of the shareholders of Elanders AB (publ), corporate identity number 556008-1621

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Elanders AB (publ) for the year 2021 except for the corporate governance statement and the statutory sustainability report on pages 50–54 and 55–65 respectively. The annual accounts and consolidated accounts of the company are included on pages 43–115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 50–54 and 55–65 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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.

KEY AUDIT MATTERS**VALUATION OF INTANGIBLE ASSETS***With reference to Note 1 and Note 13.*

Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Elanders. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported.

This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Notes 1 and 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.

RECOGNITION OF ACQUISITIONS*With reference to Note 1 and Note 29.*

In the financial year 2021, Elanders made a number of acquisitions. Information on these acquisitions is presented in Note 29.

The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles.

**HOW OUR AUDIT ADDRESSED
THE KEY AUDIT MATTER**

In our audit, we have evaluated the calculation model applied by management.

We have reconciled and critically tested essential variables against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors.

We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment.

We have also assessed the correctness of the disclosures included in the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–42 and 120–130. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisoransansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Elanders AB (publ) for the year 2021 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 statutory administration report and that the members of the Board of Director's 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 Director's 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' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisoransansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 50–54 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions. A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 55–65, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR:s auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion. A statutory sustainability report has been prepared.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Elanders AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[\[5bc85d41c5ff1cbb81524e04d8059b05ddfcf5ebbf6e0cead7a9e09dce13f86\]](#) has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinions

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 Elanders 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 Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the 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 form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual 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 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 reasonable assurance engagement 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB was appointed auditor of Elanders AB (publ) by the general meeting of the shareholders on the 28 April 2021 and has been the company's auditor since the 21 April 2008.

Mölndal, 16 March 2022

PricewaterhouseCoopers AB

Tomas Hilmarsson
Authorized Public Accountant
Auditor in charge

Reconciliation

ALTERNATIVE PERFORMANCE MEASURES

| MSEK | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|--------------|
| Average total assets | 9,741 | 9,198 | 9,677 | 7,792 | 7,154 |
| Average cash and cash equivalents | -815 | -944 | -749 | -595 | -639 |
| Average non-interest-bearing liabilities | -2,127 | -1,912 | -1,808 | -1,799 | -1,532 |
| Average capital employed | 6,799 | 6,342 | 7,120 | 5,398 | 4,983 |
| Operating result | 580 | 546 | 359 | 459 | 308 |
| Return on capital employed % | 8.5 | 8.6 | 5.0 | 8.5 | 6.2 |
| Interest-bearing long-term liabilities | 5,326 | 3,268 | 3,579 | 2,442 | 2,504 |
| Interest-bearing short-term liabilities | 821 | 687 | 1037 | 819 | 840 |
| Cash and cash equivalents | -898 | -1,101 | -655 | -722 | -679 |
| Net debt | 5,249 | 2,854 | 3,961 | 2,539 | 2,665 |
| Interest-bearing long-term liabilities excl. IFRS 16 | 3,279 | 2,124 | 2,374 | 2,442 | 2,504 |
| Interest-bearing short-term liabilities excl. IFRS 16 | 158 | 100 | 423 | 819 | 840 |
| Cash and cash equivalents | -898 | -1,101 | -655 | -722 | -679 |
| Net debt excl. IFRS 16 | 2,539 | 1,123 | 2,142 | 2,539 | 2,665 |
| Operating result | 580 | 546 | 359 | 459 | 308 |
| Depreciation and write-downs | 888 | 885 | 927 | 266 | 255 |
| EBITDA | 1,468 | 1,431 | 1,286 | 725 | 563 |
| Operating result excl. IFRS 16 | 536 | 506 | 323 | 459 | 308 |
| Depreciation and write-downs excl. IFRS 16 | 234 | 231 | 250 | 266 | 255 |
| EBITDA excl. IFRS 16 | 770 | 737 | 573 | 725 | 563 |
| Net debt/EBITDA ratio, times | 3.6 | 2.0 | 3.1 | 3.5 | 4.7 |
| Net debt/EBITDA ratio excl. IFRS 16, times | 3.3 | 1.5 | 3.7 | 3.5 | 4.7 |
| Operating result | 580 | 546 | 359 | 459 | 308 |
| Amortization of assets identified in conjunction with acquisitions | 61 | 52 | 54 | 64 | 63 |
| EBITA | 641 | 598 | 413 | 523 | 371 |
| Adjustments for one-off items | 17 | - | 150 | - | - |
| EBITA adjusted | 658 | 598 | 563 | 523 | 371 |
| Net sales | 11,733 | 11,050 | 11,254 | 10,742 | 9,342 |
| EBITA-margin, % | 5.5 | 5.4 | 3.7 | 4.9 | 4.0 |
| EBITA-margin adjusted, % | 5.6 | 5.4 | 5.0 | 4.9 | 4.0 |

| MSEK | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|--------------|--------------|--------------|--------------|
| Share price at year-end, SEK | 174.00 | 119.60 | 87.20 | 87.20 | 82.00 |
| Number of shares as per balance sheet date, in thousands | 35,358 | 35,358 | 35,358 | 35,358 | 35,358 |
| Net debt | 5,249 | 2,854 | 3,961 | 2,539 | 2,665 |
| Equity attributable to non-controlling interests | 27 | 21 | - | 10 | 6 |
| Enterprise value, MSEK | 11,428 | 7,104 | 7,044 | 5,633 | 5,570 |
| Total assets | 11,800 | 8,639 | 9,205 | 7,737 | 7,409 |
| Cash and cash equivalents | -898 | -1,101 | -655 | -722 | -679 |
| Non-interest-bearing liabilities | 2,349 | 1,776 | -1,812 | -1,769 | -1,612 |
| Capital employed, MSEK | 13,251 | 9,314 | 6,738 | 5,246 | 5,118 |
| Average share price | 161.86 | 66.68 | 84.45 | 80.82 | 98.82 |
| Dividends per share, SEK ¹⁾ | 3.60 | 3.10 | - | 2.90 | 2.60 |
| Dividend yield % | 2.2 | 4.6 | - | 3.6 | 2.6 |
| Share capital | 3,276 | 2,887 | 2,777 | 2,697 | 2,447 |
| Share capital per share, SEK | 92.67 | 81.65 | 78.54 | 76.28 | 69.21 |
| Cash flow from operating activities | 1,063 | 1,725 | 1,337 | 455 | -64 |
| Net financial items | 98 | 132 | 143 | 93 | 78 |
| Paid tax | 128 | 42 | 114 | 127 | 134 |
| Net investments | -1,394 | -116 | -140 | -138 | -262 |
| Operating cash flow | -105 | 1,783 | 1,454 | 538 | -115 |
| Average number of shares, in thousands | 35,358 | 35,358 | 35,358 | 35,358 | 35,358 |
| Operating cash flow per share, SEK | -3.00 | 50.43 | 41.12 | 15.22 | -3.24 |
| Volume on the stock market, in thousands | 6,584 | 5,848 | 5,824 | 3,829 | 8,592 |
| Turnover rate | 0.20 | 0.17 | 0.16 | 0.11 | 0.24 |

¹⁾ Proposed by the board for the year 2021.

Financial DEFINITIONS

Added value
Net turnover minus material costs and forward invoiced disbursements for outwork.

Added value ratio
Added value in relation to net turnover.

Average number of employees
The number of employees at the end of each month divided by the number of months.

Average number of shares
Weighted average number of shares outstanding during the period.

Capital employed
Total assets less liquid funds and non-interest-bearing liabilities.

Capital turnover rate
Net sales in relation to average total assets.

Cash-flow per share
Cash-flow from operating activities divided by the average number of shares.

Debt/equity ratio
Net debt in relation to reported equity, including non-controlling interests.

Dividend yield
Dividends in relation to average share price.

Earnings per share
Result for the year divided by the average number of shares.

EBIT
Earnings before interest and taxes; operating result.

EBITA
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions.

EBITA adjusted
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions adjusted for one-off items.

EBITDA
Earnings before interest, taxes, depreciation and amortization; operating result plus depreciation, amortization and write-downs of intangible assets and tangible fixed assets.

Enterprise value
Market value plus net debt and non-controlling interests.

Equity per share
Equity divided by the number of outstanding shares at balance sheet date.

Equity ratio
Equity, including non-controlling interests, in relation to total assets.

Interest coverage ratio
Operating result plus interest income divided by interest costs.

Net debt
Interest-bearing liabilities less liquid funds.

Operating cash flow
Cash flow from operating activities and investing activities, adjusted for paid taxes and financial items.

Operating cash flow per share
Operating cash flow divided by the average number of shares.

Operating margin
Operating result in relation to net sales.

Operating result
Earnings before financial items; EBIT.

P/E ratio
Share price at year-end in relation to earnings per share.

Profit margin
Result after financial items in relation to net turnover.

Proportion of risk capital
Risk capital in relation to total assets.

P/S ratio
Share price at year-end in relation to net turnover per share.

Return on capital employed (ROCE)
Operating result in relation to average capital employed.

Return on equity
Result for the year in relation to average equity.

Return on total assets
Operating result plus financial income in relation to average total assets.

Risk capital
Equity plus deferred tax liabilities.

Turnover rate
Volume on the stock market divided by the average number of shares.

Specific TERMS

After sales

Provision of services, support and spare parts after making an initial sale. This occurs for example in the provision of products which requires regular upgrades.

Block-chain technology

A block-chain is a growing list of records, called blocks, which are linked using cryptography. Each block contains a cryptographic hash of the previous block, a timestamp and transaction data. By design, a blockchain is resistant to modification of the data. It is "an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way". By using block-chain technology the user can ascertain that the product is genuine, as the whole supply chain for the product can be verified.

Business-to-business (B2B)

Sale of goods and services between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

Business-to-consumer (B2C)

Sale of goods and services between a company and consumers.

Contract Logistics

Contract logistics is a business model within the framework of supply chain management, which is based on a long-term cooperation between a manufacturer or a dealer of goods and a logistics service provider. The model is normally regulated by a service contract, comprises a considerable business volume and is individually formed.

Cross-docking

Unloading materials from incoming transports and loading these directly into outbound transports, with little or no storage in between. This may be done to change the type of package, to sort material intended for different destinations, or to combine material from different origins into transports with the same or similar destinations.

Digital print

The transfer of information to paper via a digital file that is then printed out with the help of a high-speed printer. This technique is a prerequisite for print-on-demand and makes quick deliveries in small editions possible. Offset technique is still more efficient for larger editions.

E-commerce

Online sales, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions.

End-to-end solution

An end-to-end solution refers to a comprehensive solution, where all the middle layers or steps are eliminated to optimize performance and efficiency in a process.

Fulfillment

This term used to describe a number of steps in the process between production and distribution. They can include assembly, configuration, bar-coding, packaging for end customers.

Just-in-time (JIT)

Delivery precision – delivery exactly when the need arises. The concept also entails that customers do not need to store their products.

Life Cycle Management

Services that are carried out during the whole or parts of a product's life cycle, from when the product is manufactured to it is recycled. Examples of services are delivery, installation, training, maintenance, wiping of data, upgrade of software, refurbishment and reselling or recycling. The service aims to maximize the product's life and optimize logistics flow in order to reduce the environmental impact.

Offset print

A printing method in which ink and water are spread out on a printing plate that is then pressed against a rubber blanket. This absorbs the ink and transfers it to the paper. The expression offset comes from the fact that the printing plate never touches the paper.

Omni-channels

An integrated way of thinking about people's relationships with organizations. Rather than working in parallel, communication channels are designed to cooperate and build a coherent, evolving, cross-channel experience. The approach includes channels such as physical locations, FAQ web pages, social media, mobile applications and telephone communication. Companies that use omni-channels give their customers the ability to be in contact with them through multiple avenues at the same time.

Online print

A service where printed matter can easily be ordered via a web-based interface and the user can create their own unique design. Typical products are business cards, catalogues, books, photo products, newsletters, calendars and brochures.

Outsourcing

Companies or organizations choose to let an external party handle an activity or a process. This activity or process is then said to be outsourced.

Packaging

A product manufactured to protect, handle, deliver and present an item.

Reverse logistics

Normally, logistics deal with events that bring the product towards the customer. In the case of reverse logistics, the product goes back in the supply chain. For instance, goods move from the customer back to the distributor or to the manufacturer. The reverse logistics process includes the management of surplus equipment, returns as well as defective products including testing, dismantling, repairing, recycling or disposing the product.

Supply chain

The movement and storage of goods and/or information from point of origin to end-users. Supply chain management can be defined as the design, planning, execution, control and monitoring of activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally.

Value Recovery

The process of maximizing the value of unused or end-of-life assets through effective reuse, recycling or divestment.

Board of
DIRECTORS



CARL BENNET

Chairman of the Board.

Born: 1951.

B.Sc. (Econ.), Ph.D. h.c. (Med.),
Ph.D. h.c. (Tech.)

Elected in: 1997.

Appointments on the Elanders Board: Chairman of the nomination committee and remuneration committee.

Other appointments: Chairman and CEO of Carl Bennet AB, Chairman of the board of Lifco AB. Deputy Chairman of the board of Arjo AB and Getinge AB. Member of the board of Holmen AB and L E Lundberg-företagen AB.

Previous appointments: President and CEO of Getinge AB.

Shareholding through companies:
1,814,813 Class A shares and
15,903,596 Class B shares.

JOHAN STERN

Deputy Chairman of the Board.

Born: 1951.

Bachelor of Science (Econ.).

Elected in: 1998.

Appointments on the Elanders Board: Chairman of the audit committee and member of the remuneration committee.

Other appointments: Chairman of the board of Fädriften Invest AB, HealthInvest Partners AB, Rolling Optics AB, Skanör Falsterbo Kallbadhus AB and Harry Cullbergs Fund Foundation. Member of the board of Carl Bennet AB, Estea AB, and Lifco AB.

Previous appointments: Active within SEB's operations in Sweden and the USA.

Shareholding: 110,000 Class B shares.



MAGNUS NILSSON

Member of the Board.

President and Chief Executive Officer of Elanders AB.

Born: 1966.

Education in Graphic Technology, Design, Business Administration and Marketing.

Elected in: 2010.

Employed in Elanders since 1999.

Shareholding: 88,577 Class B shares.

ERIK GABRIELSON

Member of the Board.

Born: 1962.

Master of Laws.

Elected in: 2012.

Appointments on the Elanders Board: Member of the remuneration committee.

Other appointments: Lawyer and partner of the law firm Vinge. Chairman of the board of Eldan Recycling A/S. Member of the board of BuildData Group AB, Carl Bennet AB and Lifco AB.

Shareholding: None.

ANNE LENERIUS

Member of the Board.

Born: 1956.

Business Administration.

Elected in: 2014.

Appointments on the Elanders Board: Member of the audit committee.

Other appointments: Member of the branch board Handelsbanken Älvborg. Member of the board and CEO of Arado AB.

Previous appointments: Chief Financial Officer of Carl Bennet AB. Group Controller at Ernström Holding AB. Finance Manager at JMS/Q Systemhydraulik AB. Chairman of the Board of Entercircle Konfektion AB.

Shareholding: 6,892 Class B shares.

**CAROLINE SUNDEWALL****Member of the Board.****Born:** 1958.**Master of Science in Business Administration, Stockholm School of Economics.****Elected in:** 2015.**Appointments on the Elanders Board:** Member of the audit committee.**Other appointments:** Member of the board and CEO of Caroline Sundewall AB. Member of the board of BSÖ Holding AB and Mertzig Asset Management. Chairman of the board of the Streber Cup Foundation.**Previous appointments in selection:** Chairman of the board of Cloetta and Svolder. Member of the Board of Cramo (Finland), Hemfosa, TeliaSonera, Electrolux, Lifco, Haldex, Pägen, Ahlsell, SinterCast and Södra Skogsägarna.**Shareholding:** 8,000 Class B shares.**CECILIA LAGER****Member of the Board.****Born:** 1963.**Business Administration.****Elected in:** 2009.**Appointments on the Elanders Board:** Member of the audit committee.**Other appointments:** Chairman of the board of Navigera AB. Member of the board of Altor Fund Manager AB, Clemondo Group AB, Headsent AB, Mobilaris AB, SignUp Software AB and Sveab Holding AB.**Previous appointments:** CEO SEB Funds. Marketing Director Alecta. Member of the board of Cinnober Financial Technology AB, Collector AB, Collector Bank AB, Evolution Gaming AB, Greengold Group AB and Knowit AB.**Shareholding:** 37,521 Class B shares.**DAN FROHM****Member of the Board.****Born:** 1981.**M.Sc. in Industrial Engineering and Management.****Elected in:** 2017.**Appointments on the Elanders Board:** Member of the audit committee.**Other appointments:** Member of the board of Arjo AB, Carl Bennet AB, Getinge AB, Lifco AB and Swedish-American Chamber of Commerce, Inc.**Previous appointments:** Management consultant at Applied Value LLC (New York office).**Shareholding (own and related parties):** 27,206 Class B shares.**EVA ELMSTEDT****Member of the Board.****Born:** 1960.**Bachelor's degree in Economics and Computer Science, Stockholm School of Economics and Indiana University of Pennsylvania, USA.****Elected in:** 2021.**Appointments on the Elanders Board:** Member of the audit committee.**Other appointments:** Chairman of the board of Omegapoint AB, Proact IT Group AB, Semcon AB and Telia Carrier AB. Member of the board of AddLife AB, Arjo AB and Smart Eye AB.**Previous appointments:** Business Area Manager for Global Services and member of the management team for Nokia Networks and Nokia Siemens Networks. Business Area Manager Ericsson, CIO/IT Manager at the telecom operator 3, CEO of subsidiaries at Semcon. Member of the board of Addtech, Knowit and Thule.**Shareholding (own and related parties):** 1,500 Class B shares.**MARTIN AFZELIUS****Employee representative.****Born:** 1969.**Education in Graphic Technology, Community College and University education.****Elected in:** 2019.**Work:** Machine operator at Elanders Sverige AB.**Shareholding:** None.**MARTIN SCHUBACH****Employee representative.****Born:** 1974.**Upper secondary education.****Elected in:** 2015.**Work:** Data and automation at Elanders Sverige AB.**Shareholding:** 267 Class B shares.**JOHAN LIDBRINK****Deputy employee representative.****Born:** 1979.**Upper secondary education.****Elected in:** 2020.**Work:** Warehouse worker at Elanders Sverige AB.**Shareholding:** None.

Group
MANAGEMENT



MAGNUS NILSSON

President & CEO.

Born: 1966.

Employed since 1999. Education in Graphic Technology, Design, Business Administration and Marketing. Active within the graphic industry since 1987. Head of production Elanders in Hungary 2002. MD Elanders Berlings Skogs 2003–2005 and Elanders in China 2005–2009.

Shareholding: 88,577 Class B shares.

ANDRÉAS WIKNER

CFO.

Born: 1971.

Employed since 2007. Master of Science in Business Administration. Auditor during 1997–2007. Approved Public Accountant 2004. Authorized Public Accountant 2005.

Shareholding: 4,664 Class B shares.



BERND SCHWENGER

Supply Chain Solutions (LGI), President.

Born: 1972.

Employed since 2018. Diploma in Transport Economics and Logistics. Almost 20 years of experience within Supply Chain Management and Transportation Logistics, including 11 years as Manager at HP and 7 years as Director Transportation and Managing Director at Amazon Logistics in Germany.

Shareholding: None.

KOK KHOON LIM

Supply Chain Solutions (Mentor Media), President.

Born: 1955.

Employed since 2014. Bachelor's degree in Electrical & Electronics Engineering and Master of Science (Industrial Engineering). More than 30 years of experience in world-class multinational corporations and positions such as General Manager for Hewlett Packard's Handheld Mobile Products Division, Vice President and Chief Technology Officer for Philips Consumer Electronics Home Entertainment Business Group and Managing Directors for Technology Solutions Business and Innovation Centre's at Wearnes Group. Joined Elanders in connection with the acquisition of Mentor Media in 2014, where he was CEO.

Shareholding: None.

AUDITORS AND NOMINATION COMMITTEE

AUDITORS

PricewaterhouseCoopers AB with the authorized public accountant:

Tomas Hilmarsson

Born: 1981.

Company Auditor in Charge since 2021. Company Auditor since 2018.

Other appointments:

Lifco AB and Doro AB.

THE NOMINATION COMMITTEE

Carl Bennet

Chairman and contact, represents Carl Bennet AB.

Hans Hedström

Carnegie Funds.

Adam Gerge

Didner & Gerge Funds.

Fredrik Carlsson

Svolder AB.

Nomination committee questions can be submitted by e-mail or post mail to:

valberedning@elanders.com

Elanders AB

Att: Nomination Committee
Flöjelbergsgatan 1C
431 35 Mölndal, Sweden



SVEN BURKHARD

Print & Packaging Solutions,
President.

Born: 1985.

Employed since 2017 and prior to that was employed at, among other places, the German company Flyeralarm. Education in Graphic Technology, Design and Business Administration. More than 15 years' experience in printing technologies, E-commerce, Product Management and Business Development.

Shareholding: None.

KEVIN ROGERS

President Global Sales.

Born: 1969.

Employed since 1999. Further education qualifications in; Mathematics, English, IT, Production planning and a member of the Chartered Institute of Marketing. More than 25 years' experience in digital print technologies, sales and marketing strategy, optimizing workflow and effective leadership. Joined Elanders in connection with the acquisition of Hindson Print in 1999, where he was digital print manager.

Shareholding: None.

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Calendar and

ANNUAL GENERAL MEETING

*Shareholders in Elanders AB (publ) are welcomed to the company's
Annual General Meeting Thursday 21 April 2022.*

Elanders AB's Annual General Meeting will be held on April 21, 2022, Södra Porten Konferenscenter, Flöjelbergsgatan 1C, Mölndal, Sweden. More information about the meeting and how the shareholders who wish to participate can register will be published in connection with the notice convening the meeting and will also be published on www.elanders.com.



Calendar

Annual General Meeting 21 April 2022

Quarterly Report Q2, 2022 12 July 2022

Year-end Report 2022 23 January 2023

Quarterly Report Q1, 2022 21 April 2022

Quarterly Report Q3, 2022 17 October 2022

FSC®-labeled

ANNUAL AND SUSTAINABILITY REPORT

There have been tremendous developments concerning the environment in the past few years and ecolabeled printed matter has become standard. Elanders makes every effort to further this development. We do it for the environment, for our customers, for ourselves and for the future. This Annual Report is FSC® labeled.

For the Annual and Sustainability Report 2021, we have used the 100 percent recycled paper Circleoffset Premium White with a basis weight of 120 g/m² for the inlay, and 300 g/m² for the cover. The paper's very high whiteness makes it suitable even for the most demanding printed matter. It has high environmental performance and is certified according to FSC Recycled, EU Ecolabel and Der Blau Engel.



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Azalea IT: page 35.

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LGI: pages 29-31.

Mikael Göthage: pages 7, 24-25, 124-127.

ReuseIT: page 35.

DISTRIBUTION POLICY

Elanders' Annual Report is distributed to those shareholders who have actively ordered a printed version, certain customers and other interested parties.

It is possible to download the Annual Report both in Swedish and English from Elanders' website. Those interested can via the website read Elanders' Annual Reports from the last ten years.

TRANSLATION

Elanders, Narva and Camille Forslund.

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

