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FROM END TO END...

Elanders' Annual and Sustainability Report 2022

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...AND BEYOND

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.

For Elanders sustainability is not just a responsibility, it is also a business opportunity that can improve profitability and create value for the Group, it's customers and society at large. Therefore, it is an integrated part of Elanders' business and strategy.

The requirements regarding corporate social responsibility imposed on large, multinational companies also apply to partners such as Elanders. Therefore, the sustainability work within the Group is to a large extent affected by the high demands placed on the customers.

They are required to reduce their environmental impact and are often environmentally and quality certified, which means suppliers must also meet the same requirements.

Elanders has over 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. Customers are divided into six segments according to the industry they are active in: Automotive, Electronics, Fashion, Health Care, Industrial and Other.



GERMANY
43 locations
3,298 employees

SINGAPORE
3 locations
484 employees

CZECH REPUBLIC
5 locations
339 employees

HUNGARY
4 locations
308 employees

SWEDEN
5 locations
176 employees

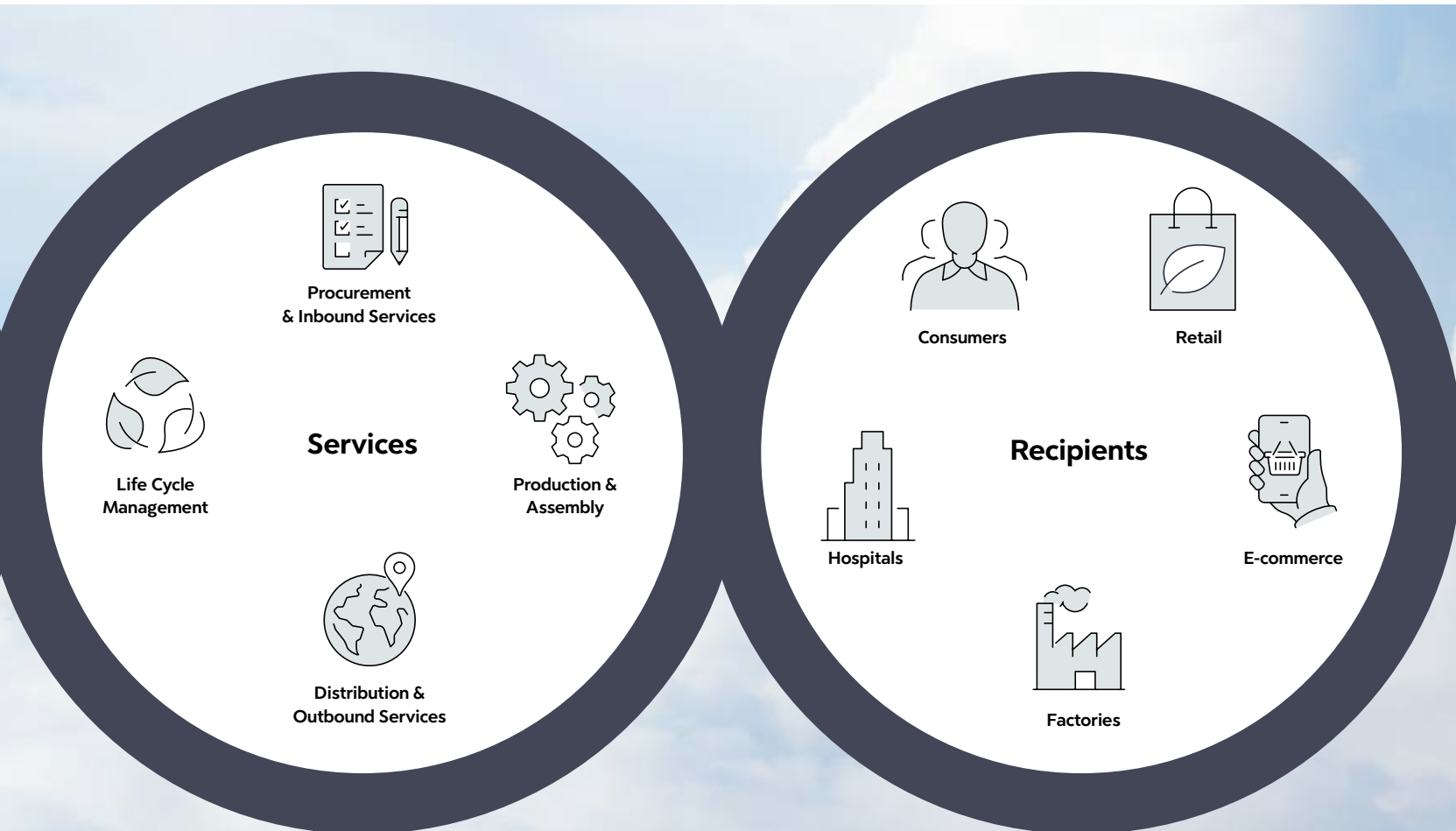
USA
10 locations
1,145 employees

CHINA
12 locations
441 employees

POLAND
3 locations
330 employees

UNITED KINGDOM
6 locations
202 employees

NETHERLANDS
7 locations
170 employees



INDIA
2 locations
162 employees

BRAZIL
1 location
49 employees

CANADA
1 location
24 employees

TAIWAN
1 location
6 employees

AUSTRIA
1 location
51 employees

MEXICO
1 location
32 employees

ITALY
1 location
23 employees

ROMANIA
1 location
5 employees

2022 IN SUMMARY

2022 was a turbulent year characterized by Russia's war in Ukraine, disturbances in customers' supply chains, inflation, cost increases, continued COVID-19 shutdowns in China, semiconductor shortages and material delivery problems. Despite a very complex and unpredictable environment Elanders delivered its best year ever result-wise.

This past year has demonstrated the strength in Elanders' strategy to diversify its offer, broaden its customer base to additional industries and increase the business' geographic spread. Just as intended the successive transformation in recent years has made Elanders' business model more robust. The business continues to grow organically, primarily driven by the business area Supply Chain Solutions. Very strong growth in the customer segment Fashion in North America has compensated for more restrained development in Asia and Europe, not unlike the way Asia compensated for the other parts of the world during the pandemic years.

Broadly speaking, the demand for logistic services has not diminished as much as was feared. However, development has been characterized by fluctuating demand not only geographically but between customer segments and over time within each segment. Automotive and Industrial, for example, initially suffered from material and component shortages as a result of the war in Ukraine. In the second half of the year, the price for air and sea freight dropped and global logistic capacity normalized.

During 2022, Elanders has also strengthened its focus on sustainability and prepared for the new regulations that are coming in this area.

The work has progressed with mapping the Group's greenhouse gas emissions in scope 1, 2 and 3. In conjuncture with preparing the Annual Report, the Group has set and communicated climate goals regarding greenhouse gas emissions.

47%

Adjusted EBITA improved by 47 percent in 2022

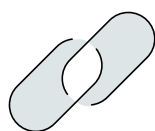
Three year overview

	2022	2021	2020
Net sales, MSEK	14,974	11,733	11,050
EBITDA, MSEK	1,940	1,468	1,431
EBITA excl. IFRS 16, MSEK	1068	770	737
EBITA, MSEK	940	641	598
EBITA adjusted, MSEK	966	658	598
Result after financial items, MSEK	666	482	414
Result after tax, MSEK	487	331	292
Earnings per share, SEK ¹⁾	13.29	9.12	8.12
Cash flow from operating activities per share, SEK	31.27	30.07	48.80
Equity per share, SEK	108.46	92.67	81.65
Dividend per share, SEK	4.15 ²⁾	3.60	3.10
EBITA-margin, %	6.3	5.5	5.4
EBITA-margin adjusted, %	6.5	5.6	5.4
Return on total assets, %	11.6	6.3	6.4
Return on equity, %	13.0	10.4	9.9
Return on capital employed, %	8.3	8.5	8.6
Net debt/EBITDA ratio, times	3.7	3.6	2.0
Net debt/EBITDA ratio excl. IFRS16, times	2.8	3.3	1.5
Debt/equity ratio, times	1.9	1.6	1.0
Equity ratio, %	26.6	28.0	33.6
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 146–148.

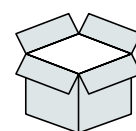


Supply Chain Solutions

Supply Chain Solutions is Elanders' largest business area and makes up three-fourths of the Group. This is the area where Elanders see big growth potential going forward. The market as a whole is expanding, outsourcing and online commerce is increasing, and demand is driven by a growing middle class globally. New regulations and changing behavior patterns will probably have a major impact on future logistic flows, which puts high demands on players who want to operate in the market.

The business area experienced fluctuating demand both geographically and within and between customer segments during 2022. Initially the war in Ukraine created disturbances in the supply chain in Europe for customer segments Automotive and Industrial. The problems with other materials and components like semiconductors have continued throughout the second half of the year. Within Electronics in Europe, the demand for products connected to heating and reducing energy consumption increased while demand for computers and TVs declined, as a result of skyrocketing energy prices. In Asia, both demand and the supply chain were negatively affected by reoccurring lockdowns in China due to the zero-tolerance policy on COVID-19 outbreaks.

The most important motor driving growth was customer segment Fashion in North America. Here, as in other areas, online shopping is growing rapidly, which in turn is pushing growth in logistic services. This is one of the areas where Elanders needs to help customers find more sustainable alternatives. The Group with its broad geographic presence can in particular offer them warehousing, delivery and return management close to the recipients of their products, which reduces their environmental impact as well as delivery and return times.



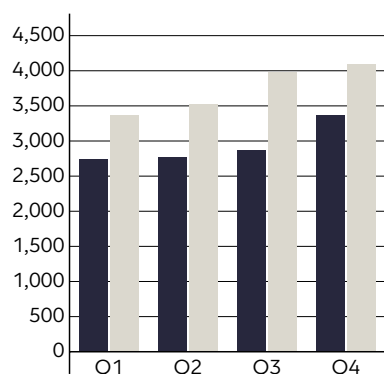
Print & Packaging Solutions

In general, the market for business area Print & Packaging Solutions continues to be challenging. The market is being successively consolidated, where some actors either give up or merge. However, thanks to Elanders' financial strength, this creates opportunities for the Group to gain market shares. In the meanwhile, the shift to digital print and more recipient-adapted products, instead of traditional offset print with large editions, progresses.

During the first half of 2022 lack of materials and skyrocketing prices put enormous pressure on the industry. For the business area this led to a significantly lower result in the first half-year compared to last year. Through hard work to raise prices and ensure material supplies Elanders achieved a notable recovery during the second half of the year. Although the price is higher, the supply of paper appears to have stabilized.

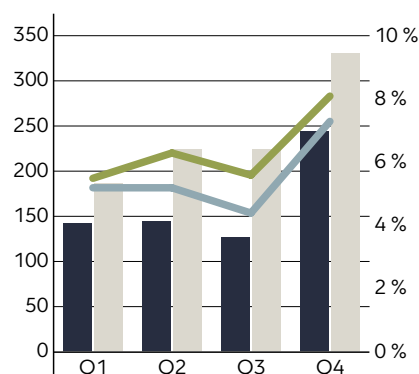
Despite the difficult conditions Elanders has continued to gain market shares during the year including winning a new major customer in online print. Besides packaging this is one of the few areas in the graphic industry showing organic growth. It makes it a prioritized growth area for the Group. Through previous acquisitions and successful sales work Elanders has become one of the largest suppliers of online print in Central Europe. Examples of products are personalized and recipient-adapted children's books, invitations, photo products and even smaller editions of books and catalogues.

NET SALES PER QUARTER



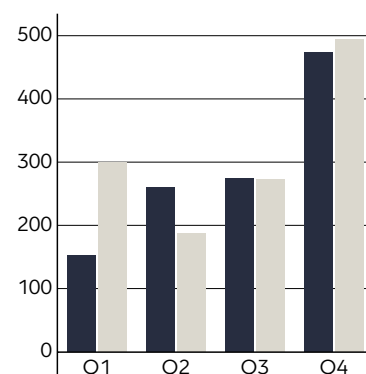
● 2021 Net sales, MSEK
● 2022 Net sales, MSEK

ADJUSTED EBITA AND ADJUSTED EBITA-MARGIN



● 2021 EBITA adjusted, MSEK
● 2022 EBITA adjusted, MSEK
— 2021 EBITA-margin adjusted, %
— 2022 EBITA-margin adjusted, %

OPERATING CASH FLOW EXCLUDING ACQUISITIONS PER QUARTER



● 2021 Operating cash flow, MSEK
● 2022 Operating cash flow, MSEK

A complex year with

RECORD RESULTS

To say that 2022 was a complex year is an understatement at the very least. Despite all the challenges, Elanders delivered good organic growth and our best result ever. Our strategy to broaden our customer base to cover more industries and increase our geographic reach has created a more robust Elanders, better equipped to handle vacillations in demand. The year has also been characterized by accelerating our work on sustainability, an area that is becoming increasingly important.

In 2022, Elanders' capacity to handle a turbulent world was really put to the test. Strong fluctuations in demand as a result of the war in Europe, continued disturbances in component flows, the energy crisis and soaring inflation made the environment we operate in very complex to navigate through.

External impact on the company shifted during the year. When Russia invaded Ukraine quite a few of our customers were hit by a shortage of components, which together with a continuing scarcity of semi-conductors slowed their rate of production and thereby demands for our services. During the second half of the year rising inflation had a negative effect on demand for specialty consumer goods such as computers, TVs and household goods. On the other hand, demand skyrocketed for anything concerned with energy efficient heating, such as heat pumps.

STABLE FINANCES

Elanders closed out the year with organic growth of six percent, and it was profitable growth. Despite unstable demand and rising costs for material, fuel and energy we presented our best annual result ever. Adjusted result per share was 42 percent higher than in 2021, which was already a year of improved profit for Elanders.

We continue to have very stable financing although rising interest rates put pressure on the bottom line. Liquidity continues to be excellent and we have room to grow, both organically and through acquisitions. As a step in further improving our margins we decided at the end of the year to close down unprofitable sections of our road transportation operations in Germany. We also plan

to reduce our low-margin buy and sell business. Together these measures will lower net sales, but they will improve our margins and free up capital.

MOVING RAPIDLY AHEAD IN OUR SUSTAINABILITY WORK

Elanders considers sustainability not just a responsibility but a business opportunity as well that can create value and improve profitability. With this in mind, we set a rapid pace in our sustainability work during the year (read more about it on pages 22–25). Among other things, we have mapped the Group's greenhouse gas emissions within scope 1 and 2, begun mapping scope 3 emissions and set climate targets.

We have held interviews with customers to understand what they expect of their subcontractors as well as signed onto the UN Global Compact which has drawn up ten principles that pertain to human rights, labor laws, the environment and anti-corruption. In 2023, we will prepare for CSRD, the EU directive on sustainability reporting that enters into force in 2024. We also intend to start planning in 2024 for the verification and approval of our climate targets by the Science Based Targets initiative.

SUPPLY CHAIN SOLUTIONS

For business area Supply Chain Solutions, 2022 was a successful year with stable demand over the year as a whole. The business area delivered a very good result with organic growth and an improved profit margin.

Growth in North America was fantastic thanks to our new subsidiary Bergen Logistics which is focused on small and mid-sized Fashion customers that makes it a good platform for growth in a challenging environment. We also delivered stable growth in Europe. When customers in the Electronics segment suffered from the consequences of China's zero tolerance to COVID-19 outbreaks and customers in Automotive and Industrial were hit by disturbances in component supply chains, we could balance this with other customers and segments.

The advantage of the strategy to broaden our customer base is obvious. As intended, weaker development in some product areas was compensated by strength in others. This, together with the fact that in recent years we have also expanded Elanders' offer with solutions that cover a larger part of customers' value chain, enables continued organic growth in Supply Chain Solutions. During the year we opened new facilities in the Netherlands and Germany. Looking ahead, in 2023 we plan to open another two new sites in Mexico, one in the United Kingdom and two in the USA.



“

Elanders closed out the year with organic growth of six percent, and it was profitable growth. Despite unstable demand and rising costs for material, fuel and energy we presented our best annual result ever.

MAGNUS NILSSON
President and Chief Executive Officer

Acquisitions are an important part of our strategy aimed at developing our offer and spreading the Group geographically. A good example of this is Bergen Logistics which brought us both a big footprint in the USA and a unique platform. We can now offer small and mid-sized Fashion segment customers a global solution, which can be expanded to include other customers with similar needs. During 2022 Bergen Logistics gained 65 new customers. We implemented the company's business model in the United Kingdom and in 2023 we plan to do the same in several European countries as well as in Asia and South America. In addition to providing our multinational Fashion customers with a global solution, we want to be a natural partner for growth companies that want a simple way to become established and grow on new markets (read more about our offer in Fashion on pages 26–29).

During the year our subsidiaries LGI and Mentor Media continued to develop their offers and take on new, larger projects for both existing and new customers in all our customer segments. For instance, we gained several interesting customers in Electronic and Healthcare. In the Annual Report we highlight our offer in Healthcare encompassing a number of recently added value-adding services and new facilities (read more on pages 30–33). We are an experienced and reliable partner for customers in this area and offer solutions that cover the whole life-cycle of their products, including warehousing, delivery, installation, reparation, returns and more.

PRINT & PACKAGING SOLUTIONS

The first half of 2022 was very challenging for business area Print & Packaging Solutions, marked by a severe hike in paper prices and even a shortage of paper. Together with other higher expenses this resulted in a much lower result compared to the corresponding period last year. However, the business area recovered very well in the second half of the year thanks to skillfully implemented price increases and continued growth in Online Print. This development was similar in all our regions.

Elanders organic growth in the business area during the second half-year was primarily driven by successes in Online Print (read more on pages 34–37). Another factor is how well we have developed our offer to existing and new customers by taking responsibility for a larger portion of their value chain through managing other products along with various logistics services. For example, in 2022 Elanders in the United Kingdom successfully implemented Bergen Logistics business concept for Fashion customers, which means that in 2023 we will be expanding our capacity for supply chain services there.

The market for traditional printed matter is contracting and severely competitive. A consequence of this is

the constant need to optimize operations and make them more efficient to keep them profitable. The advantage for Elanders is that we often compete with smaller, local companies with limited ability to continuously streamline their business. Because of our size we have other avenues to maximize the capacity utilization of our production equipment by, for example, specializing our various units in different products and placing work for customers where we can best produce it.

Size is also an advantage in the growth area Online Print. For the small editions produced here it is not enough to have very sophisticated solutions with automated order flows, the latest technology in digital print and continuous product development. Large volumes are a necessity for profitability. The German digital printer Schätzl we acquired in 2021 has helped our business in this area and in 2022 we secured several new, important customers. In order to meet the growth in Online Print we have greatly increased our capacity in digital print during the year with the latest technology and expanded our after sales capacity.

Lower print volumes in general also mean constantly working on developing our offer. We want to grow in customers' value chains, discover new kinds of products and manage changes in delivery patterns as well as market new business concepts. One example of this is a new concept we sell to publishers. It combines digital print with traditional print in order to reduce their inventory stores and discards, which is good for the environment, and also reduces working capital.

ON TO NEW OPPORTUNITIES

In summary, 2022 was a year where Elanders demonstrated how well we have developed into a robust Group that stands on several legs and is rock solid even in a buffeting world. We have chosen a path we intend to continue down, always on the lookout for new opportunities that emerge from the ongoing transition to a circular economy, and a more sustainable society.

I want to end with a heartfelt thanks to all our employees. Everyone really does their best every day to deliver on the highest level and thereby contribute to continued success for Elanders. Naturally, I also want to thank our investors and customers for their confidence in us. Together, we will continue to develop Elanders into one of one the world's leading companies in supply chain management.

MAGNUS NILSSON

President and Chief Executive Officer



“

2022 was a year where Elanders demonstrated how well we have developed into a robust Group that stands on several legs and is rock solid even in a buffeting world.

Elanders delivers

SUSTAINABLE 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 the customers, Elanders develops their business, strengthens their competitiveness and makes their supply chain more sustainable. Managing the supply chain optimally reduces resource consumption in production, warehousing and transportation, 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.

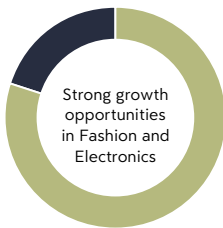
FINANCIAL TARGETS

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.

Elanders' greatest growth opportunities

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

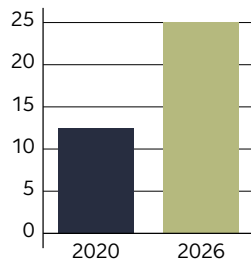
E-COMMERCE
E-commerce' share of global commerce ¹⁾



- E-commerce opportunity, 80%
- Global e-commerce, 20%

¹⁾ Source: Third-party industry research.

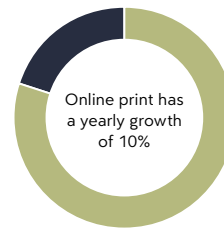
LIFE CYCLE MANAGEMENT
Size of market for used IT equipment ²⁾



- 2020: US \$ 12.5 billion
- 2026: US \$ 25 billion

²⁾ Source: Third-party industry research.

ONLINE PRINT
Online print vs. traditional print ³⁾



- General print market, 80%
 - Online print, 20%
- ³⁾ Source: zipcon consulting and management estimates. Represents North America and Europe.

OUTSOURCING
% of logistics services that is outsourced ⁴⁾



- Currently insourced US \$ 300 billion, 70%
 - Outsourced US \$ 130 billion, 30%
- ⁴⁾ Source: Third-party industry research. Represents North America and Europe.

28%
 Net sales grew by
 28 percent in 2022

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: e-commerce, 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’

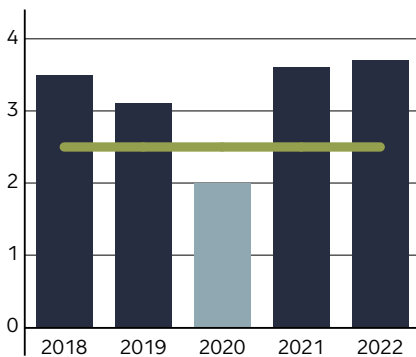
needs on new geographic markets increases, which deepens the customer relationship.

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 criterion 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.

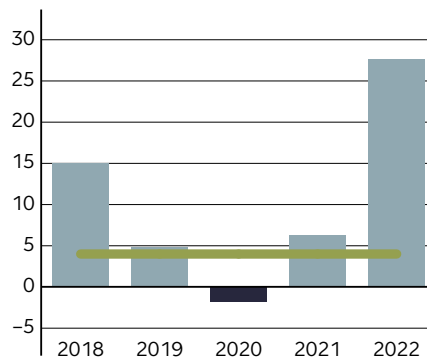
Long-term financial targets

Elanders’ long-term financial targets are as follows:

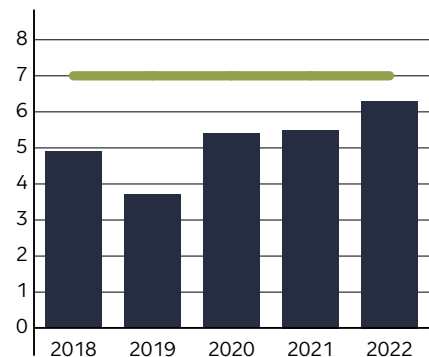
NET DEBT/EBITDA
 The ratio should be under <2.5



NET SALES GROWTH, %
 At least 3–5 percent annually over a business cycle



EBITA MARGIN, %
 >7 percent



● Goal achieved ● Goal not achieved — Goal

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

A diversified, robust and

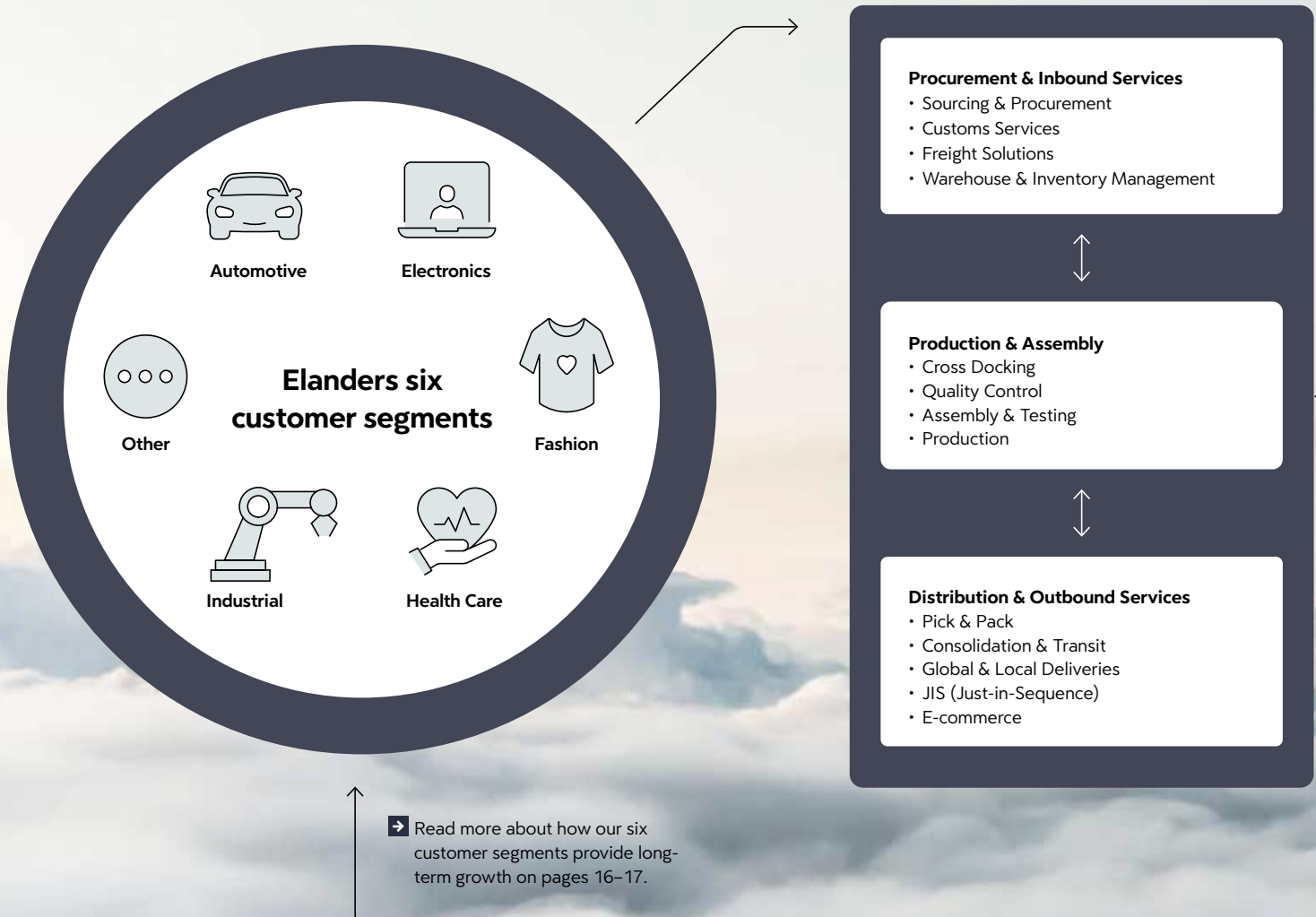
SUSTAINABLE BUSINESS MODEL

With sustainability as an intrinsic part of the Group’s business and strategy, Elanders is a global logistics company that offers a broad range of integrated solutions in supply chain management. Elanders considers sustainability both a responsibility and a business opportunity that can improve profitability and create value.

Elanders’ customers come from a broad spectrum of industries and are divided into six customer segments: Automotive, Electronics, Fashion, Health Care, Industrial and Other. Whether or not customers engage Elanders for single services or tailor-made total solutions the Group contributes to increasing their productivity, profitability and sustainability.

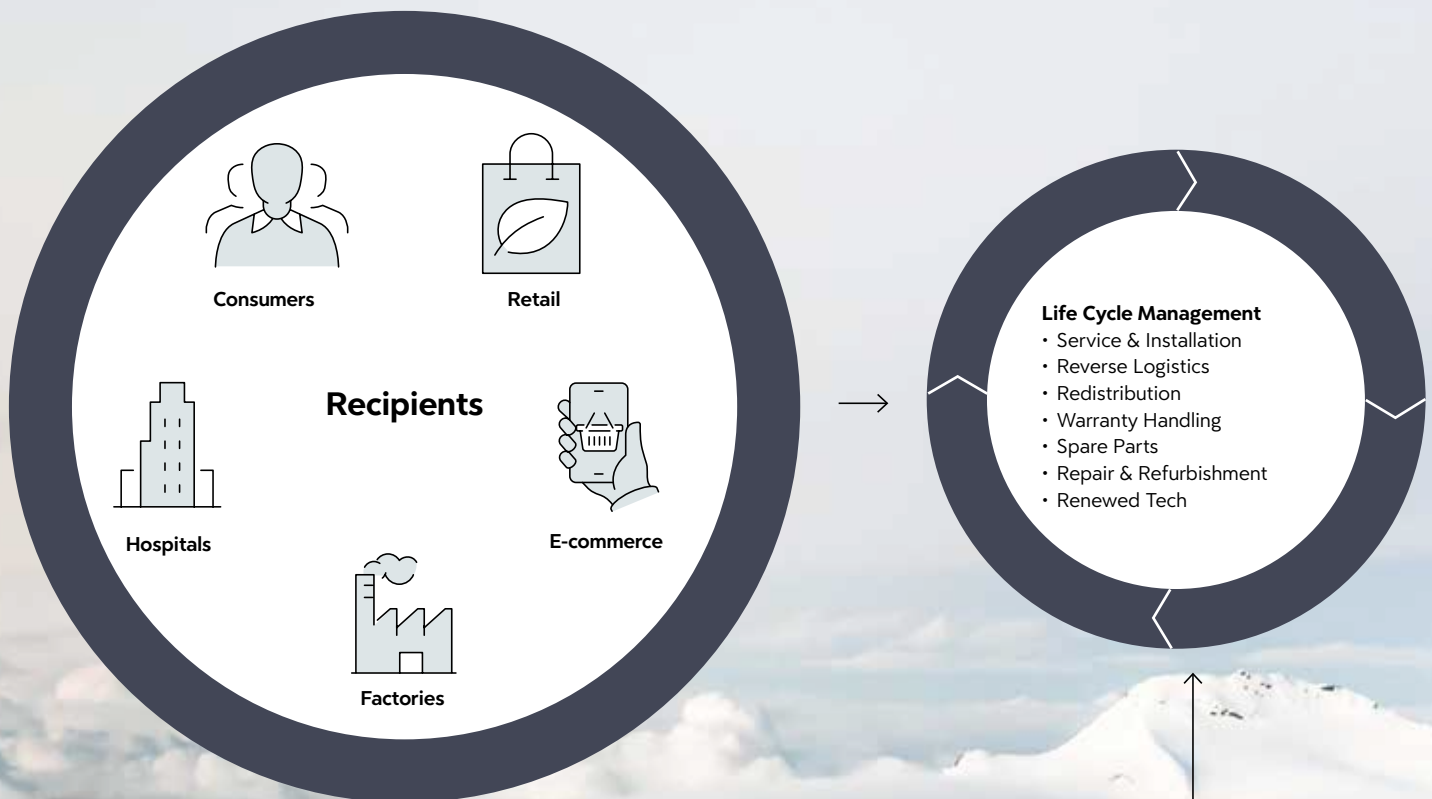
Elanders can support them through every step of a product’s lifecycle with services from the moment product components go into production until they have served their

final purpose and are ready for recycling. On behalf of customers Elanders manages and optimizes the flow of raw materials, components, finished products, payments and information throughout a product’s entire lifecycle. Elanders’ offer includes handling everything from order management, procurement, purchasing components, customs management and warehousing to production logistics, manufacturing, configuration, quality control and delivery. The Group also handles payment flows, synchronizing purchasing and ware-



housing with demand and provides after-sales services such as managing returned or worn-out products for recycling or resales. The value-added services are tailored to individual customers' needs and desires – for example installation, testing, reparation, off and on loading and repackaging products. In e-commerce, Elanders can, in combination with logistic services, create and take responsibility for customers' webshops including content production and management, customer service and financial services.

The Group also provides global total solutions within print that are run very efficiently and flexibly and 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. In addition to packaging, most of the growth in graphic services is in online print where Elanders has both its own, efficient order platforms and delivers printed matter to a number of other well-established companies.



➔ Read more about how our services contribute to a more sustainable world on pages 112–139.

ELANDERS' SIX CUSTOMER SEGMENTS

Elanders divides its customers into six segments according to the industry they work in: Automotive, Electronics, Fashion, Health Care, Industrial and Other. The Group strives to have a good spread and customer mix in the segments. Diversification makes Elanders more robust in business cycle fluctuations, swings in demand and global crises.

Fashion

28%

In the Fashion industry, sales is shifting from traditional sales in stores to more digital online shopping. 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. At the same time managing returns and recycling are becoming an increasingly important part of the supply chain.



Growth prospects:
High



Business cycle sensitivity:
Medium

Electronics

28%

In a world characterized by a growing middle class the consumption of electronics is on the rise, both for companies and consumers. This goes for everything from computers, surveillance systems and TV's to heat pumps and data centers. At the same time, requirements on resource effectiveness and sustainability are getting more stringent.



Growth prospects:
High



Business cycle sensitivity:
Medium

Automotive

18%

The automotive industry is going through a period of enormous and challenging transitions as developments shift to electric cars, self-driving vehicles and demands for climate neutrality. Today brand name owners want to focus on their core business and therefore put high demands on their supply chain regarding both quality and reliability.



Growth prospects:
Medium



Business cycle sensitivity:
High

Industrial

12%

Industrial manufacturers currently require low manufacturing costs, high product quality, short lead times and high delivery precision. From production to the after-sales market, logistics are a key factor.



Growth prospects:
Medium



Business cycle sensitivity:
High

Health Care

4%

Customers in Health Care operate in 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

Other

10%

Customers in online print represent by far the largest portion of net sales in customer segment Other. As opposed to traditional, commercial offset print, volumes continue to grow in mass production of individually customized printed matter ordered online.



Growth prospects:
Medium



Business cycle sensitivity:
Medium

Ready to develop and

CHANGE WITH THE WORLD AROUND US

Elanders constantly follows developments in the outside world and responds to important trends with a bearing on the Group's operations and offer.

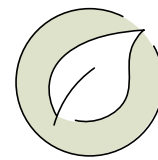


Globalization and urbanization

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 laws restricting transportation, 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 regional and international shipping is shifting towards network solutions with big logistics terminals and consolidated repacking warehouses with automated goods management. The various crises over the past few years has spotlighted weaknesses in the global just-in-time supply chains, which increases the need for local warehousing and a higher share of sourcing of components and material from nearby suppliers.

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 both local and 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 goods vehicles in city centers and at the same time streamline and optimize distribution.

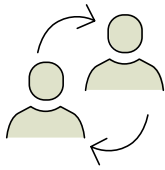


Sustainability

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 and recycling, in combination with a society that has to become more circular, a so-called circular economy, will push existing structures to their limits. Future supply flows will have to change fundamentally to be sustainable. There are already a slew of new restrictions on heavy goods vehicles being implemented in cities. All of this greatly increases the complexity in the supply chain flow, putting even higher demands on intelligent IT solutions, automation and control as well as modern, sustainable transportation solutions.

WHAT ELANDERS DOES

Sustainability aspects permeate Elanders work on all levels and essentially the operations are all about optimizing customers' material and component flows and streamlining their logistics. This leads to lower climate impact and minimizes costs. Another vital area for Elanders is the service area Life Cycle Management that includes the concept Renewed Tech. Instead of scrapping cell phones, computers, computer screens and printers Elanders can restore them on behalf of our customers and give the products a second life. This extends the life of the products considerably and contributes to a more sustainable society, in other words a win-win concept for everyone involved.

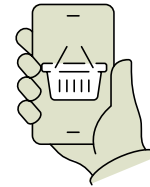


Increased outsourcing

By outsourcing parts of, or their entire, supply chain companies increase delivery reliability while reducing overhead for 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. A greater focus on more dependable global supply chains is further reinforcing this development.

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. In order to meet customers' needs and desires Elanders continues to expand, both geographically and into new services.



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 and it appears the shift is here to stay. Escalating online sales change the need for logistic services, and in many cases create a new direct relation to the end customer where the company's own brand is on the line. In addition to logistics, services like webshops, customer service and financial transactions have to be handled optimally.

WHAT ELANDERS DOES

Elanders offers logistic services and a number of value-adding services that make it easier for customers to manage consumers' new purchasing habits. Elanders offers optimized concepts that can be set up quickly for small and mid-sized customers as well as concepts that suit the needs of larger customers. Logistic services can be combined with different kinds of additional services such as Elanders taking responsibility for the creation of a customer's webshop, including, for example, content production, customer service and financial services.

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.

Elanders has over 7,000 employees and operates in some 20 countries on four continents. The most important markets are China, Germany, the United Kingdom, Singapore, Sweden and the USA. Customers are divided into six segments according to the industry they are active in: Automotive, Electronics, Fashion, Health Care, Industrial and Other.

STRATEGIES

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

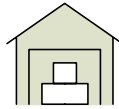
employees in some 20 countries

Our resources



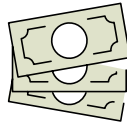
HUMAN CAPITAL

- More than 7,000 employees in some 20 countries



MANUFACTURED CAPITAL

- >100 sites with close to 1.5 million sqm of production and warehouse space
- Existing machinery



FINANCIAL CAPITAL

- Equity of SEK 3.9 (3.3) bn
- Total assets of SEK 14.6 (11.8) bn



RELATIONAL CAPITAL

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

Trends

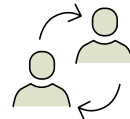
We have identified a number of mega-trends we believe could potentially impact Elanders' business in the future. By understanding them we can develop our offer and create a platform to keep and strengthen the leading position that Elanders has on selected markets and thereby generates long-term profitable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



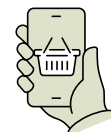
SUSTAINABILITY



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 2.9 (2.2) bn
- Safe and sustainable workplaces
- Ongoing training and education



CUSTOMERS

- More than 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 849 (580)
- Paid interest of MSEK 188 (92)
- 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 MSEK 676 (524)

Heading for a more

SUSTAINABLE WORLD

Elanders' sustainability work covers the Group's entire business model and permeates the company at every level. Elanders considers sustainability both a responsibility and a business opportunity that can create value and improve profitability.

Sustainability matters are an integrated part of Elanders operations and decision-making. The goal is to have a positive impact on the environment. Elanders should also contribute to sustainable social development and be a responsible and attractive employer.

As a global logistics company, the Group has a social responsibility to work actively with social, ethical and environmentally-related issues. Within the Group this work is based on clearly formulated principles and targets, and the compliance and fulfillment of them is ensured and monitored. In the long run solid sustainability work creates greater shareholder value and added-value for all the company's stakeholders – for customers, investors and society in general.

FRAMEWORK

Elanders has chosen to structure both its sustainability work and reporting based on an ESG perspective (Environment, Social and Governance). The company believes this will help further clarify communication to its stakeholders such as customers, suppliers, personnel and shareholders.

Elanders' ESG framework, which is described in more detail in the Sustainability Report, consists of eleven categories; "Greenhouse gas emissions", "Material and waste", "Health and safety", "Employee relations", "Diversity, equity and inclusion", "Human rights", "Business ethics", "Data ethics", "Sustainable procurement", "Responsible taxpayer" and "Society".

In addition to ESG, Elanders continues to use the UN global goals for sustainable development as guidance in identifying the business' impact. In 2023 Elanders signed onto the UN Global Compact which, based on the global goals, has drawn up ten principles

that pertain to human rights, labor laws, the environment and anti-corruption. In order to increase transparency and raise the quality of the Group's environmental and climate data, emission calculations and data compilation are based on and supported by the GHG Protocol. The GHG Protocol stands for the Greenhouse Gas Protocol and is a global standard that can aid in reporting on greenhouse gas emissions.

In 2022, the Group also reported to Carbon Disclosure Project ("CDP") for the first time. It is a not-for-profit organization that helps investors, companies, cities, countries and regions with climate and environmental impact charting and disclosure.

AN EVER-CHANGING WORLD

Elanders has come a long way from the pure printing company operating mainly in Sweden it once was to being a global service supplier with operations on four continents. During this transition the Group has made acquisitions that have enabled expansion into new markets, customer segments and services. Through this expansion, Elanders has built a more stable and resistant organization with more industries and geographies to stand on. This diversified business model has become a source of strength in a world marked by growing insecurity.

Elanders' risk analysis takes uncertainties and changes in both the physical and social environment into consideration. It comprises such factors as climate change, changes in access to natural resources and disturbances in global supply chains as well as the transition to a more circular economy. This also includes adjusting to steering the company more sustainably in general, together with different expectations and demands from customers and other external forces. For more details, please see the Sustainability Report.

9%

In 2022, Elanders reduced its greenhouse gas emissions in scope 1 and 2 by nine percent



We are determined to reduce our own emissions within scope 1 and 2 by 50 percent by 2030 and that all our operations will be climate neutral by 2050 at the latest.

RESPONSIBLE EMPLOYER

Elanders' ambition is to create attractive, inclusive and sustainable work environments where employees are engaged, develop and deliver results. The Group believes in authentic leadership characterized by courage, engagement and sustainability. This is why great emphasis is placed on continually developing and improving the systematic work with employees' work environment, labor conditions and education and training. All employees at Elanders also have a personal responsibility to have a positive impact on the environment, improve working conditions, increase equality and prevent corruption.

A CIRCULAR ECONOMY

Elanders has for many years managed both production and aftermarket logistics for some of the largest PC-makers in the world. In recent years the Group has added several more climate friendly services. In Renewed Tech Elanders takes care of used IT equipment like computers and servers. Personal and sensitive information is erased, the unit is renovated and then sold to new users on the second-hand market. The previous owner receives the data wipe certificate and an environmental certificate declaring the carbon dioxide savings. There is a huge sustainability factor in extending the life of equipment before it is finally recycled, since most of a product's environmental impact comes from producing it. In 2022, Elanders handled around 85,000 decommissioned units that were given new life with new users. This corresponded to emission savings of over 24,500 tons CO₂ equivalents.

CONTINUOUS TRANSITION

Elanders has built up an organization over a number of years that is good at changing quickly and adjusting operations to follow developments in the world around it. The Group has the ability to keep in step with the times and handle the transformations whether they be digitalization, pandemics, production disturbances, climate changes or something else. In an ever-changing world there are always external threats that everyone has to deal with. Elanders flips this perspective and considers these challenges opportunities to development and the foundation for new innovative solutions and creative business models which benefit both people and the planet.

~24.5

thousand tons of emission savings¹⁾

¹⁾The CO₂ savings in CO₂ equivalents have been calculated in accordance with the principles set out in the report "Analys av återbrukade IT-produkter" (Eng: "Analysis of recycled IT products"), produced by the research institute RISE in collaboration with Elanders.

Elanders’ journey towards

ACHIEVING THE 1.5-DEGREE TARGET

With unique and customized services Elanders helps customers grow and expand globally. During the year the Group has decided on priorities and set targets in order to take the social responsibility of a global actor, and to meet customers’ need for comprehensive solutions that also live up to growing external demands regarding sustainability.

Climate goals have been set for the entire Group that will in time put the business in line with the 1.5-degree target. At the same time awareness is growing about how, in turn, Elanders’ business is constantly affected by an ever-changing world.

In order to move forward it is important to start where the Group is currently standing and comprehend the impact of our own operations. Elanders has committed to reducing emissions within scope 1 and 2 by 50 percent by 2030. However, the biggest impact appears to come from the services the Group purchases, especially from the emissions generated by the transportation Elanders procures and manages for its customers. Decisions about what kind

of transportation to use, and to what extent, are made by customers. The only way Elanders can impact this is by being transparent about the effect of their choices and, to the extent possible, by providing other alternatives that are better for the environment.

In a first and necessary step Elanders will carry out an in-depth study of the entire Group’s scope 3 emissions, which is expected to be completed during the second half of 2023. Through greater control and transparency, Elanders can contribute to customers’ achieving their own climate targets. Transition to more sustainable logistic services in the Group, in particular phasing out fossil fuels, is largely dependent on regulatory reforms being

carried out externally. It is also dependent on developing new technology and alternative fuels. Elanders actively follows these developments and constantly strives to supply new solutions that meet both current and future needs.

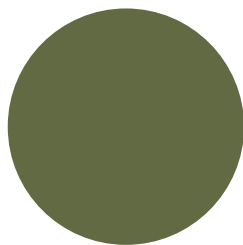
The Sustainability Report contains more information on Elanders’ footprint and the sustainability work being done in the Group. In it you will find a detailed compilation of ESG data, which also includes the Group’s greenhouse gas emissions within scope 1 and 2. Elanders calculates its emissions from 2022 based the GHG Protocol’s principles and standards.

Greenhouse gas emissions within the Group

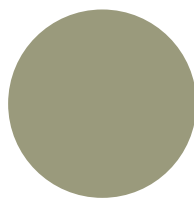
Scope 3
Other indirect emissions

The size of the circles indicates the amount of carbon dioxide emissions related to this activity at Elanders. The larger the circle, the higher amount of carbon dioxide emissions.

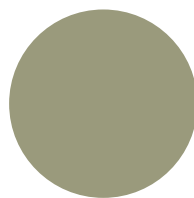
Upstream



Transports managed on behalf of the customers



Raw material



Capital goods



Transport of raw material & components for own production



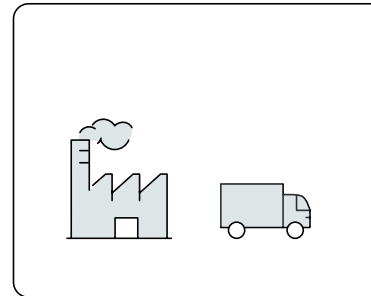
Business travel



Employees commuting

Scope 2

Power & heating



2022

Mapping of scope 1 and scope 2 emissions completed.

2023

Climate targets set for the Group and externally communicated.
Elanders signs on to the United Nations Global Compact.

Commitment letter is sent to Science Based Target initiative
Preparations for the new EU directive, CSRD, the Corporate Sustainability Reporting Directive.

Mapping of the entire Group's value chain emissions (scope 3) and preparation of an action plan to reduce emissions.

2030

Operations aligned with the 1.5 degree target according to the Paris Agreement.
Scope 1 and scope 2 emissions have been reduced by 50%.
Scope 3 emissions related to our own operations have been reduced by 30%.

2024

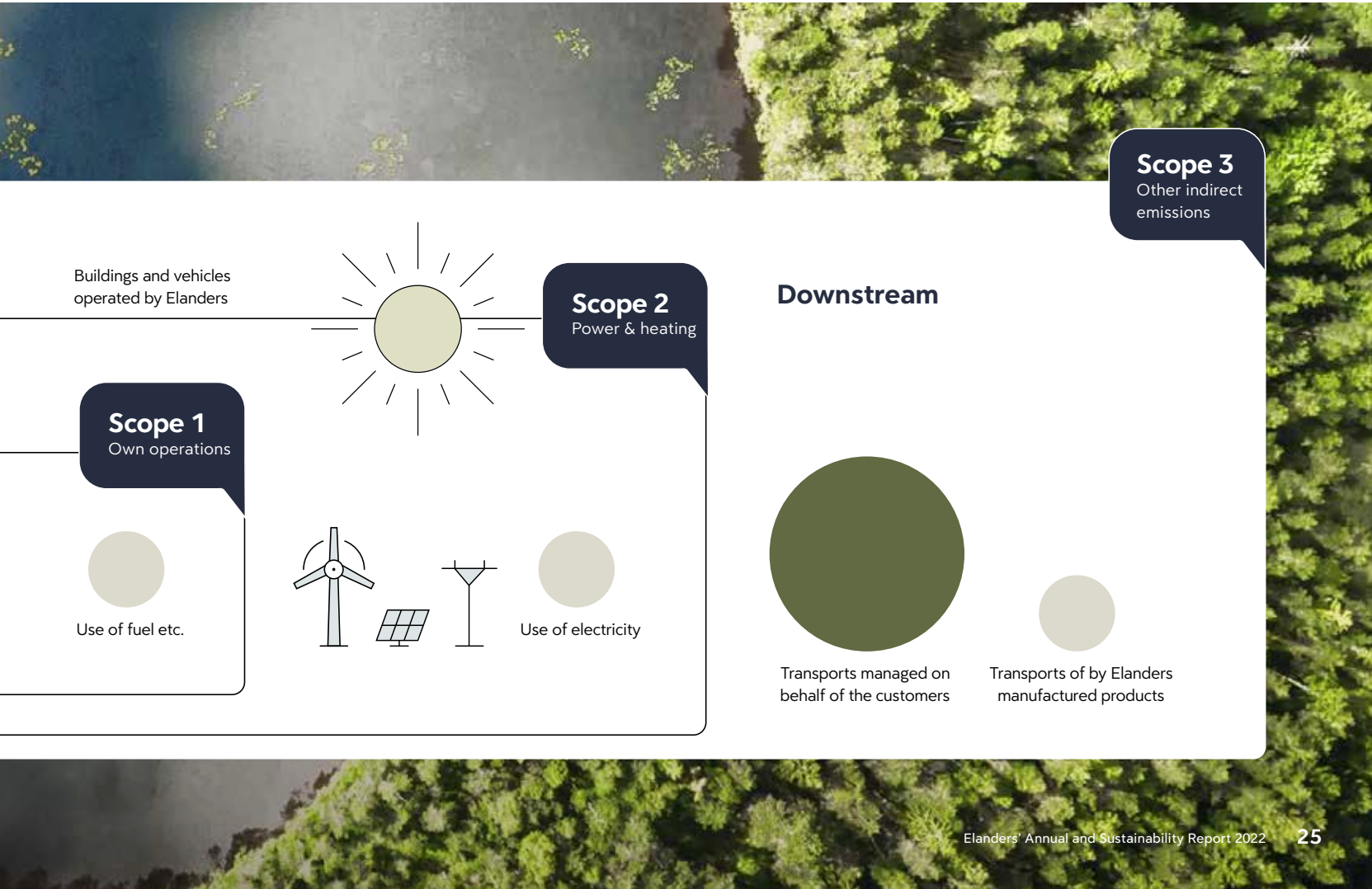
Application is sent to the Science Based Targets initiative to get Elanders' climate targets scientifically validated.
Implementation of the new EU directive for sustainability reporting.

2040

Scope 1 and scope 2 emissions have been reduced by 75%.

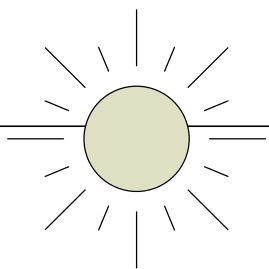
2050

The Group will have achieved net zero emissions over the entire value chain.

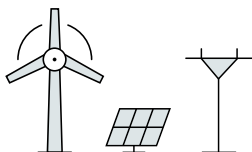


Buildings and vehicles operated by Elanders

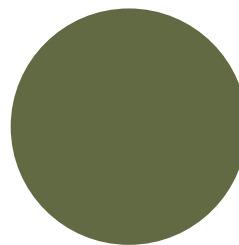
Scope 1
Own operations



Scope 2
Power & heating



Downstream



Transports managed on behalf of the customers



Transports of by Elanders manufactured products

Scope 3
Other indirect emissions

In the last couple of years, Fashion has grown to become Elanders' largest customer segment. The Group now offers global supply chain services suitable for new brands who just set up shop, for well-established giants present in most consumers' wardrobes, as well as for everyone somewhere on the scale between these two extremes.

INTERVIEW

FASHION SOLUTIONS FOR ALL SIZES



Charles Ickes, President & COO, Bergen Logistics



Patrick Lindig, CEO, ITG



Florian Beck, General Manager Europe, Bergen Logistics

The Fashion customer segment includes not only clothes, but also accessories, perfumes and other lifestyle items. Although there are differences in nuance between different types of clients, one common characteristic for the fashion industry is a fast pace with at least three new collections in a year. With the advent of so-called “fast fashion”, sales cycles have become even shorter and some brands can launch as many as 24 collections per year.

“As a logistics partner you must be able to keep up with the speed of the industry. You have to help to make sure that the right goods are available in stores and ready for online orders at the right time. The end-customer’s experience must also be excellent, both when it comes to service and the speed of delivery,” explains Florian Beck, General Manager Europe for Elanders’ subsidiary Bergen Logistics (“Bergen”), which specializes in Fashion.

Add to that the complexity that comes from the fact that volumes can fluctuate in the extreme, for example during the hectic seasons of Black Friday and the Christmas rush.

“The number of orders can go from 15,000 one day to 3,000 the next. This volatility means that you need to adjust your entire system and infrastructure for a highly flexible operating model. With huge, multi-client centers and a good mix of business-to-consumer and business-to-business clients as well as different seasonality among them, we can balance the flows,” says Patrick

Lindig, CEO at Elanders subsidiary ITG, Elanders’ other subsidiary specializing in fashion.

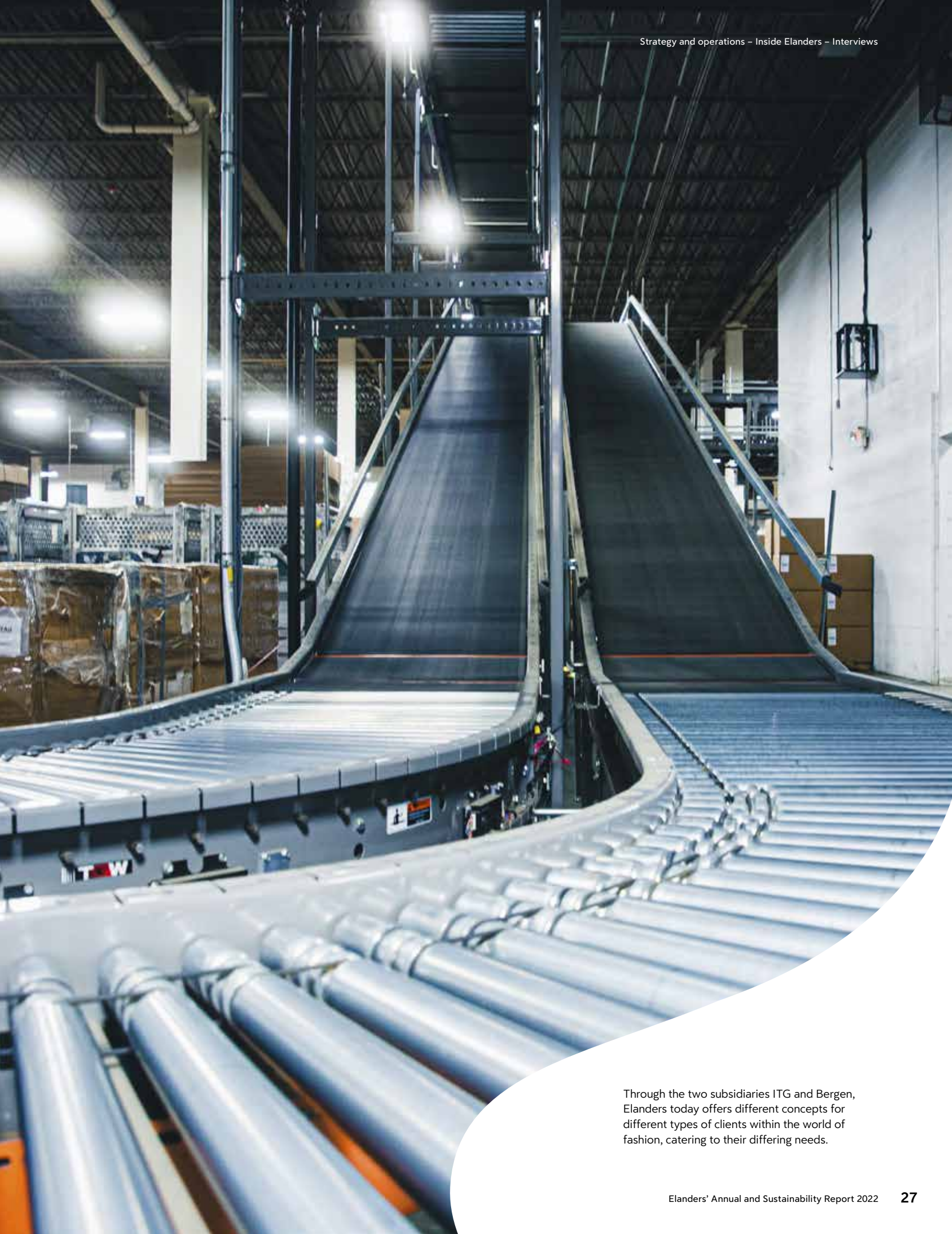
“It is pivotal with a good understanding of the business. For example, you may need to deal with a variety of price tags, adjust deliveries according to the wishes of different wholesale chains, or make sure that online customers get the right brand experience when opening a package. For us, the key is to continuously develop our own software solution that makes it possible to meet these types of customization needs,” says Charles Ickes, President & COO of Bergen.

BOTH STANDARDIZED AND CUSTOMIZED

Through the two subsidiaries ITG and Bergen, Elanders today offers different concepts for different types of clients within the world of fashion, catering to their differing needs. Small to medium-sized businesses can benefit from a highly standardized third-party logistics concept that can be easily integrated with their own systems and quickly let them reach the markets that they need, wherever these are located in the world. At the same time, the Group also offers more complex concepts for mature brands that crave more customization and flexibility from their logistics partner.

No matter the type of concept, the great advantage clients get from Elanders is that they can focus on their core business, which is designing clothes (or other fashion





Through the two subsidiaries ITG and Bergen, Elanders today offers different concepts for different types of clients within the world of fashion, catering to their differing needs.

600

ITG and Bergen have a total of around 100 and 500 active customers respectively

250'

ITG has a total of close to 250,000 m² in floor area at its facilities

items) and handling the manufacturing, while achieving one single point of contact and integration for their global fulfillment needs.

“If you are a brand starting out, what you want to put your effort into is design, manufacturing, marketing, connecting to end-customers through web and physical shops, working with the online platforms you want to integrate with and so on. With us, you get a partner who can take care of physical fulfillment for you, with high quality and an extremely short onboarding process,” explains Florian Beck.

A CONSISTENT SHOPPING EXPERIENCE

Bergen was acquired by Elanders in the fall of 2021. This considerably expanded the Group’s presence in North America and grew the Fashion segment of Elanders’ business. For Bergen, becoming part of the Group has accelerated a global expansion that had already begun. With seven sites in North America, two in the Netherlands, one in China and one in the UK, the company is planning to open another site in North America in 2023, as well as looking at new possible sites in China, Brazil, Germany and Vietnam.

Bergen offers omni-channel fulfillment from centers servicing a great number of clients and delivering a consistent shopping experience across all channels, online

and in stores. The company’s own warehouse management system (WMS) CloudX is continuously being developed and can easily be integrated with all the major platforms like Shopify, Magento and Core Commerce, providing a seamless workflow and automated e-commerce fulfillment. Clients can furthermore buy a range of value-added services like custom embroidery, customized branded packaging or subscription box fulfillment. Working with its sister company ITG, Bergen also offers freight forwarding worldwide.

“Another type of service we offer that is interesting for overseas brands expanding to the American market, is our back-office solutions. Brands with no presence of their own in the US can rely on us for support with back office functions like product and order management, payment processing, reporting and so on,” says Charles Ickes.

PLUG-AND-PLAY WMS

At Bergen, all parts of the client’s physical fulfillment are handled by CloudX which is a very mature and state-of-the-art software solution that will actually be made available as a stand-alone product in the near future. This will make it possible for clients to use the software in their own fulfillment centers in their home market, while turning to Bergen for fulfillment on a global scale. A great advantage with CloudX is the ease and speed of integration with all major shop systems that a brand may use, as well as many marketplaces, ERPs¹⁾ and retailers.

“You can almost describe it as a plug-and-play software solution. A new client can very quickly integrate with Bergen and set up a fulfillment solution or expand it to a new market. Furthermore, we have a strong organizational set-up as well. As a client you get a dedicated service team with a customer account manager working as your eyes and ears on the shop floor and making sure that you get a 100 percent delivery on the customer experience,” continues Florian Beck.

The secret behind the speed of integration is a highly standardized concept. At the same time, Bergen is very flexible to customers’ system integration needs and has a large software development team that quickly can add integration capability to CloudX.

“As you grow more mature as a brand, however, you might develop a need for a very sophisticated and dedicated logistics and fulfillment solution that is more tailored to your particular model and gives more advantages of scale to your particular set-up. Then you can still stay with Elanders, by switching to ITG,” says Florian Beck.

SCALABILITY AND FLEXIBILITY

ITG is a subsidiary of LGI, which is a part of the Elanders group since 2016. ITG has a target group made up of clients that need to customize procedures and processes to a higher degree. Often, albeit not always, this is larger companies who are not willing, or able, to adjust to someone else’s standard set-up.

“Outsourcing of logistics is driven by achieving scalability and flexibility, which is what we can offer our clients in a very mature way. The key to success is software. We have developed an IT infrastructure with highly-



ITG provides end-to-end services along the entire value chain of the customer, with one single contact and one system integration process.

¹⁾ ERP = Enterprise Resource Planning system.



An advantage within fashion for the Elanders group is that it can today offer solutions in the right size for everyone, from extra-small to extra-large.

developed WMS functionalities in combination with carrier management functionality to manage parcel providers. We also have a high-performance reporting system that provides up-to-date transparency both internally at ITG and for the client,” explains Patrick Lindig.

ITG provides end-to-end services along the entire value chain of the customer, with one single contact and one system integration process. The service can start by ITG picking up goods where they are produced and shipping them to one of its nine logistics centers, of which six are located in Germany, one in the USA and two in China. Here the goods are stored until items are picked up, packed and shipped to either retail channels or end-customers ordering online from a webshop or marketplace.

VALUE-ADDED SERVICES

“Along the main logistics processes, we also provide a lot of value-added services, which is a particular strength for us. We do quality inspections on the inbound goods and manage returns where we can check and grade the goods, clean garments and so on. We have a lot of expertise within textiles and do work on products, such as personalization services, flocking, repairs and adjustments,” says Patrick Lindig.

Furthermore, ITG offers so-called managed e-commerce services where clients get help developing front-ends for webshops, as well as complete back-end services, including financial services and web content production together with a partner.

“This is an example of how third-party logistics companies today can act as an enabler for growth for clients. At a more fundamental level, the ability to have the right products in the inventory and deliver them fast and with the right brand impression is ever more important due to the growth of e-commerce. Rather than just being suppliers, logistics providers nowadays enter into strategic partnerships with clients,” says Patrick Lindig.

FOCUS ON GROWTH

An advantage within fashion for the Elanders group is that it can today offer solutions in the right size for everyone, from extra-small to extra-large.

“ITG is a well-known brand on the European market and a lot of customers approach us. Before, we had to turn some of them down because their business was too small for our set-up. Now we can instead address them to Bergen, which has the right concept for them,” says Patrick Lindig.

Just like Bergen, ITG’s strategic focus is on further growth. In 2021/2022, a modern, state-of-the-art facility opened in in Oberhausen in two steps, with two buildings and a total surface of 80,000 m2. Equipped with a lot of textile-finishing equipment, it is well set up for value-added services while also strengthening the local presence in central Germany.

“With the right clients, fashion is an optimistic industry with potential for growth even in times of possible recession,” concludes Patrick Lindig.

230'

Bergen has a total of close to 230,000 m² in floor area at its facilities

20

ITG and Bergen have nine and eleven sites globally, respectively.

28%

The Fashion customer segment accounts for 28% of Elanders’ sales



A fundamental certification for the industry is ISO 13485, which contains a quality management system for medical devices. Both Mentor Media and LGI have this certification along with others, like the GDPMDS (Good Distribution Practice for Medical Devices) certification.

Health care is an important customer segment for Elanders. Primarily focusing on medical technology (med tech), the Group offers clients end-to-end supply chain services throughout the life cycle of their products.

INTERVIEW

SERVICING THAT WHICH IS MOST PRECIOUS



Bernd Schwenger, CEO & President, LGI



Kok Khoon Lim, CEO & President, Mentor Media



Martina Weihing, Head of Electronics & Health Care, LGI

Health care clients turn to Elanders starting from procurement and inbound services, through production and assembly, distribution and outbound services and on to after-market services and dealing with used pieces of equipment. The segment is interesting in part because it is less sensitive to cyclical fluctuations and thus can balance out certain other segments. Furthermore, there is a great growth potential for the industry due to the fast-paced scientific and technological development, combined with an aging global population.

Elanders' subsidiaries LGI, headquartered in Germany, and Mentor Media, with its head office in Singapore, are both active in the health care customer segment. This entails considerable investments in order to meet the industry's special regulations and strict demands when it comes to things like sterile handling of equipment, parts and consumables.

"In many respects a logistics company needs the same skills regardless of industry. When it comes to health care, however, regulations naturally have to be tighter because of how products will be used. Human health and life are the most precious commodities there are," says Kok Khoon Lim, CEO & President of Mentor Media.

A fundamental certification for the industry is ISO 13485, which contains a quality management system for medical devices. Both Mentor Media and LGI have this certification along with others, like the GDPMDS (Good Distribution Practice for Medical Devices) certification.

DECADES OF EXPERIENCE

LGI has long experience as a provider of logistics services for med tech companies. The longest customer relationship goes as far back as the turn of the millennium and is connected to LGI's background within electronics and IT.

"I think a proven track record within technology is

a real plus for dealing with medical technology. Health care relationships need to evolve over time, though. There is no room for failure with equipment that could, for instance, be used in surgery at a hospital. Clients really don't want to jump right in and let you start handling critical stuff right away. You have to start small and build trust over time," explains Bernd Schwenger, CEO & President of LGI.

Over the years, LGI has managed to build that trust with several clients and is now an expert in medical logistics, managing entire logistics chains and ensuring that the end-customers are provided with the equipment, spare parts and consumables they need, at the right time. LGI handles all aspects of logistics and transport, as well as providing and coordinating value-added services for sensitive health care equipment and in vitro diagnostics. This also includes temperature-controlled storage in different climate zones down to -80 degrees Celsius.

"The most crucial strength of our offer is our team, however. Our people is what really makes the difference for clients. We are big enough to work with global players on global solutions, but still manage to be accessible and personal, working on individual products, programs and solutions," continues Bernd Schwenger.

EXTENSIVE VALUE-ADDED SERVICES

LGI's fulfillment solutions include storage of medical devices and in vitro diagnostics, a repair center for analytical instruments, cold chain, temperature and humidity management and clean room capabilities for highly sensitive goods. This is supplemented with extensive value-added services, for example kitting, re-labeling and re-packaging, demo pool and trade fair services, repair, maintenance and testing, field support service and management.

10'

Elanders handles over 10,000 orders to various customers within Health Care every day

4%

The Health Care customer segment accounts for 4% of Elanders' sales

“We manage more than 10,000 orders per day in the segment. This includes a very broad range, from big heavy machines down to tiny screws as exchange parts,” says Martina Weihing, Head of the Electronics & Health Care division at LGI.

These contract logistics services can also be combined with transport services. LGI maintains a Europe-wide high-tech network for the distribution of technical equipment, including two-man handling and installation service, and can take on global procurement and distribution logistics via its air and sea freight network. The acquisitions of the technical logistics companies Eijgenhuijsen in the Netherlands and Bonds in the UK further strengthens LGI's capabilities when it comes to delivering equipment all the way to the points of use, including setting it up, as well as packing up and removing old equipment.

“We are committed to delivering the highest quality levels without any compromises, and are continuously monitoring our concepts to improve them together with our clients. This takes a team of experienced and highly-skilled experts on design and management levels as well as continuously trained employees within daily operations. The skilled staff of our clients can then concentrate on their core business,” continues Martina Weihing.

DEMO POOL SERVICE

One example of how LGI can customize value-added services is the demo pool service set up for a well-known med tech company manufacturing products for ophthalmology and microsurgery. Before buying these costly and elaborate products, end-customers most often want to assess them by trying them out in practice. To simplify the process, LGI developed a demo pool management system that lets the client's sales representative go online and see which dates a demo pool device is available and book it right away.

LGI then handles everything so that the end-customer, usually a hospital or physician, gets the device delivered on the specified date with all the necessary accessories, the right language settings and so on, including assembly, installation and recovery of the empty box. At the end of the demo period, LGI returns and brings the device back to the warehouse, where it is thoroughly disinfected, function-tested and all customer data is erased in a certified manner, before the equipment is put in storage until next time.

“I am really proud of the unique software that we developed for this solution and which has been very



In expanding Elanders' supply chain services in med tech, Mentor Media have invested in a clean room for sterile packaging for delivery of equipment and consumables to hospitals at their site in Singapore.

appreciated by the client. We now plan to develop it into a scalable software for the demo pool market,” explains Martina Weihing.

GLOBAL FOOTPRINT

Mentor Media has a truly global footprint with presence in Asia, Europe and the Americas. Electronics is by far the largest segment for this Elanders subsidiary, but the company has started to also focus on the great potential for supply chain services aimed at the med tech industry. Just like within IT, Mentor Media aims to be a one-stop shop for clients end-to-end in the product’s lifecycle.

“We offer before-market services starting from the sourcing of parts, through quality checking and scheduled delivery of parts for manufacturing. We also offer value-added services like putting parts together, flashing software and consolidating orders before they are delivered to end-customers. Furthermore, we can also manage some financial services, cross border tax management and collecting sales proceeds,” explains Kok Khoon Lim.

Mentor Media also provides after-market services including providing spare parts, handling software or battery upgrades and collecting old equipment either for refurbishing and selling on the second-hand market, or for reuse of parts and/or recycling. These services are today mainly provided within the Electronics segment, but has great potential also within health care.

POSITIONING FOR INCREASED OUTSOURCING

“Outsourcing is less common within med tech today, but I am convinced that it will evolve and follow the same trajectory as the IT industry. That is why Mentor Media is investing to make value-added services available to existing and potential health care clients. In expanding our supply chain services in med tech, we have invested in a clean room for sterile packaging for delivery of equipment and consumables to hospitals at our site in Singapore and in 2023 we plan to open another such clean room in our site in Warsaw, Indiana in the USA, says Kok Khoon Lim.

Mentor Media offers services on a global basis. Processes are standardized and can be replicated all over the world so that clients can start at any location. There is a strong focus on value-added services that make life easier for clients and let them focus on their core business. Here Kok Khoon Lim sees great future possibilities in the med tech industry.

“Our challenge within health care is that we need to get enough experience within this specialized area. Starting with a smaller penetration you need to collect credentials and get traction. I believe that we have to allow this to take some time, but am sure that we will realize our potential in this customer segment,” continues Kok Khoon Lim.

NEW STATE-OF-THE-ART SITE

As LGI has worked long within health care, the company has already considerable traction, with total sales of around €32 million in 2022. The investments are there as well, with the new multi-user site in Ketsch, Germany, offering 35,000 m² of state-of-the-art logistics space with a 12-meter-high ceiling.

Here, LGI has set up the perfect conditions for logistics services specifically tailored to the health care segment,



LGI handles all aspects of logistics and transport, as well as providing and coordinating value-added services for sensitive health care equipment and in vitro diagnostics. This also includes temperature-controlled storage in different climate zones down to –80 degrees Celsius.

with a walled-in mezzanine certified for high-end, high-tech tests and repairs. For the entire site, tight physical security is combined with comprehensive organizational measures for strengthened security.

“The site in Ketsch is a new start for our health care business that will let it accelerate. In 2022, we moved one of our biggest clients quite seamlessly there, but we also have plenty of space for new clients and are counting on further growth in the segment, using the new site as a showcase,” says Bernd Schwenger.

“We also aim to grow in other geographical regions, like at our site in Dordrecht, Netherlands, where we are already servicing med tech clients. In Hamburg, we are looking at enlarging our services with more space for med tech and next year we are planning to open a new med tech site in Erfurt,” says Martina Weihing.

Thus, Elanders journey in this segment is far from over and the business will continue to grow on a global scale. LGI alone is expecting total health care sales of some €40 million in 2023, which would constitute a 25 percent growth.



Elanders has a wide range of relevant certifications:

- ISO 13485
- ISO 9001
- ISO 14001
- ISO 27001
- GDPMDS
- AEO-F

An important area of growth for Elanders’ business area Print & Packaging Solutions is Online Print, with a range of digital print services offered to both small and large businesses as well as to consumers. These include mass customization, short run on demand printing and added value products.

INTERVIEW

THE GROWING SIDE OF PRINT



Ulrich Schätzl, Director of Mass Customization



Sven Burkhard, President, Print & Packaging Solutions

With its own print production sites in a number of countries and collaborations within a several networks and partnerships, Elanders is a global provider of print and packaging. Although traditional commercial offset printing is experiencing continuously decreasing volumes, the story is quite the opposite when it comes to various forms of digital print ordered online. The latter is a growing business today, driven by digitalization and the use of social media.

“With the rise of digitalization, a lot of printed products have disappeared, and this development has accelerated due to the corona pandemic. On the other hand, digitalization is driving the growth of personalized products and on demand printing. That is why the printing industry is not dying, but rather changing. Our challenge is to be at the forefront of this transformation,” says Sven Burkhard, President of Elanders’ business area Print & Packaging Solutions.

For Elanders, Online Print is a strategic growth area. Elanders is one of the biggest digital print providers in mainland Europe that doesn’t belong to an e-commerce brand. The company is working both as a print provider to major brands and selling directly to companies and consumers through its own channels and branded webshops. In 2022, Elanders’ turnover stemming from Online Print increased from 30 to 36 million euros. The total volume of hardcover books increased with 26 percent, calendars with 10.5 percent and cards with 15 percent.

UNIQUE AND ON DEMAND

The three main product areas for Elanders’ Online Print business are mass customized output, short run on demand and print added value products. Mass customization is basically taking printed products that were traditionally produced identically in high quantities and

customizing them in runs down to one single copy. This targets consumers, but can also cover the needs of small businesses, for example providing unique packaging or other printed material.

“For consumers we are mainly talking photobooks, wall art, calendars, children’s books with personalized names, invitations, greeting and Christmas cards and so on. But we have also started to adjust other types of products from the business-to-business world to a consumer offering. For example, for your child’s birthday party you can order hamburger and french fries boxes with his or her photo and name printed on them,” explains Sven Burkhard.

Elanders’ offering within short run on demand printing makes it possible for publishers and other companies to print hard- and softcover books on demand and in the geographical markets where they are needed. This has obvious advantages for sustainability. The customers get what they really need printed, where they need it. Wasteful printing of copies that are never sold or used is eliminated, while the carbon footprint of transportation can be limited. Added value products, finally, can for example be personalized cups and other items that are offered and delivered together with a calendar or photobook.

THE WORKFLOW IS KEY

Sven Burkhard underlines the importance of a reliable, scalable and smooth workflow solution in order to successfully provide Online Print services. Customers expect a very high service level.

“How do you produce a unique book in 24–48 hours, drop-shipped to the respective customer within 30,000 other books on the production floor? You will need a process-focused mindset, skilled people and cutting-edge technology at all the steps of the workflow to handle





With its own print production sites in a number of countries and collaborations within a several networks and partnerships, Elanders is a global provider of print and packaging.



How do you produce a unique book in 24–48 hours, drop-shipped to the respective customer within 30,000 other books on the production floor?

the type of volumes we are talking about at business peaks. It is a very seasonal segment, where as much as 80 percent of total orders are placed in the period leading up to Christmas. You have no margin of failure and need a well-controlled IT process and workflow, including backup solutions,” he explains.

It is important to continuously work on optimizing your processes and workflow, which is done on a daily basis at Elanders. Constantly improving and making use of the latest, state-of-the-art technology is what keeps a provider ahead of the game. That is why large customers appreciate the financial strength of Elanders. They want to work with a healthy and reliable global company with enough resources.

“In 2022, we saw a demonstration of this trust in our capabilities when the largest business-to-consumer player within photobooks in Europe chose to concentrate their complete photobook volume in Germany and France to us,” says Sven Burkhard.



Elanders’ offering within short run on demand printing makes it possible for publishers and other companies to print hard- and softcover books on demand and in the geographical markets where they are needed.

START-UP MENTALITY

While larger customers especially appreciate Elanders’ process and fulfillment excellence, smaller brands also profit from its start-up mentality, speed and flexibility. Another advantage is that customers can choose to use Elanders’ shop system, integrating it with their own systems, while labeling the website and products with their own brand. If desired, this can include support, IT development and design.

“We also stand out through our innovative and automation-driven mindset. Things are developing all the time, so you always have to come up with new products and services, while at the same time working to improve your efficiency. A major challenge in our industry is finding employees, so to grow today you have to invest in automation. In 2022, we have been upgrading our production capabilities and in 2023 we are focusing investments on automated packaging,” explains Sven Burkhard.

BEST PRACTICE ACQUIRED

The acquisition in 2021 of Bavaria-based company Schätzl Druck & Medien, with its huge, state-of-the-art production site in Donauwörth, added significant capacity to Elanders. The site is mainly supplying e-commerce brands through a highly automated manufacturing process with editions of all sizes, all the way down to individualized output.

Schätzl also added even more experience to the lessons learned by Elanders over the years of providing Online Print services. Prior to the acquisition, Schätzl had completed an impressive transition from a traditional offset printing business to a leading actor within Online Print.

“We managed to prove that it is possible to change the complete mindset in a printing company. Now that Schätzl is part of Elanders, we can use this transition as a best practice when we continue the same transition across all Elanders’ sites around the world,” explains Ulrich Schätzl, former owner of Schätzl and now Director of Mass Customization at Elanders.

FURTHER GROWTH EXPECTED

Looking forward, Sven Burkhard notes that Online Print is an area that keeps growing year-on-year and predicts that ever more products will be offered online, mass customized and/or on demand. As companies are increasingly focusing on sustainability this only becomes even more relevant. High-end inkjet technology also keeps improving, which means that there is less and less reason to use offset printing for quality and price reasons.

“With the new machine we just invested in at our site in Waiblingen, close to Stuttgart, we will realize both gains in quality and important cost savings, because the print quality is very close to offset printing and we don’t have to use costly, special coated materials anymore,” he says.

Considering the positive outlook for the Online Print business, there might also be more acquisitions in the future to complement Elanders’ existing business and network.

“Our aim is to keep growing this business and we can see that there are some hidden champions and niche players with really good figures that could possibly be of interest to us,” concludes Sven Burkhard.

Elanders' branded Online Print webshops

PRINT EMOTION

Special print products with surprise effects for businesses

Print Emotion are print products with movement and emotions. Specialized in advertising material, mailings and cards made of paper and cardboard with folding, jumping and sliding techniques. Products that are really fun, stand out from the crowd and are remembered by the recipient.



Print capacity hardcover books: max

40'

40,000 per day

Average: 30,000 per day in peak season and 10,000 per day off-season.

Print capacity calendars: max

650'

650,000 per year

Photobooks

4,000'

4,000,000 per year

Calendars

550'

550,000 per season

Online Print books

5,000'

5,000,000 per year

Inkjet short run online print books

2,000'

2,000,000 per year

PACK YOUR FOOD

Customized food packaging for small businesses

The answer to clever street food packaging solutions. The street food movement has revolutionized gastronomy and it is impossible to imagine cities without it. Starting with burgers and hot dogs, the range today is so diverse and of such high quality that sustainable, practical and individualized packaging is just the logical next step!



MYPHOTOBOOK

Photobooks and other personalized products

There is nothing more beautiful than unforgettable moments captured in photographs. Based on this belief, myphotobook offers high-quality photo products that bring out the best in your personal photo stories. Whether it's a photo book, a photo calendar, wall art, or a small photo gift – the ability to custom design ensures that each of our products is unique.



PRINTSMARTER

Standard print products for businesses

Printsmarter has one goal: to give you what you deserve! There are no compromises in this venture. Your online print shop with the intention not only to deliver a high-quality product, but also to serve you as an independent person with individual wishes.



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 2022.

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 over 7,000 employees and operates in some 20 countries on four continents. The 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, Health Care 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.

NET SALES AND RESULT

Net sales increased by MSEK 3,241 to 14,974 (11,733) compared to the same period last year. Cleared of exchange rate fluctuations and acquisitions, net sales increased by six percent. Organic growth was primarily generated by the European division of Supply Chain Solutions. Demand from customers continued to be good during the period even if some customers in Automotive and Industrial still suffered disruptions in production due to the shortage of components and raw material. Bergen Logistics, which was acquired in 2021, had strong organic growth resulting in high double-digit growth figures, but this is not reported in its entirety as organic growth for the Group.

Adjusted EBITA, i.e. the operating result adjusted for amortization of assets identified in conjunction with acquisitions and one-off items, increased by MSEK 308 to MSEK 966 (658). Changes in exchange rates compared to the same period last year had a positive effect on EBITA by about MSEK 47. If one-off items are included, EBITA increased from MSEK 641 to 940.

The period's one-off items amounted to net MSEK -26 (-17). These mainly consisted of a reevaluation of the shares in the associated company LOGworks, which affected the result in the second quarter positively by around MSEK 50, and the action plan announced in the

fourth quarter which entailed one-off item costs of MSEK -48. In addition to these items, provisions were made for additional considerations for acquisitions that developed better than expected. Last year's one-off items referred to costs in conjuncture with acquisitions.

The improvement in the result compared to the previous year was mainly associated with business area Supply Chain Solutions. The increase was primarily generated by the acquisitions made in the second half of last year. Air & Sea operations in Europe in the same business area also contributed to improving the result. Component and material shortages, price hikes in general, high levels of sick leave at the beginning of the year and the war in Ukraine have had a negative effect on the result and profitability, as well as China's previous zero tolerance concerning COVID-19 outbreaks has had.

Higher net debt and higher interest rates also had a growing impact on the income statement, where interest rate expenses have increased considerably compared to last year.

Despite the relatively weak first half of the year, primarily due to the war in Ukraine and its consequences, the full year 2022 was Elanders' best year ever in terms of result.

Supply Chain Solutions

Net sales increased by MSEK 3,063 to 12,267 (9,204) in the business area. The increase was mainly driven by Bergen Logistics which was acquired at the end of 2021.

Organic net sales grew by nine percent, generated mainly by the business area's European division. Growth was driven in part by higher shipping rates for freight forwarding volumes as well as good demand in general. During the second half of the year the tide turned and freight prices from Asia to the rest of the world dropped dramatically. At the same time a decline in consumer demand became noticeable for TVs, electrical tools, computers and household appliances. The latter created a need for extra storage space for several of the Group's customers. At the same time, the energy crisis increased demand for heat pumps and other energy-saving equipment, which generated extra volumes for the business area.

Adjusted EBITA increased to MSEK 843 compared to MSEK 529 the previous year. One-off items affected the business area's result with net MSEK -8 (-17). The one-off items referred primarily to the reevaluation of a long-term holding which had a positive effect on the result by around MSEK 50, and structural costs that had a negative effect of MSEK 48. Last year's one-off items referred to consultancy fees linked to acquisitions. Component shortages continued to create disruptions in production for customer segments Automotive and Industrial, but to a lesser extent than previously. Disturbances lead to irregular capacity utilization at Elanders when customers took away or add shifts on short notice. This, in combination with higher energy and fuel prices and higher expenses in general, put some pressure on profitability. Elanders has been able to raise some prices in certain customer contracts that partially compensated for higher costs. China's zero tolerance to COVID-19 breakouts also had some negative effect on the result.

The acquisition of Bergen Logistics has provided Elanders with a completely new platform on the North American market, particularly in the

customer segment Fashion. In 2023, a new facility close to Atlanta, USA, will be put into full use. This facility will in part be used for the Group's subscription box operations. The business area Supply Chain Solutions will take over the responsibility for this unit from Print & Packaging Solutions as of January 1, 2023. The new facility will, however, mainly be used for further expansion and growth in the segment Fashion.

In 2023 Elanders will invest in another new unit in Indiana, USA, where a fully equipped clean-room facility will be built with the latest technology. This unit, where products and articles can be handled in a sterile environment, is primarily dedicated to customers in Healthcare.

Print & Packaging Solutions

For business area Print & Packaging Solutions, 2022 was a pretty challenging year. There was shortage of material in the wake of the war in Ukraine. Paper mills for fine paper shut down which led to a shortage of fine paper causing a severe hike in paper prices. The energy crisis caused prices for material and other expenses to skyrocket. This has led to financial problems for many competitors. Despite this, net sales increased in the business area by MSEK 233 to 2,839 (2,606). The increase refers entirely to fluctuations in exchange rates. Net sales fell organically by two percent for the full year, but increased organically by 12 percent in the fourth quarter. A contributing factor to the increase was the new contract within online print that was signed around midyear. At the same time, the market clearly recovered in the second half of the year. With the new contract for online print, Elanders acts as a subcontractor for a larger actor on the market in this area. Sales are expected to reach around MSEK 100 annually, with the bulk of it coming in the fourth quarter. Online print is one of the areas Elanders invests in. It is one of the few areas showing underlying organic growth. The trend in general is that otherwise there is a clear shift towards digital printing and more receiver-adapted products, instead of traditional off-set print in big series.

Adjusted EBITA was MSEK 171 (171). The business area was affected negatively by higher material and electricity prices as well as a shortage of material and components at customers. The latter meant that several business area customers suffered disruptions in their supply chains and production in segments Automotive and Industrial, although the situation was better during the second half of the year. During the year, Elanders has been able to raise some prices in certain customer contracts, which partially compensated for higher costs. Included in the result for the year were also negative one-off items of around MSEK 19 that refer to provisions for additional considerations for acquisitions that have developed better than expected.

As of 2023, the operations that handle subscription boxes will be included in business area Supply Chain Solutions. In these operations, plucking and packing are combined with freight forwarding as one comprehensive service and there are considerable synergies with parts of the operations in Supply Chain Solutions.

Otherwise, the Group continues to consolidate production capacity in the business area, 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 already been successful in Brazil, Sweden and the USA.

SIGNIFICANT EVENTS DURING THE YEAR

Structural measures in Germany

In December 2022, it was decided to shut down part of the Group's road transportation operations in Germany. The operations are part of Business area Supply Chain Solutions and have had problems with profitability for some time. Closing down these operations entails a reduction in annual net sales by around MSEK 400, of which MSEK 300 during 2023, starting in the second quarter. In total some fifty employees are affected and these operations will be completely shut down by the summer of 2023.

The structural measures entailed one-off costs of around MSEK 50 that charge this year's result. The one-off costs consist of provisions for termination wages, onerous contracts and the remaining rental costs on existing premises. The restructuring measures are expected to save around MSEK 35 per year, with full effect as of 2023.

The war in Ukraine and its consequences

Russia invaded Ukraine in February 2022. Some Group customers had subcontractors in or were dependent on components or raw material from Russia and Ukraine. These customers have therefore had problems with their supply chains. In the wake of the war, inflation has increased sharply and an energy crisis ensued.

There is still a great deal of uncertainty about how long this situation will continue as well as the scope of it. That makes it also difficult to foresee its exact effect in the coming year. Increased sanctions, scope of the war and electricity shortages could have a significant impact on the Group's operations.

Merger of associated company

In 2018, Elanders' subsidiary, LGI Logistics Group International GmbH, entered a strategic partnership with Adecco, whereby LGI divested 51 percent of the shares in its staffing company LOGworks to Adecco Group Deutschland.

In May 2022, Elanders' associated company LOGworks merged with ProServ, which was also controlled by Adecco, but together with the Michelin Group. In connection with the transaction, Elanders' shares in the merged company were measured at fair value. The valuation was carried out by an independent party. The reevaluation resulted in a non-recurring revenue of approximately MSEK 50, which had a positive impact on the Elanders Group's operating result in the second quarter. The transaction had no cash flow effect. After the merger, Elanders owns 14 percent of the shares in the merged company.

The COVID-19 pandemic

COVID-19 has since the beginning of 2020 spread quickly. 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, which has affected both their operations and Elanders' negatively. The year 2022 began with high sick leave rates in Europe, but then normalized at the end of the first quarter.

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

Semiconductor and material shortages

The current semiconductor and material shortages in some industries have had a negative impact on the Group's business. The shortage creates an uneven capacity utilization in production when shift patterns are changed on short notice.

Acquisitions

Bonds Worldwide Holdings Ltd

In July 2022, Elanders acquired all the shares in Bonds Worldwide Holdings Ltd with subsidiaries Bonds Worldwide Express Ltd. and Bonds Technical Couriers Limited (together "Bonds"). Bonds is a leading actor in special transportation and installation of advanced technical equipment in the United Kingdom. The company was privately owned and net sales were around MGBP 5 in 2021 with good profitability. Bonds has been consolidated into the Group as of July 1, 2022. The purchase price was around MGBP 5 on a debt-free basis.

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

INVESTMENTS AND DEPRECIATION

Net investments for the year amounted to MSEK 274 (1,394), of which purchase prices for acquisitions were MSEK 44 (1,267). Depreciation and write downs amounted to MSEK 1,091 (888).

FINANCIAL POSITION, CASH FLOW AND FINANCING

Operating cash flow for the year increased to MSEK 1,210 (-105), whereof purchase prices regarding acquisitions of operations amounted to MSEK -44 (-1,267).

Net debt increased to by MSEK 2,027 to MSEK 7,276 compared to MSEK 5,249 at the beginning of the year. Changes in exchange rates and new leases contributed to the increase by MSEK 665 and MSEK 1,178 respectively. Leases primarily consisted of new long-term leases for logistic buildings. Net debt also includes debts related to put and call options measured at fair value. The increase in net debt also includes changes in fair value for these options of MSEK 177, which is primarily related to the positive development in Bergen Logistics. The change in fair value also includes the exchange rate translation effect.

Excluding IFRS 16 effects, net debt at the end of the period amounted to MSEK 3,022 compared to MSEK 2,539 at the beginning of the year. Of the MSEK 483 increase, MSEK 326 were exchange rates fluctuations. Financing is primarily in euro and US dollars, and both of these currencies have become stronger against the Swedish krona during the year. Increased working capital also contributed to the increase in net debt.

Over a rolling twelve-month period, the net debt/EBITDA ratio was 3.7 compared to 3.6 at the beginning of the year. The increase in the ratio was mainly due to the signing of several new long-term leases. The new leases generate a somewhat skewed view of the net debt/EBITDA ratio. The entire leasing liability is reported directly while the EBITDA contribution is slight, particularly if the leases run for 10–15 years, and especially at the beginning of the first year. Excluding IFRS 16 effects and acquisition costs, and adjusting it for proforma results in acquisitions as well as one-off items, the net debt/EBITDA ratio would be 2.7.

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, but is adjusted for proforma results in acquisitions and excluding acquisition costs. This financial covenant was with a good margin met as of the balance sheet date.

Several central banks have raised interest rates, which are very likely to lead to increased interest expenses in the future since Group financing is largely based on a floating interest rate.

RESEARCH AND DEVELOPMENT

The Group continuously develops different offers that are usually produced 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 7,248 (6,288), whereof 167 (150) in Sweden. At the end of the period the Group had 7,245 (7,019) employees, whereof 176 (152) in Sweden.

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

PARENT COMPANY

The parent company has provided intragroup services. The average number of employees during the period was 13 (11) and at the end of the period 13 (12).

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

INFORMATION CONCERNING COMPANY SHARES

On 31 December 2022, 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 2022 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 current guidelines for remuneration to senior officers was adopted at the Annual General Meeting on April 21, 2022. The 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 respectively 50 percent of the basic wage. For other executives, variable cash remuneration may amount to, at most, 40 percent of the basic wage. Additional variable cash remuneration, however not more than 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 provi-

sions. 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 remuneration 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 2022, 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

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 1,179,721,277 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 4.15 per share is distributed to the shareholders SEK 146,734,667
- the remaining balance is to be carried forward SEK 1,032,986,610

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.

SUSTAINABILITY REPORTING IN ACCORDANCE WITH THE ANNUAL ACCOUNTS ACT

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.

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, as well as its stakeholders, and at the same time improve profitability.

The governance of the sustainability agenda is established in Elanders' Board of Directors and Group Management and is described in more detail on page 115. To ensure that sustainability work permeates governance of all subsidiaries, in addition to Group Management, Elanders has three group-wide councils in IT, social sustainability and

environment and climate. The councils are responsible for disseminating information and ensuring the implementation of Elanders' sustainability strategy.

The management of significant risks in the sustainability area is part of the Group's overall work with identifying and handling risks. The process, identified risks and the management of these risks are described in the Board of Directors' report.

For the financial year 2022, companies are required to report the portion of the sales, operating costs and investments covered by the EU Sustainable Finance Taxonomy. The outcome of Elanders' review is presented on pages 138–139.

In accordance with the Swedish Annual Accounts Act Chapter 6, Section 11, Elanders has produced a combined Annual Report and Sustainability Report 2022. This report relates to Elanders AB (publ) and its subsidiaries. The Sustainability Report was submitted to the auditor at the same time as the Annual Report and is presented on pages 112–139 and divided by area according to the table below.

Area	General	Environment	Social	Governance
Policies	112	117	122	125
Descriptions	114–116	118–121	123–124	126–130
Notes to the Sustainability Report	131	132–134	135–136	–

Risks and

UNCERTAINTY FACTORS

Elanders operates in many different customer segments and geographical areas. A general economic downturn on a global scale for example caused by a pandemic or in one of the world's leading economies can reduce the demand for the Group's offers and services.

Elanders divides risks into business risks (customer concentration, operational risk, risks in operating expenses, contracts and disputes and employees), financial risks (currency, interest, financing/liquidity and credit risk) as well as circumstantial risks

(pandemics, business cycle sensitivity, wars and conflicts and increased demands in a changing world). For more information regarding the financial risks, please see note 24 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

Essential 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 46 (53) percent of net sales in 2022. Elanders has two customers whose sales exceed 10 percent of the Group's net sales. In 2022, sales to the Group's largest customer represent 14 (14) percent while sales to the next largest customer represent 12 (12) percent of the total net sales. Sales to these customers are made to several of their divisions, on several continents and is based on multiple stand-alone agreements.

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.

Essential risks and uncertainty factors

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 Group's 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 3,342 (2,529), personnel costs MSEK 3,583 (2,789) and freight costs MSEK 3,522 (2,870). These categories represent 73 (73) percent of total operating costs in 2022.

Contracts and disputes

In business daily operations can give rise to disputes.

Employees

Elanders needs access to competent and committed employees. Competition in the labor market is fierce, and there are high demands on the companies' ability to attract, develop and retain competent abilities as well as to ensure the availability of good leaders in order to achieve the Group's operational and strategic goals. Achieving expectations from employees today requires a strong focus on areas such as leadership, opportunities for influence, work environment, sustainability, human rights, the Group's culture and values and more.

What Elanders does

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.

Employees

To attract the right workforce, Elanders works to be an attractive employer and to prioritize the well-being of our employees. The Group strives to offer a modern, inspiring and safe working environment, which is done by focusing on good leadership, transparency and respect for each other. Elanders also strives to be at the forefront regarding sustainability issues, which is important both strategically and to attract the new generation of employees.

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.

Essential risks and uncertainty factors

Pandemics

Global outbreaks of pandemics, such as the ongoing COVID-19 pandemic, can bring widespread disruptions in many countries, among them many of Elanders' most important markets. There is a risk that COVID-19 can continue to impact financial activities, and there is great uncertainty surrounding it. If it should continue or worsen, there is a risk that the Group's operations will be negatively affected as demand for the Group's services and products may decrease. 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.

Wars and conflicts

Wars, conflicts and other political unrest can have a devastating effect on the world around us. When it occurs in areas the Group operates in, it also has a direct impact on Elanders' operations and the countries in which the Group operates. The Group has been affected in many ways since Russia invaded Ukraine in February 2022. 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. At the same time, inflation has increased sharply and an energy crisis has emerged.

There is still a great deal of uncertainty about how long the war 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 war could have a significant impact on the Group's operations.

Increased demands in a changing world

The need for drastically reduced emissions and transparency of companies' negative impact on the environment is driving new regulations in regions where Elanders operates. Customers may demand new types of logistics solutions. Increased demands to quickly adapt to new technologies create increased needs for investments and financial resources to carry out shifts and phase out old technology.

What Elanders does

Pandemics

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 management 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 volumes changes.

Wars and conflicts

Elanders follows the course of events closely and works with various action plans for the various possible scenarios that may arise.

The political unrest in general also affect us in the long term in how and where Elanders choose to do business. The Group currently has no operations in Ukraine and previously had only one sales office in Russia, that the Group chose to close when the war started.

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 to continue.

Increased demands in a changing world

Elanders is following the development closely and maintains a continuous dialogue with customers and other stakeholders. New technology is continuously evaluated.

Generated positive cash flows going forward create the conditions needed for investment in new technology. Should additional funding be required, discussion will be held with shareholders or other external financiers.

Elanders'

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") and this Corporate Governance Report has been prepared in accordance with the Code and the Swedish Annual Accounts Act. Elanders have also provided information on the company's website in line with the Code requirements. The Code is available at the website of the Swedish Corporate Governance Board, 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 2022, there were 4,662 (4,557) known shareholders. The foreign ownership in Elanders was 13 (12) percent of shares and 9 (8) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2022 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 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,



Annual General Meeting 2022

The Annual General Meeting on 21 April 2022 decided:

- to adopt the Annual Report for 2021,
- to distribute a dividend of SEK 3.60 per share for 2021,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2021,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 4,252,000 to be divided within the Board,
- to appoint the following Board Members:
 - Carl Bennet (re-elected)
 - Eva Elmstedt (new elected)
 - Dan Frohm (re-elected)
 - Erik Gabrielson (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 Dan Frohm Chairman of the Board,
- to elect PricewaterhouseCoopers as company auditors until the Annual General Meeting 2023,
- 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,
- to approve the remuneration report submitted by the Board regarding remuneration to leading senior officers, and
- to approve the new guidelines for remunerations to senior officers in accordance with the proposal in the notice.

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 2023

The next Annual General Meeting for shareholders in Elanders will be held on Friday 21 April, 2023. 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), Dan Frohm (Chairman of the Board), Fredrik Carlsson (Svolder), Jannis Kitsakis (Fjärde AP-fonden) and Dag Marius Nereng (Protector Forsikring ASA). The shareholder with the largest number of votes has been elected as 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. No remuneration has been paid to the nomination committee. The members' contact information is found on page 153 in the Annual Report and on www.elanders.com under Corporate Governance.

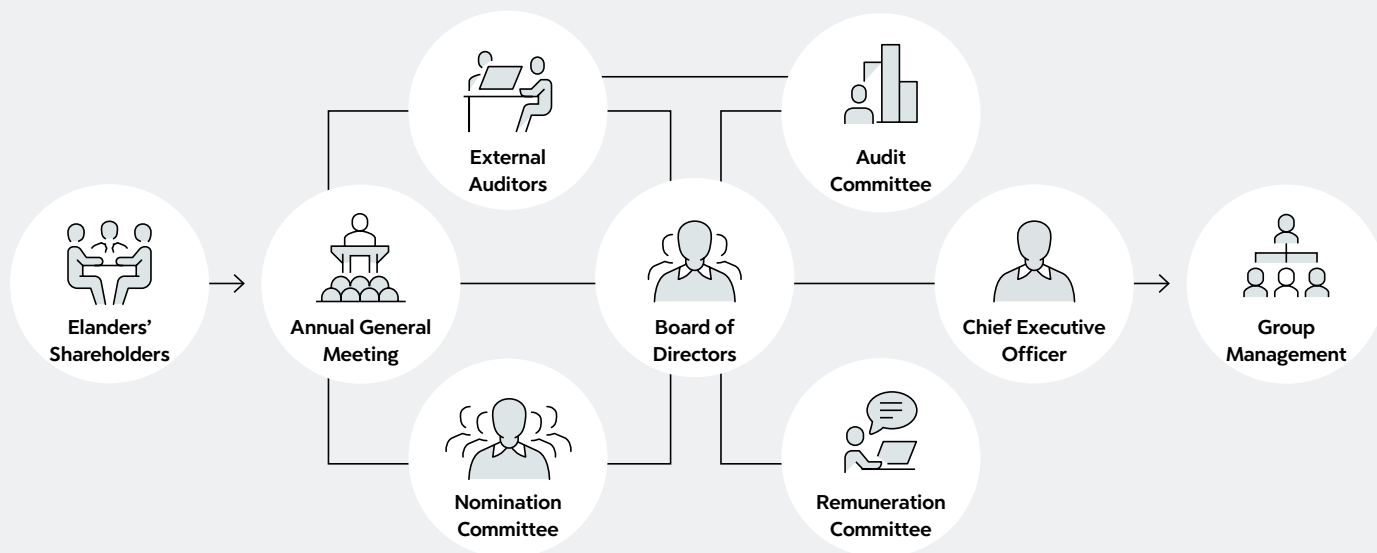
THE BOARD OF DIRECTORS AND ITS WORK IN 2022

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: Dan Frohm (Chairman), Carl Bennet

Elanders' corporate governance



(Vice Chairman), Eva Elmstedt, Erik Gabrielson, Cecilia Lager, Anne Lenerius, Magnus Nilsson, Johan Stern and Caroline Sundewall. In addition, employees were represented by Martin Schubach with Martin Afzelius and Johan Lidbrink 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 two occasions relating to other topics.

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 2022, Carl Bennet 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 150–151.

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

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 attendance, %	Remuneration Board + Committee work, SEK '000s	Shareholding ¹⁾	Independent
Members chosen by the AGM							
Dan Frohm, Chairman	9 (9)	1 (1)	1 (1)	100	784 + 82	27,206 B	No, owner
Carl Bennet, Vice Chairman	9 (9)	1 (1)	Not member	100	392 + 41	1,814,813 A 15,903,596 B	No, owner
Eva Elmstedt	9 (9)	Not member	3 (3)	100	392 + 160	5,000 B	Yes
Erik Gabrielson	7 (9)	1 (1)	Not member	78	392 + 41	–	No, owner
Cecilia Lager	9 (9)	Not member	3 (3)	100	392 + 80	37,521 B	Yes
Anne Lenerius	9 (9)	Not member	3 (3)	100	392 + 80	6,892 B	Yes
Magnus Nilsson, CEO	9 (9)	Not member	Not member	100	Employee	88,577 B	No, company
Johan Stern	9 (9)	1 (1)	1 (1)	100	392 + 41	110,000 B	No, owner
Caroline Sundewall	9 (9)	Not member	3 (3)	100	392 + 80	8,000 B	Yes
Employee representatives							
Martin Afzelius	9 (9)	Not member	Not member	100	Employee	–	No, company
Martin Schubach	9 (9)	Not member	Not member	100	Employee	267 B	No, company
Johan Lidbrink (Deputy)	9 (9)	Not member	Not member	100	Employee	–	No, company
Total				98	4,133		

¹⁾ Shareholding as of December 31, 2022. The number of shares is only stated for the people who were in the Board of Directors at this time.

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 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. Dan Frohm has been a board member of Elanders AB since 2017 and was elected Chairman of the Board at the Annual General Meeting in 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 Dan Frohm, Chairman, Carl Bennet, Erik Gabrielson and Johan Stern. The guidelines for remuneration to senior officers adopted at the Annual General Meeting 2022 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 can also be found on pages 41–42 in this Annual Report. 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 Eva Elmstedt, Chairman, 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 152–153.

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 respon-

sibility 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 2022 chose the accounting firm PricewaterhouseCoopers AB as the company's auditor until the next Annual General Meeting. The Auditor in charge is the authorized public accountant Eric Salander and co-auditor is the authorized public accountant Daniel Körner Rask. 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.

Income statements

MSEK	Note	2022	2021
Net sales	2, 3	14,974.5	11,733.1
Cost of products and services sold		-12,743.7	-10,088.3
Gross profit		2,230.7	1,644.8
Selling expenses		-424.2	-336.9
Administrative expenses		-1,059.4	-782.0
Other operating income	4	196.9	82.6
Other operating expenses	4	-94.6	-28.2
Operating result	5, 6, 7, 29	849.3	580.3
Financial income	8	60.3	25.2
Financial expenses	8	-243.5	-123.5
Result after financial items		666.2	482.0
Taxes	9	-179.6	-151.0
Result for the year		486.5	331.1
Result for the year attributable to			
– parent company shareholders		470.0	322.3
– non-controlling interests		16.5	8.7
Earning per share, SEK ¹⁾	10	13.29	9.12

¹⁾ There have been no dilution effects.

Statements of comprehensive income

MSEK	2022	2021
Result for the year	486.5	331.1
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gains/losses on defined benefit pensions plans	26.0	8.8
Tax effect on actuarial gains/losses on defined benefit pensions plans	-7.7	-2.6
<i>Items that will be reclassified to the income statement</i>		
Translation differences	370.7	178.5
Change in fair value of the hedge of the net investment abroad	-81.6	-9.6
Tax effect on the change in fair value of the hedge of net investments abroad	16.8	2.0
Other comprehensive income	324.2	177.1
Total comprehensive income for the year	810.7	508.2
Total comprehensive income attributable to		
– parent company shareholders	793.4	499.2
– non-controlling interests	17.3	9.0

Statements of cash flow

MSEK	Note	2022	2021
Operating activities			
Result after financial items		666.2	482.0
Adjustments for items not included in cash flow	12	1,111.7	847.7
Paid taxes	9, 11	-196.0	-128.0
Cash flow from operating activities before changes in working capital		1,581.9	1,201.7
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventory		-166.3	-128.3
Increase (-)/decrease (+) in operating receivables		-194.5	-253.6
Increase (+)/decrease (-) in operating payables		-115.5	243.4
Cash flow from operating activities		1,105.6	1,063.2
Investing activities			
Investments in intangible and tangible assets	13, 14	-237.5	-139.5
Divestment of tangible assets	14	8.9	11.6
Acquired and divested operations	30	-43.5	-1,266.8
Change in long-term receivables		-2.2	0.3
Cash flow from investing activities		-274.3	-1,394.4
Financing activities			
Amortization of borrowing debts	22, 23	-120.8	-2,075.4
Amortization of lease liabilities	22, 23	-773.8	-647.6
New loans	22, 23	0.2	3,089.0
Other changes in interest-bearing liabilities	12, 22, 23	132.9	-199.7
Dividend to shareholders		-136.5	-112.1
Cash flow from financing activities		-897.9	54.2
Cash flow for the year	11	-66.6	-277.0
Cash and cash equivalents at the beginning of the year		898.1	1,101.4
Translation difference in cash and cash equivalents		72.5	73.7
Cash and cash equivalents at year-end	20	904.0	898.1

Statements of financial position

MSEK	Note	2022	2021
ASSETS			
Fixed assets			
Intangible assets	13	4,922.6	4,516.5
Tangible assets	14, 28	817.5	698.2
Right-of-use assets	15	4,152.1	2,673.6
Deferred tax assets	9	386.6	341.1
Other financial assets	16	66.1	11.3
Total fixed assets		10,344.9	8,240.7
Current assets			
Inventory	17	618.9	400.4
Accounts receivable	16, 18	2,139.2	1,822.1
Current tax receivables	9	38.3	28.3
Other receivables	16	132.0	133.3
Prepaid expenses and accrued income	19	396.9	276.7
Cash and cash equivalents	16, 20, 23	904.0	898.1
Total current assets		4,229.3	3,558.9
Total assets		14,574.1	11,799.6

Statements of financial position (cont.)

MSEK	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital		353.6	353.6
Other contributed capital		1,275.6	1,275.6
Other reserves		532.2	227.1
Retained earnings		1,673.4	1,420.2
Equity attributable to parent company shareholders	21	3,834.8	3,276.5
Equity attributable to non-controlling interests		35.5	27.4
Total equity		3,870.3	3,303.9
LIABILITIES			
Long-term liabilities			
Lease liabilities	22	3,484.6	2,065.8
Other interest-bearing liabilities	22, 23, 28	3,667.2	3,161.5
Provisions for post-employment benefits	23, 25	77.5	98.6
Other provisions	26	34.4	19.3
Deferred tax liabilities	9	236.6	233.6
Total long-term liabilities		7,500.3	5,578.8
Short-term liabilities			
Lease liabilities	22	801.2	689.0
Other interest-bearing liabilities	22, 23, 28	149.8	131.9
Accounts payable	22	892.5	875.4
Current tax liabilities	9	151.0	109.0
Other liabilities		146.7	160.8
Accrued expenses and deferred income	27	893.0	812.0
Other provisions	26	169.3	138.8
Total short-term liabilities		3,203.5	2,916.9
Total equity and liabilities		14,574.1	11,799.6

Statements of changes in equity

MSEK	Equity attributable to parent company shareholders					Equity of non-controlling interest	Total equity
	Share capital	Other contributed capital	Other reserves ¹⁾	Retained earnings	Total		
Opening balance as of 1 Jan. 2021	353.6	1,275.6	56.6	1,201.2	2,887.0	20.9	2,907.8
Dividend to parent company shareholders	-	-	-	-109.6	-109.6	-2.5	-112.1
Result for the year	-	-	-	322.3	322.3	8.7	331.1
Other comprehensive income	-	-	170.5	6.3	176.8	0.3	177.1
Closing balance as of 31 Dec. 2021	353.6	1,275.6	227.1	1,420.2	3,276.5	27.4	3,303.9
Dividend to shareholders	-	-	-	-127.3	-127.3	-9.2	-136.5
Change in fair value of put and call option to acquire non-controlling interest	-	-	-	-107.8	-107.8	-	-107.8
Result for the year	-	-	-	470.0	470.0	16.5	486.5
Other comprehensive income	-	-	305.1	18.3	323.4	0.8	324.2
Closing balance as of 31 Dec. 2022	353.6	1,275.6	532.2	1,673.4	3,834.8	35.5	3,870.3

¹⁾ Other reserves pertain hedges of net investments and translation differences.

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 2022 were approved by the Board and will be presented to the Annual General Meeting on 21 April 2023 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 (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as of 31 December 2022. 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. Accounting principles are also described further in the associated note.

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.

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 differences 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.

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 146–148.

NOTE 1 – Accounting principles

New standards, amendments and interpretations of existing standards

Standards, amendments and interpretations of existing standards that came into effect during 2022

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.

Important estimations and assessments

When preparing the financial reports estimations and assessments 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 assessments form the basis of the valuation. If other assessments are made, or other circumstances influence the matter, the actual outcome can differ from these assessments. The table below shows the most significant estimations and assessments carried out when preparing the financial reports.

IMPORTANT ESTIMATIONS AND ASSESSMENTS

Valuation of tax loss carry forwards	Note 9 – Taxes
Impairment of goodwill and other intangible assets	Note 13 – Intangible assets
Impairment of tangible assets and residual value risks	Note 14 – Tangible assets
Measurement of lease liabilities and right-of-use assets	Note 15 – Rights-of-use assets
Assessments made when calculating fair value	Note 16 – Financial assets
Impairment and obsolescence in inventory	Note 17 – Inventory
Provision of bad debt and expected credit losses	Note 18 – Account receivables
Assessments made when calculating fair value	Note 22 – Financial liabilities
Assumptions when calculating post-employment benefits	Note 25 – Provisions for post-employment benefits
Assumptions made in determining the existence and amount of provisions	Note 26 – Other provisions
Assessments made when acquiring subsidiaries	Note 30 – Acquired and divested operations

NOTE 2 – Segment reporting

Accounting principles

Segment reporting is prepared in accordance with IFRS 8 Operating Segments. The reporting is consistent with the internal reporting provided to the highest executive decision-maker in the Group, the Chief Executive Officer of the Elanders Group. The Group has defined two operating segments which are the same as the two business areas Supply Chain Solutions and Print & Packing Solutions. 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. Sales between segments takes place on market terms and have been eliminated in the Group's total sales.

Group functions mainly comprises the costs attributable to the Board of Directions, President and other senior executives, audit costs as well as corporate costs for the provision of information for shareholders, maintaining the stock listing and costs relating to preparation of the annual accounts.

When presenting geographical sales, the customers' location has been decisive for which geographic area the sales have been allocated to.

Financial income and expenses are not allocated to the respective business areas since the financing of the Group is managed by Group Finance. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the Chief Executive Officer of the Group.

REPORTING BY SEGMENT

MSEK	Supply Chain Solutions		Print & Packaging Solutions	
	2022	2021	2022	2021
Net sales	12,267.0	9,204.4	2,838.8	2,605.9
Operating expenses	-11,512.2	-8,745.1	-2,696.8	-2,443.6
Operating result	754.8	459.3	142.0	162.4
Net financial items	-	-	-	-
Result before tax	754.8	459.3	142.0	162.4
Investments	1,223.9	408.1	188.7	74.7
Depreciation and amortization	-926.8	-740.4	-161.8	-145.2
Goodwill	2,495.9	2,229.5	1,159.3	1,075.4
Trademarks with indefinite useful life	783.3	701.1	-	-

MSEK	Group functions		Eliminations		The Group	
	2022	2021	2022	2021	2022	2021
Net sales	45.3	38.9	-176.6	-116.2	14,974.5	11,733.1
Operating expenses	-92.7	-80.4	176.6	116.2	-14,125.1	-11,152.8
Operating result	-47.4	-41.5	-	-	849.3	580.3
Net financial items	-183.2	-98.2	-	-	-183.2	-98.2
Result before tax	-230.6	-139.7	-	-	666.2	482.0
Investments	1.4	0.3	-	-	1,414.0	483.1
Depreciation and amortization	-2.5	-2.5	-	-	-1,091.1	-888.1
Goodwill	-	-	-	-	3,655.2	3,304.9
Trademarks with indefinite useful life	-	-	-	-	783.3	701.1

NOTE 2 – Segment reporting (cont.)

Information concerning the Group's largest customers

Elanders has two customers whose sales exceed 10 percent of the Group's net sales. In 2022, sales to the Group's largest customer represent 14 (14) percent while sales to the next largest customer represent 12 (12) 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. The three largest customers are mainly attributable to the segment Supply Chain Solutions. The Group's ten largest customers together represents 46 (53) percent of total net sales.

SALES BY GEOGRAPHIC AREA

MSEK	2022	2021
Germany	5,856.4	5,193.6
USA	3,052.0	1,899.9
Singapore	2,092.0	1,524.2
China	547.7	610.9
United Kingdom	499.5	347.3
Sweden	494.6	376.0
Netherlands	369.5	169.8
Switzerland	340.1	252.9
Poland	257.4	204.2
Hungary	233.7	188.8
Other countries	1,231.5	965.7
Total	14,974.5	11,733.1

FIXED ASSETS BY GEOGRAPHIC AREA

MSEK	2022	2021
Germany	3,340.1	2,069.8
USA	1,405.5	1,100.0
Netherlands	165.2	172.2
Czech Republic	120.6	122.8
United Kingdom	114.5	76.8
Sweden	53.5	62.1
Poland	52.9	61.2
Singapore	44.9	89.1
China	36.5	28.7
India	35.8	25.5
Other countries	84.1	74.1
Total	5,453.7	3,882.3

Fixed assets above include other intangible assets, tangible fixed assets as well as right-of-use assets. The assets are allocated according to where the subsidiaries are located geographically. Goodwill and trademarks with indefinite useful life and a book value of MSEK 4,439 (4,006) have not been allocated by geography. They are only allocated by segment.

NOTE 3 – Disaggregation of revenue

Accounting principles

Elanders applies IFRS 15 Revenue recognition. The standard is built according to a control-based model in five steps and requires that revenue is recognized to an amount that reflects the remuneration to which the company expects to be entitled in exchange for transferring goods or service to the customer, and that sales of goods and services are accounted for separately. Since all products are essentially integrated parts of service deliveries to customers, a split of revenues into products and services is not meaningful for Elanders.

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.

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	
	2022	2021	2022	2021	2022	2021
Total net sales	12,267.0	9,204.4	2,838.8	2,605.9	15,105.8	11,810.4
Less: net sales to group companies	-74.8	-27.5	-56.5	-49.8	-131.3	-77.3
Net sales	12,192.2	9,176.9	2,782.3	2,556.1	14,974.5	11,733.1

MSEK	Supply Chain Solutions		Print & Packaging Solutions		Group	
	2022	2021	2022	2021	2022	2021
Customer segments						
Automotive	2,267.8	1,926.7	453.1	293.4	2,720.9	2,220.1
Electronics	4,021.6	3,299.5	84.4	98.2	4,106.0	3,397.7
Fashion	3,629.8	1,967.8	584.9	874.9	4,214.7	2,842.7
Health Care	516.7	428.9	93.9	73.1	610.6	502.1
Industrial	1,277.3	1,049.7	536.6	480.5	1,813.9	1,530.2
Other	478.9	504.3	1,029.4	736.1	1,508.3	1,240.3
Net sales	12,192.2	9,176.9	2,782.3	2,556.1	14,974.5	11,733.1
Main revenue streams						
Sourcing and procurement services	2,561.5	2,138.5	-	-	2,561.5	2,138.5
Freight and transportation services	4,090.9	2,941.2	234.8	562.5	4,325.7	3,503.7
Other contract logistics services	5,068.5	3,621.0	414.2	395.3	5,482.7	4,016.3
Other work/services	471.2	476.2	2,133.3	1,598.4	2,604.5	2,074.6
Net sales	12,192.2	9,176.9	2,782.3	2,556.1	14,974.5	11,733.1

NOTE 3 – Disaggregation of revenue (cont.)

MSEK	Supply Chain Solutions		Print & Packaging Solutions		Group	
	2022	2021	2022	2021	2022	2021
Geographic markets						
<i>Europe</i>						
Germany	4,839.1	4,424.8	1,017.3	768.8	5,856.4	5,193.6
United Kingdom	178.0	96.3	321.5	251.0	499.5	347.3
Sweden	485.8	369.9	8.9	6.1	494.6	376.0
Netherlands	332.2	134.6	37.3	35.2	369.5	169.8
Switzerland	283.2	208.5	56.9	44.4	340.1	252.9
Poland	109.3	79.1	148.1	125.1	257.4	204.2
Hungary	186.1	152.7	47.7	36.1	233.7	188.8
Other countries	387.7	330.8	365.4	241.2	753.1	572.0
Europe total	6,801.4	5,796.6	2,002.9	1,507.9	8,804.3	7,304.6
<i>Asia</i>						
Singapore	2,091.7	1,524.1	0.3	0.1	2,092.0	1,524.2
China	545.0	608.2	2.8	2.7	547.7	610.9
India	138.1	95.9	1.5	0.8	139.6	96.7
Other countries	111.4	157.0	37.4	30.0	148.9	187.0
Asia total	2,886.2	2,385.2	42.0	33.6	2,928.2	2,418.8
<i>North and South America</i>						
USA	2,336.4	901.2	715.6	998.7	3,052.0	1,899.9
Other countries	149.1	84.4	15.6	11.4	164.7	95.8
North and South America total	2,485.5	985.6	731.2	1,010.1	3,216.7	1,995.7
Other	19.0	9.5	6.2	4.6	25.3	14.1
Net sales	12,192.2	9,176.9	2,782.3	2,556.1	14,974.5	11,733.1

NOTE 4 – Other operating income and other operating expenses

OTHER OPERATING INCOME			OTHER OPERATING EXPENSES		
MSEK	2022	2021	MSEK	2022	2021
Result from investments in associated companies	55.3	-	Exchange rate losses	-52.2	-16.8
Exchange rate gains	61.3	14.1	Losses from the sales of fixed assets	-4.3	-2.2
Gains from the sales of fixed assets	5.7	6.9	Other	-38.1	-9.3
Insurance compensations	3.9	6.1	Total	-94.6	-28.2
Other	70.7	55.5			
Total	196.9	82.6			

NOTE 5 – Personnel

AVERAGE NUMBER OF EMPLOYEES

Number (FTE)	Women		Men		Total	
	2022	2021	2022	2021	2022	2021
Parent company						
Sweden	7	5	6	6	13	11
Subsidiaries						
Germany	948	877	2,352	2,302	3,300	3,180
USA	723	244	410	192	1,133	436
Singapore	214	228	274	267	488	496
China	361	387	100	129	461	516
Czech Republic	151	140	198	183	349	323
Poland	111	69	225	239	336	308
Hungary	125	127	191	195	316	322
United Kingdom	46	44	136	124	182	167
Netherlands	35	10	131	51	166	61
India	21	22	144	157	165	179
Sweden	40	36	114	104	154	139
Austria	14	12	36	33	50	45
Brazil	23	20	25	27	48	47
Mexico	19	13	11	10	30	23
Italy	16	17	8	8	24	25
Canada	12	-	7	1	19	1
Taiwan	5	4	1	1	6	5
Romania	2	2	3	2	5	4
Russia	-	-	2	2	2	2
France	-	-	1	1	1	1
Total	2,873	2,256	4,375	4,032	7,248	6,288

SALARIES AND OTHER REMUNERATION

MSEK	Board and CEO					
	Basic wage incl. other benefits		Variable remuneration		Other employees	
	2022	2021	2022	2021	2022	2021
Parent company	14.8	14.2	7.2	5.8	18.7	15.7
Subsidiaries	45.7	33.2	14.9	13.9	2,794.0	2,125.6
Total	60.5	47.4	22.1	19.7	2,812.7	2,141.3
MSEK	Salaries and remuneration					
	Salaries and remuneration		Social security contribution		Pension contributions	
	2022	2021	2022	2021	2022	2021
Parent company	40.7	35.7	15.9	14.0	8.2	7.3
Subsidiaries	2,854.6	2,172.7	464.3	382.5	44.5	27.5
Total	2,895.3	2,208.4	480.2	396.5	52.7	34.8

NOTE 5 – Personnel (cont.)**GENDER DISTRIBUTION IN MANAGEMENT**

	Women		Men		Total	
	2022	2021	2022	2021	2022	2021
Board members	4	4	5	5	9	9
Group Management	-	-	6	6	6	6
Supervisors	214	119	365	290	579	409

The Board also includes two employee representatives.

REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2022

SEK '000s	Basic wage/ Board remuneration	Variable remuneration	Other benefits	Pension contributions	Total
Chairman of the Board	866	-	-	-	866
Board members (7 persons)	3,267	-	-	-	3,267
Chief Executive Officer	10,510	7,215	129	3,880	21,734
Other senior officers (5 persons)	30,047	17,097	709	1,811	49,664
Total remuneration to the Board, CEO and senior officers	44,690	24,312	838	5,691	75,531

For allocation of the remuneration to each Board member, see page 49.

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 (7 persons)	3,279	-	-	-	3,279
Chief Executive Officer	9,919	5,834	130	3,461	19,344
Other senior officers (5 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

NOTE 5 – Personnel (cont.)

Guidelines for remuneration to senior officers

These guidelines were resolved at the 2022 Annual General Meeting and shall thereafter be applied on remuneration to Board members, Chief Executive Officer and other members of Group Management. For more information about remuneration to senior officers, see the Board of Directors report.

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 and other senior officers consists of a basic salary, variable remuneration, other benefits and pension. Senior officers are the people who, together with the Chief Executive Officer, comprised Group Management in 2022.

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 and 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 2023.

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 Chief Executive Officer 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 at 31 December 2022 was MSEK 0.9 (1.6). 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 all senior officers. 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.

Notice periods and 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 2022 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 Dan Frohm, Chairman, Carl Bennet, Erik Gabrielson 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 2022. When necessary, the committee has been supported by external expertise in matters concerning compensation levels and structures.

NOTE 6 – Fees to the auditors

MSEK	2022	2021
PWC		
Audit assignment	6.6	5.8
Audit-related services	-	-
Tax advisory services	0.2	0.2
Other services	0.0	4.4
Other		
Audit assignment	1.8	0.8
Audit-related services	0.0	0.0
Tax advisory services	1.0	0.6
Other services	0.1	0.1
Total	9.7	11.9

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 6.8 (10.4) during the year, of which MSEK 6.6 (5.8) was the fee for the audit assignment.

The parent company has paid MSEK 2.3 (2.0) 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	2022	2021
Costs for goods for resale and other production material	3,341.9	2,528.7
Personnel costs	3,582.8	2,788.9
Freight costs	3,522.3	2,869.5
Other production costs	2,262.6	1,797.3
Costs for depreciation and write-downs	1,091.1	888.1
Cost for advertising and other selling expenses	73.0	63.3
Other costs	353.6	271.5
Total	14,227.3	11,207.2

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**

MSEK	2022	2021
Interest income	3.3	0.7
Exchange rate gains	56.3	24.4
Other	0.7	0.1
Total	60.3	25.2

FINANCIAL EXPENSES

MSEK	2022	2021
Interest expenses leasing liabilities	-107.2	-60.5
Interest expenses other liabilities	-80.4	-31.2
Exchange rate losses	-44.6	-25.1
Other	-11.2	-6.7
Total	-243.5	-123.5

NOTE 9 – Taxes**Accounting principles**

The Group's tax expense 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. Current tax is calculated based on the tax rules and regulations that apply in the countries where the group companies are taxed.

Deferred tax is tax relating to taxable or tax-deductible temporary differences that affect future taxes. 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 assets 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. In that case the tax effect is recorded directly in other comprehensive income. Deferred tax assets and liabilities are offset against each other in cases where Elanders has legal rights to set-off.

Estimations and assessments**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 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.

RECORDED TAX

MSEK	2022	2021
Current tax on the result for the year	-213.4	-137.9
Withholding tax on dividends and other taxes	-7.8	-11.4
Correction of previous years' current tax expense	4.3	-0.8
Deferred tax	37.3	-0.9
Recorded tax	-179.6	-151.0

NOTE 9 – Taxes (cont.)**RECONCILIATION OF RECORDED TAX**

MSEK	2022	2021
Result before taxes	666.2	482.0
Tax according to Swedish tax rate of 20.6 (20.6)%	-137.2	-99.3
<i>Tax effect of:</i>		
– differences in tax rates for foreign subsidiaries	-25.8	-15.7
– non-deductible costs	-15.9	-21.0
– revaluation of deferred taxes	3.8	-0.3
– correction of previous years' tax expense	1.1	-2.1
– withholding tax on dividends	-9.7	-12.4
– other	4.3	-0.2
Recorded tax	-179.6	-151.0

DEFERRED TAX ASSETS AND LIABILITIES BY NATURE

MSEK	2022	2021
Tax loss carryforwards	175.1	168.7
Fixed assets	-90.4	-133.2
Other items	90.1	102.4
	174.8	138.0
Less:		
Tax losses carried forward not valued	-24.8	-30.5
Closing balance, net	150.0	107.5

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

MSEK	2022	2021
Deferred tax assets	386.6	341.1
Deferred tax liabilities	-236.6	-233.6
Closing balance, net	150.0	107.5

CHANGE IN DEFERRED TAX

MSEK	2022	2021
Opening balance, net	107.5	118.1
Acquisition of operations	-1.7	-5.8
Recorded deferred tax on the result for the year	37.3	-0.9
Tax items charged directly against other comprehensive income	9.1	-0.6
Translation differences	-2.2	-3.3
Closing balance, net	150.0	107.5

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	2022	2021
Due within one year	-	1.4
Due within 2–10 years	0.3	1.9
Due after 10 years	1.9	2.1
No due date	148.1	132.8
Closing balance	150.3	138.2

NOTE 10 – Earnings per share

	2022	2021
Result for the year attributable to parent company shareholders, MSEK	470.0	322.3
Average number of outstanding shares, in thousands	35,358	35,358
Earnings per share, SEK	13.29	9.12

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	2022	2021
Cash flow from operating activities	1,105.6	1,063.2
Financial items	183.2	98.2
Paid taxes	196.0	128.0
Acquired and divested operations	-43.5	-1,266.8
Other items included in cash flow from investing activities	-230.8	-127.6
Operating cash flow	1,210.5	-105.0

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**Accounting principles**

The cash flow statements are prepared in accordance with the indirect method. The cash flows of foreign group companies are translated at an average exchange rate. Changes in the group structure, acquisitions and divestments are reported gross, excluding cash and cash equivalents, and are included in the cash flow from investing activities.

ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

MSEK	2022	2021
Depreciation, amortization and write-downs of intangible and tangible assets	1,091.1	888.1
Changes in provisions that affect cash flow	24.7	-32.2
Result from disposal of tangible assets	-1.5	-4.6
Unrealized exchange rate gains and losses	17.8	-3.3
Other changes	-20.4	-0.3
Total	1,111.7	847.7

PAID AND RECEIVED INTEREST

MSEK	2022	2021
Paid interest	-187.9	-91.7
Received interest	3.3	0.7
Total	-184.6	-91.0

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 long and short-term interest-bearing liabilities

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

NOTE 13 – Intangible assets

Accounting principles

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. All goodwill is allocated to the cash-generating units that benefit from the synergies from the business combination. The cash-generating units in Elanders is the operating segments, Supply Chain Solutions and Print & Packing Solutions. 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 the acquisition date. 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 3–10 years.

Impairment

Goodwill and trademarks with indefinite useful life are subjected to impairment tests annually and when ever there are indications that a write-down may be necessary.

A previous write-down is reversed if the basis for determining the recoverable amount of the asset when it was written down has been changed and the impairment is no longer necessary. Reversals of previous write-downs are assessed individually and recorded to the income statement. Write-downs of goodwill and other intangible assets with an indefinite useful life are not reversed in a subsequent period.

Estimations and assessments

Group Management conducts an annual impairment test of goodwill and other intangible assets. Testing is performed on the lowest identified cash generating level, which for Elanders is the operating segment level. To estimate the value in use, a discounted cash flow model is used. The calculation of future cash flows is based on budget and the strategic plans, adopted by Group Management, for the next four years. The impairment test contains a number of assumptions that, in different assessments, can have a significant impact on the calculation of recoverable value, such as:

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

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 7.5 (7.1) percent. Based on the assumptions given above, the useful value exceeds the recorded value for all cash generating units.

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 Supply Chain Solutions and Print & Packaging Solutions. A need for impairment is identified first at a discount rate of 10.4 percent for Supply Chain Solutions and 8.4 percent for Print & Packaging Solutions respectively.

NOTE 13 – Intangible assets (cont.)

MSEK	Goodwill		Trademarks ¹⁾	
	2022	2021	2022	2021
Opening acquisition value	3,305.6	2,413.9	701.1	384.2
Investments	-	-	-	-
Acquired and divested operations	46.3	795.6	-	293.9
Disposals	-	-	-	-
Reclassification	-	-	-	-
Translation difference	304.2	96.1	82.2	23.1
Closing acquisition value	3,656.0	3,305.6	783.3	701.1
Opening accumulated amortization and write-downs	-0.7	-0.7	-	-
Acquired and divested operations	-	-	-	-
Amortization for the year	-	-	-	-
Disposals	-	-	-	-
Reclassification	-	-	-	-
Translation difference	-0.1	-	-	-
Closing accumulated amortization and write-downs	-0.8	-0.7	-	-
Net residual value	3,655.2	3,304.9	783.3	701.1

¹⁾ Trademarks with indefinite useful life.

MSEK	Other intangible assets ²⁾		Total	
	2022	2021	2022	2021
Opening acquisition value	1,093.0	781.0	5,099.7	3,579.1
Investments	16.4	16.9	16.4	16.9
Acquired and divested operations	6.8	277.0	53.1	1,366.4
Disposals	-12.4	-17.6	-12.4	-17.6
Reclassification	3.8	0.0	3.8	0.0
Translation difference	112.8	35.6	499.2	154.7
Closing acquisition value	1,220.2	1,093.0	5,659.6	5,099.7
Opening accumulated amortization and write-downs	-582.5	-493.6	-583.1	-494.2
Acquired and divested operations	-	-12.0	-	-12.0
Amortization for the year	-106.5	-75.9	-106.5	-75.9
Disposals	11.4	17.4	11.4	17.4
Reclassification	-0.7	-	-0.7	-
Translation difference	-57.9	-18.5	-58.1	-18.5
Closing accumulated amortization and write-downs	-736.2	-582.5	-737.0	-583.1
Net residual value	484.1	510.5	4,922.6	4,516.5

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	2022	2021
Cost of products and services sold	-57.1	-53.3
Selling expenses	-43.0	-18.6
Administrative expenses	-6.4	-4.3
Total	-106.5	-76.2

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE DIVIDED BY CASH GENERATING UNIT

MSEK	2022	2021
Supply Chain Solutions	3,279.2	2,930.6
Print & Packaging Solutions	1,159.3	1,075.4
Total	4,438.5	4,006.0

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

NOTE 14 – Tangible assets

Accounting principles

Land, buildings, plant and machinery, equipment, tools, and fixed assets under construction are recorded at acquisition value less accumulated depreciation and write-downs. Acquisition value includes charges that are directly attributable to acquisition of the asset. Additional charges are added to the asset's carrying amount or are reported as a separate asset only when it is probable that the future economic benefit associated with the asset will accrue to the Group and the asset's acquisition value can be measured in a reliable manner. All other forms of repairs and maintenance are recorded as costs in the income statement in the period in which they were incurred.

Tangible assets are straight-line depreciated over the estimated useful life of the asset. No depreciation on land is made. The useful lives are used to calculate depreciation according to the table to the right.

The carrying amount of a tangible asset is derecognized from the statement of financial position upon disposal or sale or when no future economic benefits are expected from use. Capital gains/losses from the sale of tangible assets are recorded as Other operating income or Other operating expenses.

ESTIMATED USEFUL LIFE

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

Estimations and assessments

The useful lives are based upon estimates of the periods during which the assets will generate revenue and are based to a large extent on historical experience of usage and technological development. The residual value and useful life of tangible assets are tested regularly by management and whenever events or changes in circumstances indicates that the carrying value may not be recoverable. Land is judged to have indefinite useful life and is not depreciated, but is instead tested at least annually for impairment.

MSEK	Buildings and land ¹⁾		Plant and machinery		Equipment, tools, fixtures and fittings	
	2022	2021	2022	2021	2022	2021
Opening acquisition value	448.0	337.2	936.4	884.0	932.5	722.9
Investments	15.8	4.2	23.3	24.3	72.8	66.8
Acquired and divested operations	–	91.9	–	21.7	21.8	212.2
Disposals	–0.8	–11.9	–18.7	–38.9	–40.6	–120.5
Reclassification	32.4	7.2	–0.1	0.4	43.6	10.8
Translation difference	48.2	19.5	88.5	44.9	102.6	40.3
Closing acquisition value	543.6	448.0	1,029.5	936.4	1,132.7	932.5
Opening accumulated depreciation and write-downs	–256.9	–200.6	–738.0	–679.8	–658.7	–554.9
Acquired and divested operations	–	–41.8	–	–12.0	–12.4	–108.5
Depreciation for the year	–21.9	–15.2	–52.0	–49.0	–98.5	–79.2
Disposals	0.5	11.6	16.7	38.1	34.6	114.8
Reclassification	–10.0	–	10.0	1.7	0.7	–1.7
Translation difference	–28.8	–10.9	–73.0	–37.0	–72.2	–29.3
Closing accumulated depreciation and write-downs	–317.2	–256.9	–836.4	–738.0	–806.6	–658.7
Net residual value	226.5	191.1	193.0	198.4	326.2	273.7

¹⁾ Buildings and land include land with a book value of MSEK 34.8 (31.0).

NOTE 14 – Tangible assets (cont.)

MSEK	Fixed assets under construction ²⁾		Total	
	2022	2021	2022	2021
Opening acquisition value	35.0	9.9	2,351.9	1,953.9
Investments	109.3	27.3	221.1	122.6
Acquired and divested operations	-	14.8	21.8	340.6
Disposals	-	-	-58.4	-171.3
Reclassification	-78.0	-18.4	-3.7	-
Translation difference	5.7	1.4	245.1	106.1
Closing acquisition value	71.9	35.0	2,777.8	2,351.9
Opening accumulated depreciation and write-downs	-	-	-1,653.6	-1,435.2
Acquired and divested operations	-	-	-12.4	-162.3
Depreciation for the year	-	-	-172.5	-143.4
Disposals	-	-	51.8	164.5
Reclassification	-	-	0.7	-
Translation difference	-	-	-174.4	-77.2
Closing accumulated depreciation and write-downs	-	-	-1,960.4	-1,653.6
Net residual value	71.9	35.0	817.5	698.2

²⁾ Fixed assets under construction include advances related to tangible assets of MSEK 28.1 (14.4).

There were no significant investment obligations per 31 December 2022 or 2021.

DEPRECIATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

MSEK	2022	2021
Cost of products and services sold	-142.6	-119.7
Selling expenses	-3.3	-2.1
Administrative expenses	-26.5	-21.5
Total	-172.5	-143.4

NOTE 15 – Right-of-use assets

Accounting principles

Leases are recognized in accordance with IFRS 16 Leases, which means that a lessee must, upon the commencement date, recognize a right-of-use asset and a lease liability in the balance sheet. Leases are reported as an asset and a liability as of the date when the leased asset is available for use by the Group.

Lease liabilities are recognized at the present value of future lease payments. Each lease payment is divided into amortization of lease liability and 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 the contract.

The rights-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 exist. The right-of-use asset is depreciated on a straight-line basis over the the shortest of the asset's useful life and the lease term.

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 assets 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.

A modified future lease contract is not registered as a separate contract but is recognized as a revaluation of the lease liability and a change in the right-of-use asset.

Estimations and assessments

Essential estimations and assessments made by Group Management are required to determine the value of the right-of-use assets and the present value of the lease liability. Such estimations and assumptions include identifying a lease, determining the lease term, and defining the discount rate.

The lease term is determined as the non-cancellable period adjusted for periods that, according to agreement options, can extend or shorten 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.

Important parameters for determining the discount rate for a lease are the nature and quality linked to the underlying asset in the lease, the duration of the lease and the economic environment in which the asset will be used. The Group's policy for setting discount rates for leases is based on the incremental borrowing rate for the leases. The incremental borrowing rate is the interest rate that Elanders would have paid to borrow the amount required to obtain an asset of comparable value to the right-of-use asset, considered the term of the agreement, country, currency, collateral and credit risk.

MSEK	Buildings and land		Plant and machinery	
	2022	2021	2022	2021
Opening acquisition value	3,742.0	2,320.6	272.4	190.6
Investments	1,038.2	746.5	100.8	45.6
Acquired and divested operations	3.3	661.7	-	46.2
Disposals	-240.3	-99.2	-36.1	-17.7
Remeasurement	791.5	-	-11.4	-
Translation difference	456.3	112.5	24.5	7.7
Closing acquisition value	5,791.0	3,742.0	350.2	272.4
Opening accumulated depreciation and write-downs	-1,349.1	-881.4	-120.3	-83.0
Depreciation for the year	-686.4	-530.3	-58.9	-51.2
Disposals	240.3	99.1	36.1	17.7
Translation difference	-145.4	-36.5	-11.1	-3.8
Closing accumulated depreciations and write-downs	-1,940.5	-1,349.1	-154.3	-120.3
Net residual value	3,850.5	2,392.9	196.0	152.1

NOTE 15 – Right-of-use assets (cont.)

MSEK	Equipment, tools, fixtures and fittings		Total	
	2022	2021	2022	2021
Opening acquisition value	362.8	394.7	4,377.3	2,905.9
Investments	37.5	29.4	1,176.5	821.5
Acquired and divested operations	-	0.7	3.3	708.6
Disposals	-119.1	-69.7	-395.5	-186.6
Remeasurement	-	-	780.2	-
Translation difference	27.9	7.7	508.6	127.9
Closing acquisition value	309.0	362.8	6,450.5	4,377.3
Opening accumulated depreciation and write-downs	-234.2	-204.6	-1,703.6	-1,169.1
Depreciation for the year	-66.8	-87.1	-812.0	-668.6
Disposals	115.8	62.0	392.2	178.8
Translation difference	-18.3	-4.4	-174.8	-44.8
Closing accumulated depreciations and write-downs	-203.4	-234.2	-2,298.2	-1,703.6
Net residual value	105.6	128.7	4,152.1	2,673.6

DEPRECIATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

MSEK	2022	2021
Cost of products and services sold	-781.3	-647.5
Selling expenses	-12.1	-7.9
Administrative expenses	-18.7	-13.2
Total	-812.0	-668.6

EXPENSES RECOGNIZED IN THE INCOME STATEMENT

MSEK	2022	2021
Depreciation right-of-use assets	-812.0	-668.6
Interest expenses lease liability	-107.2	-60.5
Expenses related to short-term leases and leases with low value	-152.0	-97.4
Expenses related to variable leasing fees that is not included in the lease liability	-61.1	-51.5
Total	-1,132.4	-878.0

The total cash flow for leasing contracts amounted to MSEK 1,094 (857).

NOTE 16 – Financial assets

Accounting principles

Financial assets have been accounted for in accordance with IFRS 9, Financial Instruments, and can be classified into three different categories; amortized cost, fair value through profit and loss or fair value through other comprehensive income. Financial assets are first recognised at fair value plus transaction costs, except for financial assets that are carried at fair value through the profit and loss. Instead, these assets are first recognized at fair value, while attributable transaction costs are recognized in the income statement. Financial assets are recognised in the balance sheet when the Group becomes a party to the commercial terms of the instrument. Financial assets are recorded in the balance sheet until the rights in the contract has been realized or the company no longer has rights to the asset. Acquisitions and disposals of financial assets are reported on the settlement date. The Group recognizes its financial assets primarily at amortized cost, except for derivatives that are carried at fair value through profit and loss.

Financial assets measured at amortized cost

The Group reports accounts receivable, cash and cash equivalents, other securities and other receivables at amortized cost. These financial assets have the purpose of collecting contractual cash flows and are initially recognized at fair value including transaction costs. The carrying amount of assets is adjusted by any impairment or expected credit losses. 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.

Accounts receivable

Accounts receivable are initially recognized at the transaction price. 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 classified as current.

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.

Other securities

In May 2022, Elanders' associated company LOGworks was merged with an external company, ProServ. Elanders previously owned 49 percent of the shares in Logworks. After the merger Elanders owns 14 percent of the shares in the merged company. The remaining shares are controlled by Adecco together with the Michelin Group. The holding is now classified as Other securities and is valued at amortized cost.

Long-term receivables, current receivables and other receivables

Long-term receivables, current receivables and other receivables, which are financial assets, are categorized as Other receivables. It means that they are recorded at amortized cost. In 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.

Financial assets measured at fair value

The Group recognize derivatives identified as hedging instruments to fair value though profit or loss. 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.

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 income 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.

Estimations and assessments

For financial assets measured at amortized cost, the fair value is considered to be equal to the book value. Management continuously assess any need for impairment. The assessment is based on all available information, such as prevailing market conditions, payment patterns, collection measures etc. An allowance for bad debt in respect to expected losses on accounts receivables is maintained. See more information about the provision in note 18, Accounts receivables.

NOTE 16 – Financial assets (cont.)**FINANCIAL ASSETS PER CATEGORY 2022**

MSEK	Assets valued to amortized cost	Asstes valued to fair value through profit & loss	Total	Whereof short-term
Accounts receivable	2,139.2	–	2,139.2	2,139.2
Cash and cash equivalents	904.0	–	904.0	904.0
Other securities	56.5	–	56.5	–
Hedging derivatives	–	0.1	0.1	0.1
Other receivables	74.2	–	74.2	64.6
Closing balance	3,173.9	0.1	3,174.0	3,107.9

FINANCIAL ASSETS PER CATEGORY 2021

MSEK	Assets valued to amortized cost	Asstes valued to fair value through profit & loss	Total	Whereof short-term
Accounts receivable	1,822.1	–	1,822.1	1,822.1
Cash and cash equivalents	898.1	–	898.1	898.1
Other securities	–	–	–	–
Hedging derivatives	–	0.1	0.1	0.1
Other receivables	81.5	–	81.5	70.2
Closing balance	2,801.7	0.1	2,801.8	2,790.5

Interest income from financial assets amounted to MSEK 3.3 (0.7).

NOTE 17 – Inventory**Accounting principles**

Inventory is recognized at the lower of acquisition value and net realizable value. Acquisition value 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.

Estimations and assessments

Adjustments to net realizable value also include estimates of technical and commercial obsolescence on an individual subsidiary basis. Commercial obsolescence is assessed by the rate of turnover and ageing as risk indicators.

NOTE 17 – Inventory (cont.)

MSEK	2022	2021
Raw materials and consumables	431.9	200.1
Work in process	33.1	30.9
Finished goods	153.9	169.4
Closing balance	618.9	400.4

Costs relating to obsolescence expensed during the year amounted to MSEK 6.4 (4.6) and at year-end the obsolescence reserve was MSEK 14.0 (12.9).

NOTE 18 – Accounts receivables**Accounting principles**

Accounts receivable are initially recognized as amortized cost which is the amount expected to be collected, after deduction of provision for expected credit losses.

Accounts receivables are normally due to payment within 30–120 days and are classified as current assets. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost.

In compliance with IFRS 9 Financial Instruments, Elanders applies a simplified impairment model for trade receivables, whereby the expected credit loss is recognized for the estimated remaining lifetime of the receivable.

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.

Estimations and assessments

Provisions are made for bad debts when losses are feared. It arises in the case when it is assessed that customers cannot settle their debts. The assessment is based on aging analysis of the receivables and impairment history of customers with similar characteristics. Current market conditions and each customer's creditworthiness are also taken into account.

ACCOUNTS RECEIVABLE – AGING REPORT

MSEK	2022	2021
Not overdue	1,784.3	1,625.4
1–30 days overdue	279.1	142.8
31–60 days overdue	46.7	29.5
61–90 days overdue	20.2	19.5
91–120 days overdue	13.9	13.5
More than 120 days overdue	17.1	19.2
Provisions doubtful accounts	-22.0	-27.8
Total	2,139.2	1,822.1

CHANGE IN PROVISION FOR DOUBTFUL RECEIVABLES

MSEK	2022	2021
Opening balance	-27.8	-28.0
Provision in acquired operations	0.0	-8.8
Reversal of provision from previous year	6.2	20.7
Utilized provisions for confirmed losses	20.1	0.0
Provisions during the year	-17.9	-10.7
Translation difference	-2.6	-1.0
Closing balance	-22.0	-27.8

Accounts receivables amounting to MSEK 9.0 (4.9) are overdue with more than 90 days without any identified need for write-down. The receivables refer to customers without any history of payment difficulties.

The Group's total credit line for factoring amounted to MSEK 556.4 (511.3) of which MSEK 275.5 (279.5) was unutilized as of December 31, 2022.

NOTE 19 – Prepaid expenses and accrued income

MSEK	2022	2021
Services performed, not invoiced	195.2	118.5
Prepaid insurance expenses	9.0	9.3
Prepaid IT expenses	16.2	12.3
Prepaid leasing expenses	33.6	20.7
Other prepaid expenses	75.1	71.2
Other accrued income	67.8	62.8
Total	396.9	276.7

NOTE 20 – Cash and cash equivalents

MSEK	2022	2021
Cash and bank	904.0	898.1
Cash and cash equivalents	904.0	898.1

Cash and cash equivalents are cash in financial institutions and short-term liquid placements with a term of less than three months. The closing balance as of December 31, 2022 include translation differences in cash and cash equivalents of MSEK 72.5 (73.7) as well as MSEK 12.8 (28.7) that is not available for use by the Group.

NOTE 21 – Share capital

Number of registered shares in the parent company	2022	2021
Issued as of 1 Jan.	35,357,751	35,357,751
Issued as of per 31 Dec.	35,357,751	35,357,751

2022	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 – Financial liabilities

Accounting principles

Financial liabilities are recognized at amortized cost or fair value in accordance with IFRS 9. A financial liability is recorded in the balance sheet when Elanders becomes a party in the instrument's contractual conditions. A financial liability is derecognized from the balance sheet when the rights in the contract are realized. Financial liabilities are valued the first time at fair value plus transaction costs, which applies to all financial liabilities not recognized at fair value through profit or loss. Financial 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.

Financial liabilities measured at amortized cost

Lease liabilities

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.

Other financial liabilities

Accounts payable and liabilities to credit institutions are categorized as Other financial liabilities and recognized at amortized cost. Due to their expected short duration, accounts payable are recorded at their nominal value without a discount. Liabilities to credit institutions 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.

Financial liabilities measured at fair value

Contingent considerations and mandatory put/call options are measured at fair value within level 3, which means that valuation has been made based on inputs that are not observable in the market.

Contingent considerations

Contingent considerations are recognized as financial liabilities and at fair value on the acquisition date. Contingent considerations are remeasured at each reporting period with any change recognized in profit or loss for the year.

Mandatory put/call options

Mandatory put/call options related to acquisitions of non-controlling interests are initially recognized as a financial liability at the present value of the strike price applicable at the period where the option can first be exercised. Changes in fair value for these liabilities are recognized in equity.

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. Therefore, the Group performs a qualitative assessment of effectiveness. 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.

Estimations and assessments

The Group has three main banks and the current credit facility agreement runs until July 2025. Regarding financial liabilities measured at amortized cost, the fair value is considered to be equal to the book value.

Contingent considerations and mandatory put/call options related to non-controlling interests are measured starting from the terms of the purchase agreement and shareholder agreement, discounted to the balance sheet date. The key parameter in the valuation is the development of results until the estimated maturity date. Measurement of contingent considerations takes into account the present value of expected payments, discounted with a risk-adjusted interest rate. Different possible scenarios for forecast results are also considered to assess the size of the expected payments and the probability of these.

NOTE 22 – Financial liabilities (cont.)**LONG-TERM FINANCIAL LIABILITIES**

	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
MSEK				
<i>Other interest bearing liabilities</i>				
Bank loan (USD)	1,095.9	1,017.8	1,058.1	982.7
Bank loan (EUR)	1,112.8	1,059.1	1,022.7	973.3
Revolver credit facility (EUR)	923.7	923.7	716.0	716.0
Contingent consideration	52.8	52.8	30.7	30.7
Mandatory put/call options	479.8	481.3	330.6	330.6
Other interest bearing liabilities	2.1	0.7	3.5	3.5
Lease liabilities	3,484.6	3,484.6	2,065.8	2,065.8
Closing balance	7,151.8	7,019.9	5,227.3	5,102.5

In comparison with the table Contingent considerations and mandatory put/call options, promissory notes against the sellers have been reported net with the mandatory put/call option.

Part of the long-term loan has been designated as hedge instrument in net investment hedges of foreign operations. More information regarding financial risk management and hedge accounting can be found in Note 24.

SHORT-TERM FINANCIAL LIABILITIES

	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
MSEK				
<i>Other interest bearing liabilities</i>				
Bank loan (USD)	125.2	123.4	108.5	106.9
Other interest bearing liabilities	1.5	1.5	1.0	1.0
Lease liabilities	801.2	801.2	689.0	689.0
Accounts payable	892.5	892.5	875.4	875.4
Other financial liabilities	77.3	77.3	87.5	87.5
Closing balance	1,897.7	1,895.9	1,761.5	1,759.9

As of December 31, 2022, the Group's total credit lines amounted to MSEK 4,254 (3,742), of which MSEK 668 (716) was unutilized. In addition to these, the Group also has a factoring facility of MEUR 50, of which MEUR 25 (27) was unutilized as of December 31, 2022.

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 2.9 (2.6) percent.

Interest expenses from financial liabilities amounted to MSEK 185.8 (90.4). The reason why interest expenses differ from total interest expense in the income statement is that financial items related to pensions have been excluded.

NOTE 22 – Financial liabilities (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 and the amounts were calculated based on the interest rate and exchange rate at the balance sheet date. For all loans in the table, the year in which the Group is obliged to repay the loans at the earliest is given.

MSEK	Jan.–Mar. 2023	Apr.–Dec. 2023	2024–2027	2028 and later
Bank loans	62.8	187.1	3,322.6	–
Contingent consideration	–	–	52.8	–
Mandatory put/call options	–	1.5	479.8	–
Lease liabilities	260.8	660.8	2,481.9	1,437.3
Accounts payable	892.5	–	–	–
Other financial liabilities	77.3	–	0.7	–
Total	1,293.3	849.4	6,337.8	1,437.3

CONTINGENT CONSIDERATIONS AND MANDATORY PUT/CALL OPTIONS

MSEK	Contingent considerations		Mandatory put/call options	
	2022	2021	2022	2021
Opening balance	30.7	–	331.6	20.7
Acquisitions for the year	–	30.5	–	310.4
Changes in value recognized in the income statement	18.5	–	–	–
Changes in value recognized in equity	–	–	107.9	–
Translation differences	3.6	0.1	46.9	0.5
Closing balance	52.8	30.7	486.4	331.6

NOTE 23 – Net debt

MSEK	Cash and cash equivalents	Lease liabilities	Provisions for post- employment benefits	Other interest- bearing liabilities	Total
Net debt as of Jan 1, 2022	–898,1	2 754,8	98,6	3 293,4	5 248,8
Acquired and divested operations	–	10,8	–	–	10,8
Changes with effect on cash-flow	66,6	–773,8	–3,0	12,3	–697,9
Changes with no effect on cash-flow	–	1 951,4	–24,4	122,8	2 049,8
Translation difference	–72,5	342,6	6,3	388,5	664,9
Net debt as of Dec 31, 2022	–904,0	4 285,8	77,5	3 817,0	7 276,4

NOTE 23 – Net debt (cont.)

MSEK	Cash and cash equivalents	Lease liabilities	Provisions for post-employment benefits	Other interest-bearing liabilities	Total
Net debt as of Jan 1, 2021	-1 101,4	1 788,7	107,7	2 059,0	2 854,0
Acquired and divested operations	-	742,0	-	57,0	799,0
Changes with effect on cash-flow	277,0	-647,6	-2,7	997,0	623,7
Changes with no effect on cash-flow	-	789,9	-8,0	121,4	903,3
Translation difference	-73,7	81,8	1,6	59,1	68,8
Net debt as of Dec 31, 2021	-898,1	2 754,8	98,6	3 293,5	5 248,8

NOTE 24 – 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. As of 31 December 2022 this quota was 3.7 (3.6) 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 (translation 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 2022 amounted to MSEK 0.1 (0.1) and will be returned to the income statements in 2023.

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

Financial assets and liabilities in other than the company's local currency are hedged, while exposures attributable to the translation of net income in foreign subsidiaries are not hedged for foreign exchange rates. 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 2022.

MSEK	Estimated effect from changes in exchange rates by 10%		
	Net sales	Operating result	Result before tax
EUR	+/- 872	+/- 40	+/- 28
USD	+/- 539	+/- 45	+/- 32
EUR & USD	+/- 1,411	+/- 85	+/- 60

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 317 (270), including the above described hedging.

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.

NOTE 24 – Financial risk management (cont.)

Currency hedges

The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2022. 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	131.5	11.10
EUR/PLN	24.1	4.83
USD/PLN	1.2	4.64
USD/SEK	3.9	10.43
PLN/SEK	0.5	2.31
GBP/SEK	53.7	12.54

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. Elanders strives to have an even spread of maturities and all of its borrowings has variable interest rates. Elanders reference interest is Euribor and SOFR.

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 31 (27). 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.

MSEK	Floating interest	Non- interest- bearing
Other securities	-	56.5
Long-term receivables	-	9.6
Current receivables	-	2,203.8
Cash and bank	904.0	-
Long-term liabilities	-7,229.4	-
Current liabilities	-951.0	-653.3
Total	-7,276.4	1,616.6

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 2022 all covenants were fulfilled with a good margin. See Note 22 on page 83 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 counterparties that have been approved by Group Finance should be used. On 31 December 2022 total exposure regarding financial credit risks was MSEK 969 (968). 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 2,139 (1,822) per 31 December 2022. In 2022 credit losses amounted to MSEK 8 (0).

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. For a further description of Elanders' operational risks, see pages 44–45.

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	+/- 54
• Personnel cost	+/- 25
• Cost of material	+/- 23

NOTE 25 – Provisions for post-employment benefits**Accounting principles****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 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.

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. 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.

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.

Estimations and assessments

Actuarial assumptions are used to measure pension obligations and they significantly affect the recognized net liability and the annual pension cost. The actuarial valuations includes assumptions for discount rates, future salary increases, life expectancy and expected inflation. The discount rate is essential for the measurement of both the pension expense of the year and the present value of the defined-benefit obligations in the current year. The discount rate is used both for calculating the present value of the obligation and as an estimate for the return on the plan assets.

The discount rate is based on the anticipated returns from a typical high-quality company euro bond.

Defined benefit pension plans

The fair value of the plan assets in the Elanders' defined benefit pension plans amounted to MSEK 23.2 (23.1) as of 31 December 2022 and the present value of the pension obligations amounted to MSEK 100.7 (121.7). 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	2022	2021
Discount rate, %	3.15	0.85
Expected return on plan assets, %	3.15	0.85

PROVISIONS FOR POST-EMPLOYMENT OBLIGATIONS

MSEK	Funded plans	Unfunded plans	Total
Present value of post-employment obligations	84.6	16.1	100.7
The fair value of plan assets	-23.2	-	-23.2
Provision for post-employment obligations according to the balance sheet	61.4	16.1	77.5

NOTE 25 – Provisions for post-employment benefits (cont.)**CHANGE IN CURRENT VALUE OF THE POST-EMPLOYMENT OBLIGATIONS**

MSEK	2022	2021
Opening balance	121.7	130.7
Interest expense	1.8	1.3
Actuarial gains(-)/losses(+), net	-22.8	-8.6
Current year service cost	0.3	0.3
Pensions paid out	-4.2	-4.0
Translation difference	3.9	2.0
Closing balance	100.7	121.7

CHANGE IN PLAN ASSETS FAIR VALUE

MSEK	2022	2021
Opening balance	23.1	23.0
Return on plan assets	0.2	0.2
Disbursement	-0.7	-0.5
Actuarial gains(-)/losses(+), net	-1.2	0.2
Translation difference	1.8	0.2
Closing balance	23.2	23.1

NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT REGARDING DEFINED BENEFIT PLANS

MSEK	2022	2021
Current year service cost	0.3	0.3
Interest expense	1.8	1.3
Return on plan assets	-0.2	-0.2
Total	1.9	1.4

Defined contribution pension plans

The pension costs for the current period are included in the income statement and amount to MSEK 52.7 (38.7). 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. The payments

for pension insurances to Alecta totaled MSEK 1.8 (1.4) in 2022. For 2023, no significant changes are expected regarding the total costs for pension insurance from Alecta.

NOTE 26 – Other provisions

Accounting principles

Provisions are recorded in the balance sheet when the 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 are recognized as the present value of future expected expenses to settle the commitment.

Estimations and assessments

In determining the existence and amount of provisions, significant assessments by management are required. Amounts recognised as a provision are the best estimate of the remuneration required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The Group's most significant provisions relate to restructuring, damages to goods and restoration costs.

- Restructuring costs relates to cost for discontinuing parts of the road transportation operations in Germany. These costs relate to termination wages, provision for onerous contracts as well as remaining rental costs for existing premises.
- Damages to goods include both damage occurred during handling of goods as well as other possible damage in deliveries such as on fork lifts and buildings. Provisions for damages are made after an invoice has been received or an agreement has been concluded with the customer or supplier.
- Provision for restoration costs refers to estimates for restoring leased premises to their original condition.

MSEK	Restructuring costs	Provision for damages to goods etc.	Restoration costs	Other	Total
Opening balance as of 1 Jan. 2022	7.7	67.7	53.6	29.0	158.1
Provided for during the year	47.8	28.3	51.2	21.0	148.2
Utilized during the year	-7.9	-23.0	-31.8	-18.1	-80.7
Reversal of unutilized amounts	-	-26.9	-8.7	-4.5	-40.1
Acquired operations	-	-	2.5	-	2.5
Translation difference	2.5	4.8	5.6	3.0	15.9
Closing balance as of 31 Dec. 2022	50.2	50.9	72.4	30.4	203.8
Of which:					
Current	50.2	50.9	44.9	23.4	169.3
Non-current	-	-	27.5	6.9	34.4

MSEK	Restructuring costs	Provision for damages to goods etc.	Restoration costs	Other	Total
Opening balance as of 1 Jan. 2021	32.7	65.8	47.1	34.6	180.2
Provided for during the year	6.9	29.1	42.4	21.2	99.6
Utilized during the year	-30.7	-16.6	-27.8	-22.4	-97.5
Reversal of unutilized amounts	-1.5	-11.8	-9.6	-6.3	-29.2
Acquired operations	-	0.1	0.1	0.8	1.0
Translation difference	0.3	1.1	1.4	1.1	3.9
Closing balance as of 31 Dec. 2021	7.7	67.7	53.6	29.0	158.0
Of which:					
Current	7.7	67.7	38.4	25.0	138.8
Non-current	-	-	15.2	4.0	19.2

NOTE 27 – Accrued expenses and deferred income

MSEK	2022	2021
Holiday pay liability	62.2	59.1
Social security contributions	44.0	45.4
Accrued salaries and remuneration	205.5	183.3
Accrued expenses for services and goods received	432.1	402.8
Other accrued expenses and deferred income	149.2	121.4
Closing balance	893.0	812.0

NOTE 28 – Pledged assets and contingent liabilities**Accounting principles**

A contingent liability is recognized when there is a potential or actual obligation arising from events that have occurred that is not recognized as a liability or provision, either because it is improbable that an outflow of resources will be required to settle the obligation or because the amount cannot be calculated in a reliable manner.

PLEDGED ASSETS

MSEK	2022	2021
Floating charges	119.3	119.3
Other pledged assets	18.5	33.2
Total	137.8	152.5
<i>Whereof pledged to:</i>		
– credit institutions	137.8	152.5

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	2022	2021
Contingent liabilities	0.2	0.2
Total	0.2	0.2

NOTE 29 – 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 5,738 (4,780).

Intra-group transactions and balances have been eliminated and are therefore not included in the figures concerning the Group.

Sales of products and services

During 2022 and 2021 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 0.4 (2.6).

The Group leases properties in two subsidiaries, where the properties are wholly or partly owned by minority shareholders within the Elanders Group.

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.

All transactions have been on normal business terms and at market prices.

NOTE 30 – Acquired and divested operations

Accounting principles

Elanders applies IFRS 3 Business Combinations in connection with acquisitions. All business combinations are accounted for in accordance with the acquisition method. This means that acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value based on the date of acquisition. The surplus arising when the acquisition cost exceeds the fair value of the acquired identifiable assets, net, is recorded as goodwill. 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.

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.

Additional considerations are recorded as financial liabilities until they are settled. The revaluation of additional considerations is recognized in profit or loss. All acquisition costs are expensed.

Estimations and assessments

If an acquisition does not relate to 100% of a subsidiary, a non-controlling interest will arise. In cases where the holder of the remaining interest has an option to sell it to Elanders, or Elanders has an obligation to buy, Elanders considers 100% of the subsidiary to have been acquired at the time of acquisition. This also means that a liability equivalent to the present value of the estimated future purchase price is recognized. Consequently, no non-controlling interest is recognized with this type of acquisition transaction.

Acquisitions during the year

In July 2022, Elanders signed acquired all the shares in the British Bonds Worldwide Holdings Limited with its subsidiaries Bonds Worldwide Express Limited and Bonds Technical Couriers Limited (together "Bonds"). Bonds is a leading player in the United Kingdom in special transportation and installation of advanced technical equipment. The company was privately owned and had net sales of around MGBP 5 in 2021 with good profitability.

The acquisition allows Elanders to offer unique solutions for special transportation as well as installation and returns of advanced technical

equipment. The acquisition is also a step in increasing the portion of value-added services, particularly to customers in Electronics and Health Care. Bonds is now part of the business area Supply Chain Solutions and Elanders' sub-group LGI.

The purchase price amounted to about MGBP 5 on a cash- and debt-free basis. The acquisition has been financed with existing credit lines and the acquisition-related costs were less than MSEK 2.

The purchase price allocation is preliminary.

Net assets acquired consists of:

	Acquired book value	Adjustments to fair value	Recorded value in the Group
MSEK			
Customer relations	–	6.9	6.9
Property, plant and equipment	9.6	–	9.6
Current receivables	13.4	–	13.4
Cash and equivalents	14.5	–	14.5
Liabilities	–21.7	–3.8	–25.5
Net assets acquired	15.8	3,1	18.9
Goodwill			46.7
Total			65.6
Less:			
– unpaid purchase price			–6.6
– cash and cash equivalents in acquired operations			–14.5
Negative effect on cash and cash equivalents for the Group			44.5

The cash-flow related to acquired and divested operations also includes a repayment of MSEK 1 (–) connected to a prior acquisition.

NOTE 30 – Acquired and divested operations (cont.)

Acquisitions during 2021

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, during 2025, gives Elanders the right to acquire the remaining shares in the company. The purchase price allocation is now final and no changes were made.

In July 2021 Elanders acquired all the shares in the German digital print company Schätzl Druck & Medien GmbH & Co. KG (“Schätzl”). The seller may receive an additional consideration which will be paid in 2024 if the company continues to develop positively. The purchase price allocation is now final and no changes were made.

At the end of November 2021, Elanders acquired all the shares in Eijgenhuijsen Exploitatie BV and its subsidiary Eijgenhuijsen Precisievervoer BV (together “Eijgenhuijsen”). In the last twelve-month period, Eijgenhuijsen had net sales of around MEUR 12 with good profitability.

The purchase price was MEUR 10 based on valuation of the company on a cash- and debt-free basis. The purchase price allocation is now final, and no changes have been made to the initial one.

In November 2021 Elanders acquired 80 percent of the shares in the American supply chain management company Bergen Shippers Corp. In the last twelve-month period, Bergen had net sales of MUSD 158 with very good profitability. At the time of the acquisition, the company was valued at MUSD 155 on a cash- and debt-free basis. Elanders initially acquired 80 percent of the shares for MUSD 124. There is also an option that forces Elanders to purchase the remaining shares in 2024 for a purchase price based on a fixed multiple of the company’s result in 2023. The purchase price allocation is now final, and no changes have been made to the initial one.

NOTE 31 – Events after the balance sheet date

Besides what have been described in this report, no other major events have taken place between the balance sheet date and the date this report was signed.

Income statements

MSEK	Note	2022	2021
Net sales		45.3	38.9
Selling expenses		-14.2	-9.6
Administrative expenses	2	-86.6	-78.0
Other operating income	3	5.1	4.7
Operating result	4, 7	-50.5	-44.0
Result from shares in subsidiaries		30.4	253.3
Interest income		154.6	104.7
Other financial income		302.1	69.4
Interest expenses		-75.1	-26.9
Other financial expenses		-398.7	-86.5
Result after financial items	5	-37.3	270.0
Taxes	6	13.7	-5.9
Result for the year		-23.6	264.1

Statements of comprehensive income

MSEK	2022	2021
Result for the year	-23.6	264.1
Other comprehensive income	-	-
Total comprehensive income for the year	-23.6	264.1

Cash flow statements

MSEK	Note	2022	2021
Operating activities			
Result after financial items		-37.3	270.0
Adjustments for items not included in cash flow from operating activities	15	163.0	191.6
Paid taxes		-	-0.1
Cash flow from operating activities before changes in working capital		125.7	461.5
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		-43.0	-23.7
Increase (+)/decrease (-) in operating liabilities		11.2	5.8
Cash flow from operating activities		93.9	443.6
Investing activities			
Acquisition of tangible assets and intangible assets	10, 11	-1.4	-0.1
Acquisition of subsidiaries	9	-	-629.6
Received dividends from subsidiaries	15	30.4	253.3
Lending to and from subsidiaries		-28.9	-584.8
Cash flow from investing activities		0.1	-965.4
Financing activities			
Amortization of loans	13	-123.1	-2,070.1
New loans	13	-	3,088.8
Other changes in interest-bearing liabilities	13	138.4	-203.5
Dividend to parent company shareholders		-127.3	-109.6
Cash flow from financing activities		-112.0	705.6
Cash flow for the year		-18.0	183.8
Cash and cash equivalents at the beginning of the year		299.0	115.2
Cash and cash equivalents at year-end		281.0	299.0

Balance sheets

MSEK	Note	2022	2021
Assets			
Fixed assets			
Intangible assets	10	1.5	1.3
Tangible fixed assets	11	0.4	0.6
Shares in subsidiaries	9	2,079.6	2,092.6
Receivables from group companies		3,140.0	3,078.7
Deferred tax assets	6	114.0	100.3
Other financial assets		0.0	4.3
Total fixed assets		5,335.6	5,277.8
Current assets			
Receivables from group companies		167.6	118.5
Other receivables		1.5	2.9
Prepaid expenses and accrued income		17.1	19.1
Cash and bank balances		280.9	299.0
Total current assets		467.1	439.4
Total assets		5,802.6	5,717.2
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	1,179.7	1,330.7
Total equity		1,865.7	2,016.6
PROVISIONS			
Other provisions		1.5	4.9
Total provisions		1.5	4.9
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions	13, 14	3,132.4	2,796.7
Liabilities to group companies		6.9	6.7
Other liabilities		31.2	50.2
Total long-term liabilities		3,170.4	2,853.5
Current liabilities			
Liabilities to credit institutions	13, 14	125.2	108.5
Accounts payable		2.4	4.0
Liabilities to group companies		585.7	689.6
Other liabilities		3.2	2.1
Accrued expenses and deferred income	12	48.5	37.9
Total current liabilities		765.0	842.1
Equity, provisions and liabilities		5,802.6	5,717.2

Statements of changes in equity

MSEK	Share capital	Statutory reserve	Unrestricted equity	Total
Opening balance as of 1 Jan. 2021	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
Dividend	-	-	-127.3	-127.3
Result for the year	-	-	-23.7	-23.7
Other comprehensive income	-	-	-	-
Closing balance as of 31 Dec. 2022	353.6	332.4	1,179.7	1,865.7

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.

Pensions

The Parent Company's provisions for pensions are secured by the Pension Obligations Vesting Act (Tryggandelagen). The main difference between the rules of the Pension Obligations Vesting Act and IAS 19 Employee Benefits in respect of pensions is that Swedish practice disregards future increases in salaries and pensions when calculating the present value of the pension obligation. Both defined contribution and defined benefit plans exist in the Parent Company.

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 recorded at acquisition value less any impairment and financial current assets at the lower value of acquisition value 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 2022

No new standards, amendments or interpretations that have had significant effect on the company's financial reports have come into effect during 2022.

NOTE 2 – Fees to the auditors

MSEK	2022	2021
PwC		
Audit assignment	2.3	2.0
Audit-related services	-	-
Tax advisory services	-	-
Other services	-	-
Total	2.3	2.0

No fees were paid to other auditing firms.

Audit assignment is defined as the statutory audit, i.e. the work necessary to produce the auditor's report as well as so called audit consultation given in connection with the audit.

NOTE 3 – Other operating income

MSEK	2022	2021
Exchange rate gains	0.0	0.0
Other	5.1	4.7
Total	5.1	4.7

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	2022	2021
Write-downs of shares in subsidiaries	-	-
Dividends from subsidiaries	30.4	253.3
Total	30.4	253.3

INTEREST INCOME

MSEK	2022	2021
Interest income, external	1.9	0.0
Interest income, subsidiaries	152.7	104.7
Total	154.6	104.7

OTHER FINANCIAL INCOME

MSEK	2022	2021
Exchange rate gains	302.1	69.4
Total	302.1	69.4

INTEREST EXPENSES

MSEK	2022	2021
Interest expenses, external	-72.4	-25.4
Interest expenses, subsidiaries	-2.7	-1.5
Total	-75.1	-26.9

OTHER FINANCIAL EXPENSES

MSEK	2022	2021
Exchange rate losses	-388.0	-80.1
Other financial expenses	-10.7	-6.4
Total	-398.7	-86.5

NOTE 6 – Taxes**Accounting principles**

Tax pooling in the Group is carried out through group contributions paid and received. When accounting for group contributions, the parent company applies the alternative rule according to RFR 2 and recognize the net of group contributions paid and received as appropriations. The parent company recognizes most of the Group's Swedish taxes. In the table below, the expected tax expense is calculated based on profit before tax multiplied with the current tax rate.

For estimations and assessments regarding valuation of tax loss carry forwards, please refer to Note 9 for the Group on page 67.

TAX ON THE RESULT FOR THE YEAR

MSEK	2022	2021
Withholding tax on income from foreign subsidiaries	-	-0,1
Correction of previous years' current tax expense	-	-2,0
Deferred tax	13,7	-3,8
Total	13,7	-5,9

RECONCILIATION OF RECORDED TAX

MSEK	2022	2021
Result before taxes	-37,4	270,0
Tax according to Swedish tax rate of 20.6 (20.6)%	7,7	-55,6
<i>Tax effect of:</i>		
- non-taxable dividends from subsidiaries	6,3	52,2
- withholding tax on income from foreign subsidiaries	-	-0,1
- non tax-deductible contribution, representation and association costs	-0,2	-0,2
- other	0,0	-2,2
Total	13,7	-5,9

DEFERRED TAX RECEIVABLES

MSEK	2022	2021
Tax loss carry forwards	102,4	88,8
Other	11,6	11,5
Total	114,0	100,3

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 2.6 (2.5).

Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm. Vinge has during the year provided legal counsel and invoiced fees amounting to MSEK 0.4 (2.6).

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	2022	2021
Retained earnings	1,203.4	1,066.5
Net result for the year	-23.7	264.1
Total	1,179.7	1,330.7

The Board of Directors and the Chief Executive Officer propose that the profit and other non-restricted equity will be dealt with accordingly:

MSEK	2022	2021
SEK 4.15 (3.60) per share is distributed to the shareholders	146.7	127.3
Remaining balance to be carried forward	1,033.0	1,203.4
Total	1,179.7	1,330.7

NOTE 9 – Shares in subsidiaries**Accounting principles**

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 shares in subsidiaries. An annual assessment is made of whether there is any indication of impairment regarding shares in subsidiaries. The need for impairment is examined individually and impairment occurs if the decrease in value is considered to be permanent.

Impairment

The impairment test means that the carrying amount of shares in subsidiaries is compared with consolidated equity. This year's impairment test of the book value of shares in subsidiaries has not resulted in any impairment.

MSEK	2022	2021
Opening balance	2,092.6	1,433.5
Investments	-	659.1
Revaluation of additional consideration	-13.0	-
Write-downs	-	-
Closing balance	2,079.6	2,092.6

NOTE 9 – Shares in subsidiaries (cont.)**SPECIFICATION OF SHARES IN SUBSIDIARIES**

	Identity no.	Registered office	Number of shares	Per-centage holding	Book value of holding, MSEK
d o m Deutsche Online Medien GmbH	HRB265124	Waiblingen, Germany	3	100	23.0
myphotobook GmbH	HRB94377	Berlin, Germany	–	100	–
Elanders do Brasil Representações Ltda	08.789.936/0001-55	São Paulo, Brazil	3,105,550	100	12.2
Mentor Gerenciamento de Supply Chain (Brasil) Ltda	08.849.405/0001-00	São Paulo, Brazil	7,241,126	100	9.4
Elanders France SARL	828035394	Paris, France	–	100	0.0
Elanders GmbH	HRB722349	Waiblingen, Germany	1	100	108.6
Elanders International AB	556058-0622	Mölnådal, 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	915000006939331951	Chongqing, China	–	100	–
Mentor Media (Chongqing) Co., Ltd – Wuhan Branch	91420100MA4KYTDK3K	Wuhan, China	–	–	–
Mentor Media (Kunshan) Co., Ltd	913205837584821700	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	San Bernardino, USA	–	100	–
Mentor Media (Xiamen) Co., Ltd	91350200612051108M	Xiamen, China	–	100	–
Mentor Media CBZ (Chongqing) Co., Ltd	915000005814642169	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	91310000329537946A	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 (USA) Inc.	202212131646372	Warsaw, USA	–	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	–
Mentor Supply Chain Vietnam Ltd	0110081611	Hanoi, Vietnam	–	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	25,000	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	München, Germany	–	100	–
ITG Air & Sea GmbH	HRB250422	Oberding (Schwaig), Germany	–	75	–
ITG International Transports Inc.	43240627	Boston, USA	–	100	–
ITG Fulfillment GmbH	HRB33746	Oberhausen, Germany	–	100	–
LGI Netherlands BV	34083373	Amsterdam, Netherlands	–	100	–
Eijgenhuijsen Exploitatie BV	08040501	Ruurlo, Netherlands	–	100	–
Eijgenhuijsen Precisievervoer BV	08064979	Ruurlo, Netherlands	–	100	–
LGI Austria GmbH	FN 349601 w	Laxenburg, Austria	–	100	–
LGI Espana s.l.	B19274901	Cabanillas del Campo, Spain	–	100	–
LGI Hungária Logisztikai Kft.	13-09-140503	Páty, Hungary	–	100	–
LGI Logistics Group International AB	556727-7990	Borås, Sweden	–	100	–
LGI Logistics Group International Ltd	GB 07251732	Milton Keynes, UK	–	100	–
Bonds Worldwide Holdings Ltd	GB 4608847	Birmingham, UK	–	100	–
Bonds Worldwide Express Ltd	GB 1938935	Birmingham, UK	–	100	–
Bonds Technical Couriers Ltd	GB 3036141	Birmingham, 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	Hünxe, Germany	–	100	–
LGI TechLog GmbH	HRB513968	Erfurt, Germany	–	100	–
Logistik Lernzentrum GmbH	HRB246072	Böblingen, Germany	–	100	–
Mölnal 1 GmbH	HRB781610	Herrenberg, Germany	–	100	–
Mölnal 2 GmbH	HRB781648	Herrenberg, Germany	–	100	–
Elanders Holding USA Inc.	87-2849643	Delaware, USA	10,000	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	Chişinău, Moldova	–	100	–

NOTE 9 – Shares in subsidiaries (cont.)**SPECIFICATION OF SHARES IN SUBSIDIARIES (CONT.)**

	Identity no.	Registered office	Number of shares	Per-centage holding	Book value of holding, MSEK
Elanders Hungary Kft	20-09-065122	Zalalövő, Hungary	1	100	146.1
Elanders Infologistics AB	556121-8891	Mölnadal, Sweden	314,330	100	286.8
Elanders Sverige AB	556262-1689	Borås, Sweden	–	100	–
Elanders Italy S.r.l.	05686620963	Ponzano Veneto, Italy	1	100	2.7
Elanders Ltd	GB 3788582	Newcastle, UK	2,300,000	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	144,280	100	89.9
Elanders UK Ltd	GB 2209256	Harrogate, UK	80,000	100	0.9
fotokasten GmbH	HRB24050	Waiblingen, Germany	3	100	57.6
Midland Information Resources Company	42-1468885	Davenport, USA	10,000	100	223.0
ElandersUSA, LLC	58-1448183	Atlanta, USA	–	100	–
ReuseIT AB	559342-0507	Mölnadal, Sweden	50,000	70	120.0
ReuseIT Sweden AB	559210-6404	Växjö, Sweden	–	100	–
ReuseIT Finance AB	559210-6602	Växjö, Sweden	–	100	–
Schmid Druck + Medien GmbH	HRB18350	Kaisheim, Germany	1	100	5.5
Schätzl Druck & Medien GmbH	HRB28117	Donauwörth, Germany	–	100	–
Total					2,079.6

No book value is stated for the companies not directly owned by the parent company.

NOTE 10 – Intangible assets

Accounting principles

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. Other intangible assets refer to software and is amortized over 3–5 years.

MSEK	Goodwill		Other intangible assets		Total	
	2022	2021	2022	2021	2022	2021
Opening acquisition value	2.0	2.0	6.2	6.2	8.2	8.1
Acquisitions	–	–	1.3	0.1	1.3	0.1
Disposals	–	–	–2.3	–	–2.3	–
Closing acquisition value	2.0	2.0	5.2	6.2	7.2	8.2
Opening accumulated amortization and write-downs	–1.8	–1.7	–5.1	–4.0	–6.8	–5.7
Amortization of the year	–0.1	–0.1	–1.1	–1.0	–1.2	–1.1
Disposals	–	–	2.3	–	2.3	–
Closing accumulated amortization and write-downs	–1.9	–1.8	–3.9	–5.1	–5.7	–6.8
Net residual value	0.1	0.2	1.4	1.1	1.5	1.3

AMORTIZATION SPECIFIED PER FUNCTION IN THE INCOME STATEMENT

MSEK	2022	2021
Selling expenses	–1.0	–0.9
Administrative expenses	–0.2	–0.2
Total	–1.2	–1.1

NOTE 11 – Tangible fixed assets**Accounting principles**

The parent company's tangible fixed assets refer to office equipments and is depreciated over a straight-line basis over 3–5 years.

MSEK	Equipment, tools, fixtures and fittings	
	2022	2021
Opening acquisition value	1.2	1.2
Acquisitions	0.0	–
Closing acquisition value	1.3	1.2
Opening accumulated depreciation	–0.7	–0.5
Depreciation for the year	–0.2	–0.2
Closing accumulated depreciation	–0.9	–0.7
Net residual value	0.4	0.6

Depreciation has been charged entirely to administrative expenses. There has been no financial leasing.

NOTE 12 – Accrued expenses and deferred income

MSEK	2022	2021
Salaries and holiday pay	15.5	13.8
Social security contributions	16.3	14.5
Interest	0.4	0.1
Other accrued expenses and deferred income	16.3	9.5
Closing balance	48.5	37.9

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 2025. Elanders AB has loans in USD and EUR. The interest rate on the loans per 31 December 2022 was in the interval 3.55–6.01 (1.05–1.67) percent.

Please see note 24 to the consolidated financial statements for information regarding financial risk management.

CHANGES IN INTEREST-BEARING LIABILITIES

MSEK	2022	2021
Opening balance	2,905.2	2,036.8
New loans	–	3,088.8
Amortization of loans	–123.1	–2,070.1
Other changes in interest-bearing liabilities	141.2	–203.5
Translation difference	334.4	53.2
Closing balance	3,257.6	2,905.2

BANK OVERDRAFT FACILITIES

Utilized amounts and available credit in group bank overdraft facilities are given below.

MSEK	2022	2021
Bank overdraft facilities, utilized amount	–	–
Bank overdraft facilities, granted amount	236.9	121.1
Not utilized overdraft	236.9	121.1

NOTE 14 – Pledged assets and contingent liabilities

Accounting principles

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.

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 2022 in respect of the subsidiaries Elanders Ltd, Elanders UK Ltd, Elanders McNaughtan's 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 2022, 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, Schätzl 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, Schätzl Druck & Medien GmbH, Elanders GmbH and Elanders Holding GmbH existing as of 31 December 2022 until the end of the following financial year. As a consequence of this, Schmid Druck + Medien GmbH, Schätzl 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, Mölndal 1 GmbH, Mölndal 2 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 14 – Pledged assets and contingent liabilities (cont.)**PLEGDED ASSETS**

MSEK	2022	2021
Floating charges	3.3	3.3
Other pledged assets	-	-
Total	3.3	3.3
Given to:		
Credit institutions	3.3	3.3
Total	3.3	3.3

Other pledged assets primarily refer to collateral in the form of shares in subsidiaries.

CONTINGENT LIABILITIES

MSEK	2022	2021
Surety and contingent liabilities given for subsidiaries	170.7	134.8
Total	170.7	134.8

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	2022	2021
Depreciation, amortization and write-downs of intangible and tangible assets	1.3	1.3
Dividends from subsidiaries	-30.4	-253.3
Unrealized exchange rate gains/losses	195.5	445.9
Other items	-3.4	-2.3
Total	163.0	191.6

PAID AND RECEIVED INTEREST

MSEK	2022	2021
Paid interest	-74.3	-26.7
Received interest	111.7	107.2
Total	37.4	80.5

DIVIDENDS RECEIVED FROM SUBSIDIARIES

MSEK	2022	2021
ReuseIT AB	4.4	2.5
d o m Deutsche Online Medien GmbH	-	20.3
fotokasten GmbH	-	19.3
Elanders GmbH	19.7	177.0
Elanders Hungary Kft	6.3	20.3
Elanders Italy S.r.l.	-	5.1
Elanders Polska Sp. z o.o.	-	8.9
Total	30.4	253.3

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 1,179,721,277 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 4.15 per share, a total of SEK 146,734,667, is distributed to the shareholders
- the remaining balance of SEK 1,032,986,610 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 2023 for adoption.

MÖLNDAL 17 MARCH 2023

Dan Frohm
Chairman of the Board

Carl Bennet
Vice Chairman of the Board

Eva Elmstedt

Erik Gabrielson

Cecilia Lager

Anne Lenerius

Johan Stern

Caroline Sundewall

Martin Afzelius

Martin Schubach

Magnus Nilsson
Chief Executive Officer

**OUR AUDITOR'S REPORT WAS ISSUED ON 17 MARCH 2023
PRICEWATERHOUSECOOPERS AB**

Eric Salander
Authorized Public Accountant
Auditor in Charge

Daniel Körner Rask
Authorized Public Accountant

AUDITOR'S REPORT

Unofficial translation

*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 2022 except for the corporate governance statement on pages 47–51. The annual accounts and consolidated accounts of the company are included on pages 38–106 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 2022 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 2022 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 on pages 47–51. 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**How our audit addressed the Key audit matter****VALUATION OF INTANGIBLE ASSETS**

With reference to 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.

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 per business area. 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 1–37 and 112–158. The Board of Directors and the Managing Director are responsible for this other information. Beyond other information in this document the company publishes a yearly report “Remuneration report 2022 ” that we expect to have access to after the date of the auditor's report.

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/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

THE AUDITOR'S AUDIT OF THE ADMINISTRATION OF THE COMPANY AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Elanders AB (publ) for the year 2022 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's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. 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 47–51 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 EXAMINATION OF THE ESEF REPORT**Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Elanders AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of 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 the preparation of the Esef report 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 obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies 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 examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the

circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB was appointed auditor of Elanders AB (publ) by the general meeting of the shareholders on the 21 April 2022 and has been the company's auditor since the 21 April 2008.

Mölnadal 17 March 2023

PricewaterhouseCoopers AB

Eric Salander
*Authorized Public Accountant
Auditor in charge*

Daniel Körner Rask
Authorized Public Accountant

SUSTAINABILITY REPORT 2022

Elanders' sustainability work is integrated into the Group's business and decision-making. Elanders' Sustainability Report for the calendar year 2022 is part of the Group's combined Annual Report. It chronicles the details in Elanders' strategic sustainability work and the progress that has been made during the year.

SCOPE OF THE SUSTAINABILITY REPORT

Elanders' Sustainability Report is published annually and is an integrated part of the Annual Report. The Sustainability Report comprises the companies that belonged to the Group during the year. The acquisitions made during the year have not affected the scope of reporting.

Preparation of this Sustainability Report has included guidance from the Global Reporting Initiative (GRI), the Greenhouse Gas Protocol

and other established principles for sustainability reporting. These have, among other things, been used as tools for establishing stakeholder and materiality analysis and determining the content of the reporting. The report has been prepared in accordance with EU's directive on non-financial reporting (NFRD) through the Swedish statutory requirements on sustainability reporting in the annual report.

FEEDBACK

As part of the continuous development and improvement of Elanders' Sustainability Report, readers are invited to comment on it. Comments and suggestions are gladly received at: sustainability@elanders.com.

➔ For further information, visit: www.elanders.com/sustainability/

WE SUPPORT



Key ratios – sustainability

Scope 1 & 2 – emissions

38

thousand tons CO₂e (2021: 41)

Percentage female supervisors

37

percent (2021: 29%)

Percentage renewable electricity

53

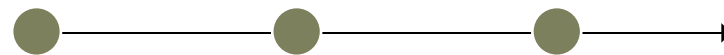
percent (2021: 51%)

Average number of employees

7,248

persons (2021: 6,288)

Climate targets



2030

Reduce GHG emissions within scope 1 and 2 respectively scope 3 by 50 respectively 30 percent. The target for scope 3 is related to our own operations.

2040

Reduce GHG emissions within scope 1 and 2 by 75 percent.

2050

Achieve net zero GHG emissions over the entire value chain.

STRATEGY AND MATERIALITY ANALYSIS

Since the beginning of the 21st century Elanders has gone through an enormous transition from a pure print company with most of its business in Sweden to a global logistic group with operations on four continents. There have been a slew of new enterprises and acquisitions along the way that have spread the business into new markets, customer segments and services. This expansion has made Elanders more stable and resilient because diversifying into new industries and geographies is a strength in a world characterized by growing insecurity.

Elanders’ materiality analysis considers risks, uncertainties and changes. It concerns both the physical environment characterized by climate change, changes in natural resource assets and disturbances in global value chains as well as the social environment where a transition to a more circular economy with lower carbon emissions is taking place. This entails making an adjustment to more sustainable company governance overall, along with different external expectations and demands. All these factors are weighed into the analysis and the compiled view of the risks the Group faces, and then taken into account in Elanders’ overriding business strategy.

As a global logistics company the Group has a citizen’s responsibility to work actively with social, ethical and environmentally-related issues. Within the Group, this work is based on clearly formulated principles and targets, and the compliance and fulfillment of them is

ensured and monitored. In the long run, solid sustainability work creates greater shareholder value and added-value for all the company’s stakeholders – for customers as well as investors and society.

Elanders has chosen to structure both its sustainability work and reporting based on an ESG perspective (Environment, Social and Governance). The company believes this will help further clarify communication to its stakeholders such as customers, suppliers, employees and shareholders. This report uses the concepts sustainability and ESG interchangeably.

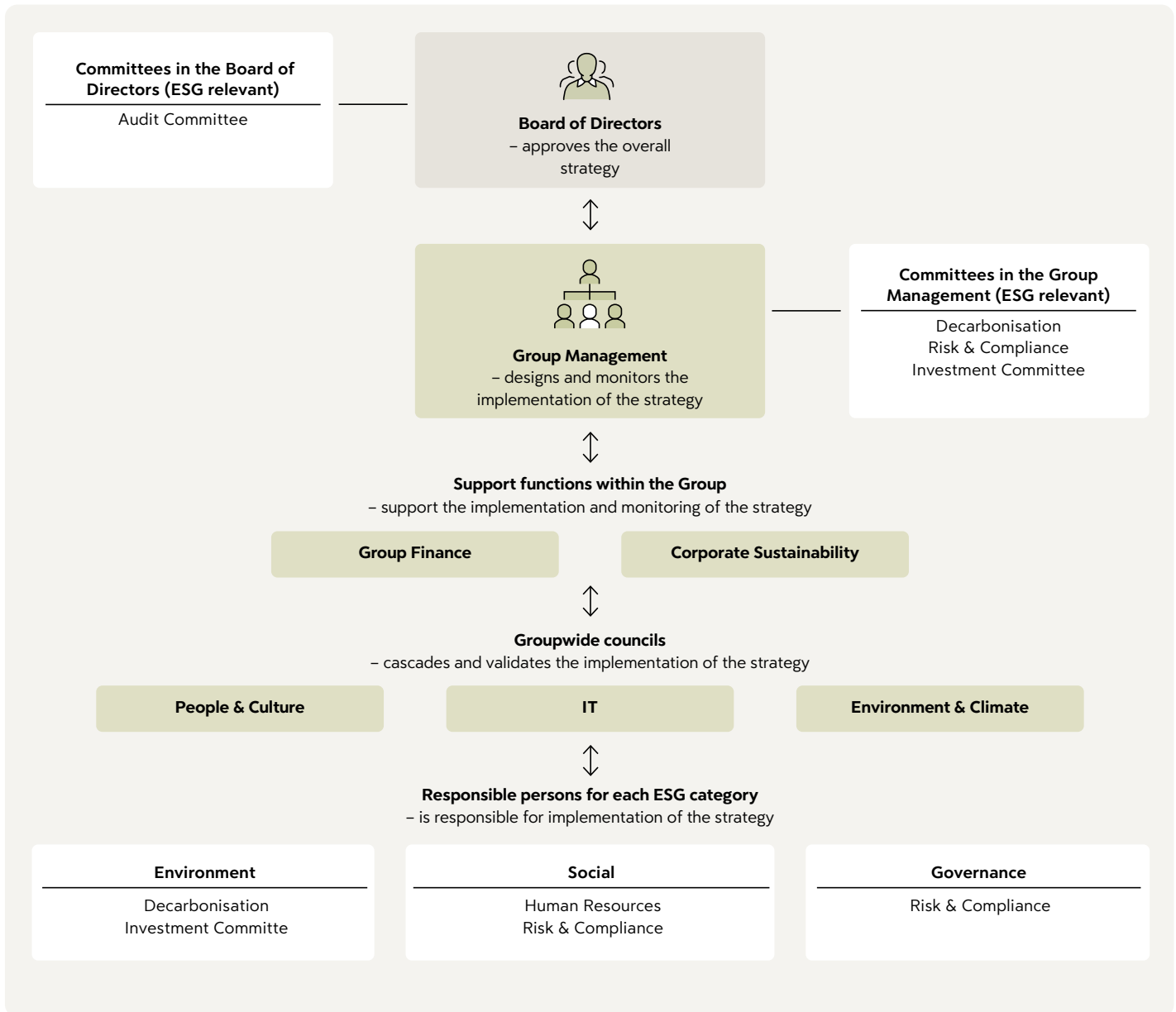
Elanders’ ESG framework consists of eleven categories; “Greenhouse gas emissions”, “Material and waste”, “Health and safety”, “Employee relations”, “Diversity, equity and inclusion”, “Human rights”, “Business ethics”, “Data ethics”, “Sustainable procurement”, “Responsible taxpayer” and “Society”.



Sustainability within the supply chain is important to us and is very much a central part of my work.

QUOTE FROM AN INTERVIEW WITH A CUSTOMER

Target	Environment	Social	Governance
	Elanders will take an active role in logistics decarbonization and help customers meet their obligations to reduce carbon emissions in their supply chains.	Elanders will ensure that Group employees have job satisfaction by providing a safe and inspiring workplace. This will be achieved by: <ul style="list-style-type: none"> • creating an engaging environment for everyone. • ensuring a plethora of perspectives. • ensuring all employees come home safe and sound by preventing deadly and life-changing incidents. 	Elanders and its employees will support responsible business methods by ensuring: <ul style="list-style-type: none"> • compliance with Elanders’ Code of Conduct in the Group. • sustainable purchasing • that data is protected and handled with respect.



Governing sustainability and ESG issues is the domain of Elanders’ Board of Directors and group management. Ownership and agency to drive measures within the eleven ESG categories are embedded in Elanders’ organization in order to ensure adjustments in operations’ priorities and long-term ESG work. Several ESG categories connected to compliance are integrated into Elanders’ central governance framework. ESG compli-

ance by all employees is defined in Elanders’ Code of Conduct, which is available on Elanders’ website. Elanders has a whistleblower function through which all stakeholders can report any violations of laws or regulations at Elanders, for example in IT security, data confidentiality, corruption, human rights, discrimination or financial fraud. The person reporting is guaranteed anonymity and complete confidentiality.

To ensure that an ESG perspective permeates governance of all subsidiaries and that they take the necessary steps within the eleven ESG categories, Elanders has three joint Group councils in addition to group management. There is an IT Council, People & Culture Council, and an Environment & Climate Council. The members of these councils, which meet regularly, are relevant representatives of the subsidiaries as well as Group staff.

MATERIALITY ANALYSIS

During 2022, work began to renew Elanders’ materiality analysis. The purpose of the materiality analysis is to get a better understanding for which sustainability matters are most important for Elanders’ various stakeholders such as customers, shareholders, employees and investors. The materiality analysis is also a requirement when preparing a sustainability report in accordance with the GRI Standards (Global Reporting Initiative Standards). The result of the materiality analysis is used to create a basis and structure for future sustainability work.

It is fundamental to Elanders’ sustainability agenda that the analysis reflects the areas where the Group has the greatest impact. Both how Elanders impacts the environment and the world around Elanders, as well as how the environment and external circumstances affect Elanders must be taken into account. What is important to Elanders’ stakeholder groups is key, and their interests guide the Group’s overall priorities over time. The prioritized areas are regularly reviewed to ensure that the

sustainability reporting aligns with developments in the Group and the world around it.

To achieve this, Elanders maintains continuous dialogues with five stakeholder groups: shareholders and investors, customers, employees, suppliers and society. The groups have been identified based on their dependence on Elanders and the impact they have on Elanders’ operations and strategic direction. The prioritized areas for sustainability reporting have also been selected through continuous dialogue with the Board of Directors and group management. External factors have also been taken into account, such as political developments with upcoming regulations for sustainability reporting and sector-specific trends.






As a first step in the work to renew the materiality analysis interviews have been conducted with some of Elanders’ largest customers and an employee survey is currently being carried out in the Group. More in-depth stakeholder dialogues will be held in 2023.



We need all our suppliers to be part of this journey and align with our goals.

QUOTE FROM AN INTERVIEW WITH A CUSTOMER

Elanders’ five stakeholder groups and the main channels of communication for each group.

Stakeholder group	Communication with the stakeholder group
Shareholders and investors 	Financial reports Annual General Meeting Investor meetings Website Press releases
Suppliers 	Ongoing dialogue Procurements and purchase negotiations
Employees 	Employee surveys / performance appraisals Intranet / other internal communication channels Dialogue with trade union organizations
Customers 	Ongoing dialogue Customer surveys Interviews
Society 	Local partnerships Participation in networks Internships and student papers

ENVIRONMENT

There are a number of crises and challenges in the world and society related to climate change and other environmental issues today. These challenges require robust, comprehensive solutions to drive the needed transition to a balanced living environment that meets international climate and environmental targets. The logistics sector and Elanders plays an important role in this.



The section “Environment” in this Sustainability Report has been divided into two parts; “Greenhouse gas emissions” and “Material and waste”. Associated sustainability data for these parts can be found in the Sustainability Report notes.

GREENHOUSE GAS EMISSIONS

As a supplier of end-to-end solutions, Elanders has a unique position to drive changes throughout the entire value chain. Along the way, opportunities are created in particular for Elanders’ customers to reduce emissions. In 2022, the Group raised its ambitions concerning controlling and reducing emissions and participating in the development of resilient and long-lasting sustainable global logistic chains.

A great deal of progress has been made within Elanders. In line with external developments the Group has set ambitious climate targets that reflect stakeholders’ expectations and following the science. During 2022,

the goal has been a thorough examination of the direct and indirect emissions generated by Elanders’ own operations. In addition, the Group has shouldered its responsibility as a global player and initiated a long-term plan to map and reduce emissions in its value chain. In the beginning of 2023, the Group announced its climate targets. The first step is to reduce Group GHG emissions from our own operations (scope 1 and 2) by 50 percent and value chain emissions (scope 3) related to our own operations by 30 percent by 2030. With these steps, Elanders has become part of the general business society’s journey towards a sustainable economy and with the goal of achieving the 1.5-degree target by 2030. The baseline for the targets is the year 2021, when emissions measured 27 respective 14 thousand tons CO₂e (carbon dioxide equivalents) in scope 1 and scope 2. To ensure that reporting of Group emissions aligns with best practice, Elanders has adopted the definitions from the international calculation standard *Greenhouse Gas Protocol*.



During 2022, the goal has been a thorough examination of the direct and indirect emissions generated by Elanders’ own operations.

2022

Mapping of scope 1 and scope 2 emissions completed.

2023

Climate targets set for the Group and externally communicated.

Elanders signs on to the United Nations Global Compact.

Commitment letter is sent to Science Based Target initiative

Preparations for the new EU directive, CSRD, the Corporate Sustainability Reporting Directive.

Mapping of the entire Group's value chain emissions (scope 3) and preparation of an action plan to reduce emissions.

2030

Operations aligned with the 1.5 degree target according to the Paris Agreement.

Scope 1 and scope 2 emissions have been reduced by 50%.

Scope 3 emissions related to our own operations have been reduced by 30%.

2024

Application is sent to the Science Based Targets initiative to get Elanders' climate targets scientifically validated.

Implementation of the new EU directive for sustainability reporting.

2040

Scope 1 and scope 2 emissions have been reduced by 75%.

2050

The Group will have achieved net zero emissions over the entire value chain.

The targets for emissions in scope 1 (direct) and scope 2 (indirect) comprise emissions from the facilities and vehicles that Elanders controls, including both rented and owned facilities and vehicles.

The reduction target for year 2030 for scope 3 (value chain) does not include freight services performed by a third party and purchased by Elanders on behalf of customers (buy and sell activities) to transport customers' finished products.

During 2023, Elanders will continue to map the entire Group's value chain emissions (scope 3) and draw up an action plan to reduce emissions. Elanders' ambition is to present the total amount of CO₂e emissions generated by the Group when mapping is completed. The currently adopted climate targets are aligned with the targets of several of the Group's major customers.

Elanders strives to reduce climate impact in its own operations and in the solutions the company offers to customers. The focus in 2022 has been to get control over the sources of emissions within Elanders own operations.

Elanders is now taking on a greater responsibility as a value chain actor in order to meet external expectations on transparent reporting and on ambitious climate targets and measures.

Direct and indirect GHG emissions – scope 1 and 2

The most apparent development in 2022 regarding reporting the Group's GHG emissions has been the work on compiling and transparently presenting all the relevant direct emissions (scope 1) and indirect emissions (scope 2) in the Group. In 2022, Elanders' climate footprint in scope 1 and scope 2 was 25 and 13 thousand tons CO₂e respectively. This is a reduction by more than nine percent from last year. The decrease in the Group's direct emissions can partly be explained by the fact that the fossil-fueled road transports has become fewer. In addition, the use of natural gas in facilities has decreased. In terms of indirect energy-related emissions, the change is partly due to the continued transition to renewable electricity, which has contributed to lower emissions. Another major contributing factor that has been particularly distinctive in 2022 is the initiatives and investments made with the aim of reducing and streamlining energy use in the operations. As part of this, both cost and energy savings have been found.

Transportation

Elanders' direct GHG emissions largely consist of carbon dioxide and are primarily generated from transportation by its own vehicles in business area Supply Chain Solutions. The Group owned a fleet of 270 trucks and more than 370 company cars during the year.

Elanders continues to develop energy and cost-efficient transportation solutions for customers, in part by continuously updating its fleet of trucks, through new technology and training programs for drivers that enables better driving from an environmental perspective as well as optimizing customer transportation.

In 2022, all Group trucks met the Euro-6 norm with nitrogen oxide emissions (NOx) no higher than 80 mg/km and minimized emissions of particles. Elanders also monitors the average carbon emissions from its truck fleet, which is believed to give a fair view over time. In 2022, emissions were on the same level as the year before, which is presented in the Sustainability Report note on energy consumption.

The automotive industry is going through a massive transition stemming from the development of alternative fuels. Electric vehicles are in the forefront of this process. Elanders continues to consider every opportunity to phase out fossil fuel driven vehicles in the Group since this is a big step in achieving its climate targets. At the same time, the company is well aware that the transition to electric vehicles comes with its own challenges such as higher electricity consumption and indirect emissions in the production chain.

Elanders reports emissions for vehicles divided into the truck fleet and other company vehicles.



Facilities

In addition to transportation, a smaller portion of the direct emissions are generated in some of the facilities where Elanders operates. These stem from burning fuel for heating. The indirect energy-related emissions come from purchased electricity consumed in running machines and equipment, lighting, and heating and cooling facilities.

Elanders' target is to increase the portion of renewable electricity every year. By renewable electricity Elanders means energy sources such as hydropower, wind power, solar energy and bioenergy. In 2022, the portion of purchased renewable electricity increased from 51 percent to 53 percent.

Energy consumption and the cost of energy is regularly monitored to see if the target is achieved and if measures are continuously being taken to conserve energy. Further energy-saving measures were taken at Elanders' facilities in 2022.



EXAMPLE:

Transition to reach climate targets



An important example that paves the way for the Group to meet its climate targets is one of its logistics facilities in Dordrecht, Holland. As of January 2022, when the 10,000 m² building was opened, it has been possible to provide the storage area and offices with 100 percent renewable electricity generated by solar panels on its roof and shared wind power from the local industrial park. The goal is to only use electric vehicles, and charging stations have been installed to support this. In order to be more resilient to extreme weather, water barrels were placed on the roof to gather rainwater, which contributes to reducing the pressure on the public wastewater system. In addition, the building's exterior areas have been arranged with plants and bee hotels to attract birds and insects promoting biodiversity. On top of the measures to reduce emissions and contribute to a more sustainable community, the facility is now evaluating the suppliers and material used in operations to incorporate sustainability into every aspect.

Elanders reports energy consumption, emissions and the portion of renewable electricity for most of the buildings and offices where the Group operates. This comprises everything from warehousing to administration, in both owned and rented facilities.

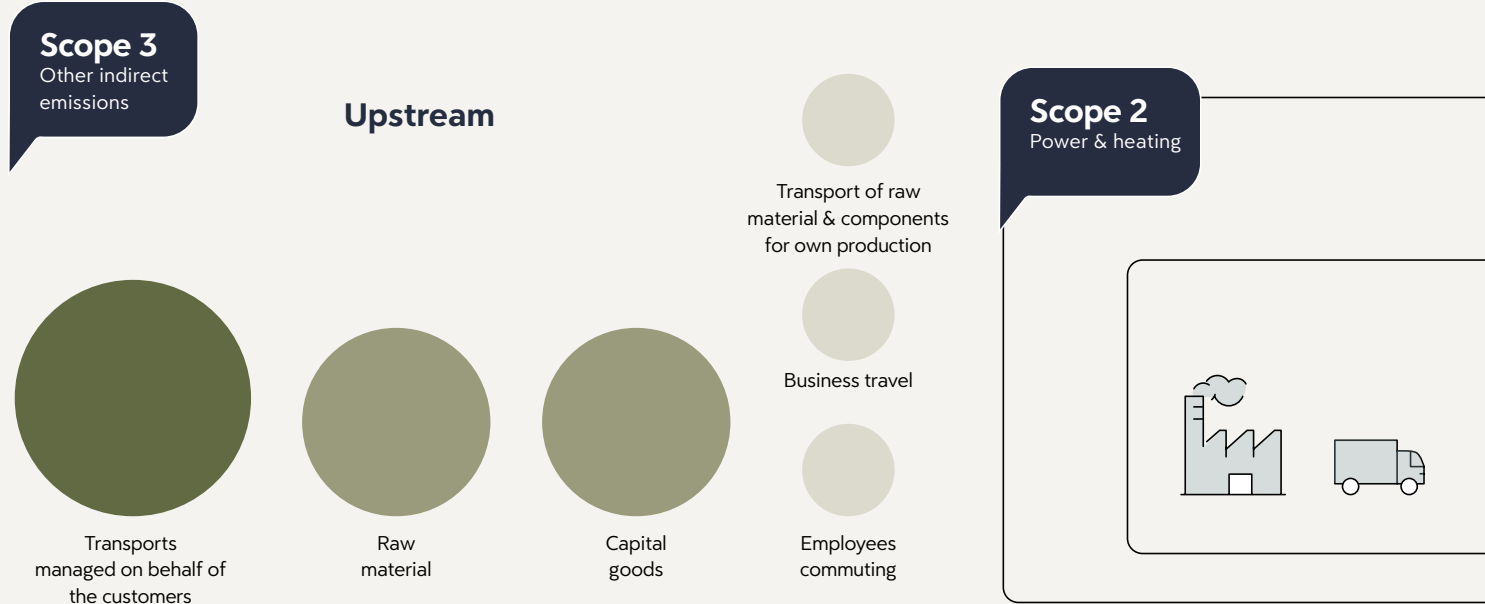
GHG emissions in the value chain – scope 3

Value chain emissions, scope 3, will represent a majority of the Group's total greenhouse gas emissions. The category that is expected to stand out is the freight (air, sea, and road transport), that Elanders purchases on behalf of customers from a third party for transportation of the customer's finished products. This part of emissions is hard to impact since customers decide on the amount of freight and how it will be forwarded.

In the spring of 2023, all the categories in scope 3 will be examined. The goal is a comprehensive mapping of the most significant value chain emissions throughout the Group by the autumn of 2023.

There are many difficulties in accessing data and calculating value chain emissions, but Elanders considers this an opportunity to get better control over its own value chains and the emission and cost reductions that can be realized there. As a responsible and solution-oriented global supplier of, above all, logistic services, Elanders also helps its customers to achieve their climate targets.

Greenhouse gas emissions within the Group



The size of the circles indicates the amount of carbon dioxide emissions related to this activity at Elanders. The larger the circle, the higher the amount of carbon dioxide emissions.

Circular solutions

As a separate leg of the Group, Life Cycle Management contributes to more circular material flows and reductions of GHG emissions. Within its growing operations it restores obsolete IT equipment extending the life of, for example, laptops, cell phones, monitors and servers. This helps customers to lower their environmental impact and contribute to a more circular economy. During 2022, Life Cycle Management handled over 85,000 units within the operations in Sweden and Germany. All in all, this is estimated to have resulted in emissions savings of around 24.5 thousand tons CO₂e.¹⁾ This is an improvement from last year by about 7.5 thousand tons CO₂e. To illustrate this, the total savings correspond to the entire GHG emissions that the whole Group generates within scope 1.

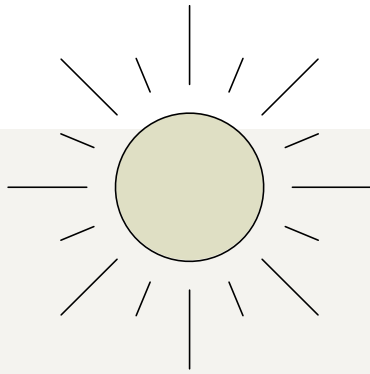
¹⁾ The CO₂ savings in CO₂ equivalents have been calculated in accordance with the principles set out in the report "Analys av återbrukade IT-produkter" (Eng: "Analysis of recycled IT products"), produced by the research institute RISE in collaboration with Elanders.

MATERIAL AND WASTE

A vital component in Elanders' ambition to counteract climate change through lower emissions and a shift to renewable energy is resource utilization. The Group is committed to higher material efficiency and improved waste management. With this comes more circular and sustainable resource flows, while new cost savings are found.

Material

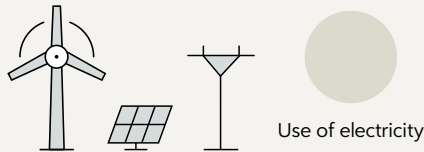
Elanders is primarily a service supplier and the material purchases within the Group's operations are not particularly extensive. Business area Supply Chain Solutions mostly consumes packaging and pallet material used for storage, packing, handling and distribution. Print & Packaging Solutions consumes paper and ink for printed matter produced for customers. The transition to digital printing presses has continued during the year. It has enabled greater material efficiency and reduced energy consumption. Since the new presses only use water-based pigment colors, no ozone emissions are created. This has also reduced the emissions of volatile organic compounds (VOCs) considerably. For many years now Elanders has followed the principle of eliminating the use of aromatic solvents since they have a negative effect on both health and the environment.



Buildings and vehicles operated by Elanders

Scope 1
Own operations

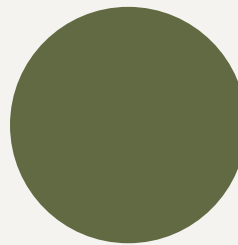
Use of fuel etc.



Scope 2
Power & heating

Downstream

Scope 3
Other indirect emissions



Transports managed on behalf of the customers



Transports of by Elanders manufactured products

At this point in time, Elanders does not have any definitive goals concerning material consumption and resource efficiency but is currently improving the quality of its data in this area in order to present key ratios for resource utilization in the Group. At the same time, value chain emissions from consumables and purchased equipment is being reviewed as an important step in identifying indirect impact and creating sustainable flows in every aspect.



Waste

In terms of volume, most of the Group’s waste is generated in business area Print & Packaging Solutions and consist mainly of paper and cardboard. A smaller portion of hazardous waste also consists of worn-out electronic equipment and waste in the form of alcohol and solvents. The latter is used mainly in cleaning the printing presses and plates. Elanders has recycling procedures to minimize the amount of waste that goes to landfill. How the waste is removed depends on the local waste removal system which varies widely in the Group. Steps are being taken locally to increase the amount of waste that is recycled as

well as preventative measures to improve resource efficiency and increase the portion of sustainable material selection through certifications like FSC® (Forest Stewardship Council), the Nordic Swan ecolabel and CGP (Certified Graphic Production). The Group also runs innovative projects where material is circulated within Elanders’ operations. A typical example is when used pallets are renovated or rebuilt and given new uses as furniture.

Elanders intends to increase transparency in how waste is managed and has in a pilot project collected waste data during 2021–2022. This data will be followed up in 2023 to reinforce monitoring and identify measures for the entire Group.

Each individual company in the Group is responsible for its own environmental and quality work aimed at compliance with local regulations and the quality and environmental audits initiated by Elanders’ customers.





Elanders’ subsidiary Mentor Media works with the Swedish Chamber of Commerce in Singapore in a mentorship program for certain female managers. The women participate in a six-month leadership development program together with business leaders.

SOCIAL

Elanders’ employees are its greatest asset, and their health and safety are of highest priority. A healthy and secure work environment leads to healthy employees who work safely. In addition to the intrinsic value of the wellbeing of employees, this contributes to society at large.

The section “Social Responsibility” in this Sustainability Report has been divided into four parts; “Health and safety”, “Employee relations”, “Diversity, equity and inclusion” and “Human rights”. Associated sustainability data for these parts can be found in the Sustainability Report notes.

HEALTH AND SAFETY

Elanders’ work environment policy is found in the Group’s Code of Conduct where guidelines concerning identifying, managing and preventing potential safety risks and emergency situations are provided. The goal is to promote a good work environment and reduce the risk for work-related injuries and illness. Management for each company is responsible for ensuring compliance with the Code of Conduct through further guidelines and policies that suit their specific operations.

Elanders’ operations continuously strive to create conditions for safe workplaces with as little absence

due to illness and as few accidents as possible. This includes identifying improvement measures in the work environment, such as automation in production and ergonomic workplaces. Most work-related injuries occur in production and the most common are minor cuts or wounds from falling. Elanders has a zero vision concerning injuries at the workplace and works continuously on reducing risks that can lead to serious injuries.

0.04

Accident rate for serious injuries within the Group per 200,000 hours worked

AMBITIONS 2023

- Zero vision for workplace accidents.
- Working actively with information and education regarding health and safety at subsidiaries.



During the pandemic Elanders' subsidiaries quickly took steps to protect their employees, which in some cases has led to long-lasting health projects. For instance, the occupational health bus that Elanders' subsidiaries LGI and ITG invested in to offer vaccinations against COVID-19 has now become an integrated part of occupational healthcare in these companies.

EMPLOYEE RELATIONS

Elanders' ambition is to create attractive, inclusive and sustainable work environments where employees are engaged, develop and deliver results. Elanders believes in authentic leadership characterized by courage, engagement and sustainability. For this reason, Elanders invests heavily in constantly developing and improving the systematic work with the employees' work environment, working conditions, and training and education.

Employees

Because the Group is growing globally Elanders continues to create new jobs. Currently the Group has more than 7,000 employees, spread out among some 20 countries on four continents. For the most part subsidiaries are governed by the laws and regulations in their respective countries and regions. However, Elanders considers it the Group's responsibility to ensure a culture marked by honesty, integrity, personal responsibility, sincerity, loyalty and respect for both fellow human beings and the natural environment. These principles are stipulated in Elanders' Code of Conduct. Every two years, a digital training is conducted to educate all white-collar workers in the Group regarding the Code of Conduct.

Actively working with employee issues is fundamental for Elanders. Healthy, happy and motivated employees contribute, together with diversity and sustainable workplaces, to the Group's development and success on every level. This also provides even better conditions to keep the right talent and attract the younger generation. Every year the Group implements initiatives to promote competence development, health and wellbeing, as well as more equal workplaces.

The People and Culture Council was created in 2021, a council of HR managers from several subsidiaries. Its purpose is to stay updated on the latest laws and incoming reporting requirements concerning employees' working conditions and human rights, exchange experiences and develop the general social sustainability work for the organization. The Council is led by the Group Sustainability Director and it reports to Elanders' group management.

Safe conditions

Elanders has a continuous and constructive dialogue with employee representatives. A global business like Elanders goes through many changes that require information and consultation with employee representatives in the company. Regular meetings take place between management and employee organizations on different levels to communicate and discuss these matters. One such area is the European Works Council (EWC), a council that consists of employee representatives from every country in Europe that Elanders operates in. When a company is of a certain size, establishing this council is an EU requirement. The representatives meet physically once a year and Elanders' CEO participates. These meetings are intended to promote employees' rights to information and consultation in joint European matters. Elanders also has three employee representatives in the Board of Directors. One of the representatives is a deputy member.

Ethics and social responsibility

Elanders has a responsibility to set up parameters to ensure that all business in the Group is performed in an ethically and socially responsible manner. The Code of Conduct and Elanders' Anti-Corruption Policy comprise all employees and contain guidelines and rules on the way Group employees should relate to other employees, customers and suppliers as well as the communities Elanders operates in. Social responsibility includes promoting human rights and fair working conditions and counteracting corruption. Management for each Group company is responsible for ensuring compliance by formulating and communicating further guidelines and policies that suit their specific operations.

An extensive employee survey throughout the Group was initiated in 2022 as part of an updated materiality analysis. Its purpose is in part to identify how employees experience Elanders' sustainability work and in part gain better knowledge regarding which issues are considered important and engage employees. Together with the other stakeholder dialogues, the result will be a vital part of Elanders' strategy work going forward.

Elanders respects fundamental labor rights and follows internationally accepted frameworks from the UN and OECD as well as follows local laws where it operates.



Elanders' ambition is to create attractive, inclusive and sustainable work environments where employees are engaged, develop and deliver results.

AMBITIONS 2023

- Increase the portion of Elanders' employees that have taken the course on Elanders' Code of Conduct.



DIVERSITY, EQUITY AND INCLUSION

Elanders has developed considerably in recent years. Major acquisitions have given the Group a new structure and significantly extended it geographically. However, Elanders continues to believe that long-lasting competitiveness can only be achieved if the workplace is characterized by diversity, equal opportunities and inclusion. Among other things, this means that all employees should have the same opportunity for a career. During the year, work continued on developing a formal, group-wide gender equality plan that will be evaluated regularly by Elanders' group management and Board of Directors.

Every Elanders subsidiary has its own projects that they run to promote their work on diversity, equality and inclusion, for example by broadening recruitment and integration projects. There is also a council that covers the entire Group, the People and Culture Council, that consists of HR managers from the subsidiaries along with the Group Sustainability Director. Council members exchange experiences and develop social sustainability work throughout the organization. It is also charged with staying updated on the latest laws concerning employees' working conditions and rights as well as incoming reporting requirements on, among other things, human rights.

AMBITIONS 2023

- Increase the portion of women in leading positions.
- Increase diversity in leading positions.



HUMAN RIGHTS

As a global group, Elanders intends to be amongst the best when it comes to social responsibility and corporate commitment in all areas where the company is involved. Elanders has committed to respecting human rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the UN Convention on the Rights of the Child.

Elanders' values regarding fair conditions are established in the Code of Conduct which stipulates that Elanders should work 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' Code of Conduct also contains prohibition of any kind of harassment or discrimination. Everyone shall

be 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.

Human rights in the value chain

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 that Elanders monitors its suppliers, Elanders is often reviewed by customers to make sure fair social conditions are used in the business and production.

These measures serve to strengthen Elanders work on human rights in accordance with the UN Guiding Principles. They also prepare the Group for the coming laws in EU's new regulations on sustainable financing, corporate reporting and obligatory due diligence in value chains.

During 2023, Elanders will continue its efforts to communicate its Code of Conduct to employees, suppliers and business partners. Elanders is also developing quantitative key ratios to reinforce the reporting on its work with human rights and fair conditions.

In addition, the Group has a number of different projects going that enable the company to take a greater social responsibility in the communities where Elanders is active. Each subsidiary 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.

AMBITIONS 2023

- Develop action plans that manage the risks identified in the assessment of human rights in the value chain for the entire Group.



GOVERNANCE

Business ethics, responsibility and morals are core values for Elanders and a key part of its sustainability strategy. This includes working for, and supporting, the communities where Elanders is active, and promoting sustainable commerce. The Group hopes that this will in turn lead to a more sustainable Elanders and a better community to operate in. While this permeates all governance of the Group it is also necessary to take into account all current opportunities and threats.



In this Sustainability Report, the section “Governance” has been divided into five parts; “Business ethics”, “Data ethics”, “Sustainable procurement”, “Responsible taxpayer” and “Society”.

BUSINESS ETHICS

Elanders’ reputation, ethical behavior, and trustworthiness are highly valued by the Group and its stakeholders such as investors, customers and suppliers. 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.

Code of Conduct

Elanders’ Code of Conduct comprises all employees, the Board of Directors and other people who act on behalf of Elanders. It stipulates that both the company’s and its employees’ actions and behavior should be marked

by honesty, integrity, personal responsibility, sincerity, loyalty and respect for other human beings as well as the environment. 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. Elanders’ Code of Conduct also comprises suppliers and business partners to ensure the Code of Conduct permeates every part of the value chain.

All business in Elanders shall be conducted socially responsibly and ethically. Social responsibility includes promoting human rights and fair working conditions and counteracting corruption. Management for each Group company is responsible for ensuring compliance by formulating and communicating further guidelines and policies that suit their specific operations.

“

Elanders’ reputation, ethical behavior, and trustworthiness are highly valued by the Group and its stakeholders such as investors, customers and suppliers.

Anti-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. It describes the way Group employees should relate to customers, suppliers, other stakeholders and all the communities where Elanders is active. 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.

Education

The updated Anti-Corruption Policy and Code of Conduct was communicated at the end of 2019 to all the companies in the Group together with digital courses in each area for Group white-collar workers. Education of employees have ongoing since then and will continue in 2023, when also classroom trainings is planned to be carried out, after being postponed due to COVID-19. In 2021, a total of 81 (77) percent of all white-collar workers at Elanders completed the courses on the Anti-Corruption Policy and Code of Conduct. The training is conducted every second year. Education of Group employees is an ongoing process. Central monitoring takes place every other year and continuously by each company to ensure that the Code of Conduct has been communicated to all employees. Monitoring takes place annually to ensure that all employees in the Group have taken the Anti-Corruption Policy course.

Whistleblower function

Elanders' Anti-Corruption Policy and Code of Conduct also contain instructions for reporting deviations, i.e. a whistleblower function. The whistleblower function policy was updated in 2022. No material incidents of fraud, corruption, bribes, or money laundering have been reported in 2022.

AMBITIONS 2023

- Increase the portion of Elanders' employees that have taken the course in Elanders' Code of Conduct.



DATA ETHICS

Elanders' approach to data ethics takes into consideration the individual's right to integrity regarding data, ethical use of artificial intelligence and careful handling of confidential information. Clear guidelines must be given regarding handling data in connection with more comprehensive use of technology and corresponding amounts of data. For Elanders it is extremely important to handle the data of all stakeholders in such a way that their trust remains intact.

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 training to ensure that employees are knowledgeable about, and act in accordance with, the stipulations of GDPR and other relevant data protection regulations out in the world. In 2021, a total of 81 (75) percent of all white-collar workers at Elanders completed the training. The training is conducted every second year. As with the anti-corruption education, classroom courses will hopefully commence in 2023 after postponement due to COVID-19. There will be regular follow-ups to ensure that all Group employees have been taught data ethics.

In the beginning of 2021, Elanders' Binding Corporate Rules (BCR) were approved by the Swedish Authority for Privacy Protection (IMY), as 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.

AMBITIONS 2023

- Increase the portion of Elanders' employees that have taken the course in Elanders' Code of Conduct.



SUSTAINABLE PROCUREMENT

Elanders primarily provides services to its customers. In some cases, the Group uses subcontractors appointed by the customers themselves. Elanders' Code of Conduct for suppliers defines the fundamental demands the Group makes on these suppliers and the responsibility they should take for their stakeholders and for the financial, environmental and social impact of their activities.

Elanders' current and future suppliers must follow national laws and regulations in the countries where they operate in all their businesses. In cases where local, national or international laws and regulations are stricter than Elanders' Code of Conduct they go first and must be complied with.

As the pressure from a growing number of regulations on responsible management of supply chains intensifies, in combination with customers' demands for sustainable logistic solutions, increasingly higher demands are made on how supply chains are handled.

Monitoring/Compliance

Elanders evaluates compliance with its Code of Conduct through annual audits, self-assessments and documentation reviews. In applicable cases suppliers are encouraged to remedy gaps in their implementation of the demands in the Code of Conduct through an action plan with a timeline prepared together with Elanders.



RESPONSIBLE TAXPAYER

A well-functioning tax system, locally and internationally, contributes to financing education, health-care, transportation, infrastructure and other public services that support sustainable development, local communities, businesses and commerce. It is obvious that companies need to support the local economies where they do their business.

As a global logistics actor, Elanders generates profits from serving many international customers worldwide with various services. Elanders operates in some twenty countries through more than 80 legal entities and the business in the Group is structured according to commercial and financial needs. Taxes are paid where value is created, within legal parameters, and according to relevant guidelines from authorities. The Group tries to be tax efficient which includes avoiding double taxation, interest expenses and tax fees. Tax is paid when it is due.

All operations in the Group are subject to normal company tax regulations and income tax is paid in the country the operations are run, according to the tax rates in the country. Elanders acts responsibly and with integrity in all tax matters and ensures it fully complies in all jurisdictions worldwide. The Group works closely with tax agencies to ensure that all relevant information is made public and that the right amount of tax is paid while maintaining a balance with its obligations to Group shareholders. EU's list of non-cooperative jurisdictions for tax purposes for 2022 is comprised of nine countries. Elanders does not operate in any of these countries.

Elanders' total tax expense in 2022 was MSEK 180 compared to MSEK 151 in 2021. This corresponded to an effective tax rate of 27.0 (31.3) percent.

Complete reporting

Every year Elanders provides complete country-for-country reporting to the Swedish Tax Agency according to statutory requirements. The reporting entity is Carl Bennet AB, parent company to Elanders, and the report comprises the business in the Elanders Group.



SOCIETY

Based on its core values, Elanders actively takes responsibility in supporting the communities it operates in. The company has a long tradition of cooperation, global partnership and local initiatives in this area.

Partnership and cooperation

By collaborating with organizations that share Elanders' ambitions to spread knowledge about sustainability at all levels, a greater impact is achieved. Elanders has both global and local collaborations where the focus is on certain prioritized areas:

- Education for youths and children
- Spreading knowledge
- Innovation and research
- Health
- Life Cycle Management

Three partnerships that Elanders is involved in on a Group level



The 2022 WIN WIN Award went to Swedish Gårdsfisk which runs land-based fish farming with the vision to produce the world's most sustainable fish. By breeding new species on land in recirculating systems, Gårdsfisk is a pioneer in the future of sustainable food systems.

WIN WIN Gothenburg Sustainability Award

Since 2000, Elanders is one of thirteen organizations that contribute to the prize sum of one million Swedish kronor for the 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. The WIN WIN Youth Award was instituted in 2018. The awards spotlight groundbreaking work on annual and alternating themes for a more sustainable world.

By participating in the WIN WIN Award's international network, and by drawing attention to award winners, Elanders helps to spread knowledge about vital social issues, both externally and internally in the organization.



The WIN WIN Award is one of the absolute finest prizes you can receive in sustainability and we are extremely proud to have been honored with winning in the theme Sustainable Aquaculture! The idea behind Gårdsfisk was to breed the world's most sustainable fish without compromising. Awards like this boost us with energy to continue our work on driving changes so that we can have an impact on global aquaculture.

GÅRDSFISK



The WIN WIN Youth Award went to scientist Sara Gutierrez Plata that develops sustainable aquaculture in Mexico by restoring damaged coral reefs with the help of Caribbean King Crabs that effectively free the reefs from suffocating macroalgae.



Universeum

To reinforce Elanders' work in Life Cycle Management, 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 collaboration is focused on reusing electronics, thereby increasing the lifetime of these products, which leads to considerable environmental gains. In the spring of 2022, a public event spotlighting reusing electronics was held at Universeum. The program was a collaboration with Chalmers University of Technology and was fueled by a common desire to reduce the amount of electronic debris.

Pratham Education Foundation

Together with around ten other Swedish companies, Elanders initiated a collaboration with the innovative Indian educational organization *Pratham Education Foundation* in 2017. The foundation 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 have been formed and developed together with the researchers Esther Duflo, Ahijit Banerjee and Michael Kremer, who were awarded the Swedish National Banks Prize in Economic Sciences in Memory of Alfred Nobel, in 2019.

During 2022, the project has slowly begun to return to normal after the COVID-19 pandemic and the school closures that have lasted for almost two years. In March, Pratham started up its physical educational activities in the schools in both Assam and West Bengal. Therefore, focus during the year has been on registering children back into school and ensuring that they are ready to go to school. Pratham reached more than 27,000 children in more than 400 villages in 2022.



Local initiatives/programs

In addition to partnerships on Group level, all Elanders companies are in different ways engaged in local initiatives that support special community groups and contribute to greater health, security and inclusion. Social responsibility is self-evident for Elanders. By contributing to positive community development, Elanders is part of creating the right conditions for a more inclusive and peaceful society. Here are a few examples of what is being done locally.

Elanders and Social Bee

Social Bee is Germany’s number one service supplier of diversity. As a leading expert in successful and sustainable integration on the labor market it creates new opportunities every day – for both people and companies. It has an entrepreneurial approach to integration and realize it in nationwide, comprehensive projects. In this way, they promote diversity at workplaces and strengthen their customers from the inside out with experienced diversity.

It is powered by giving socially vulnerable people real opportunities and the chance to participate in the community. Social Bee has become one of the Elanders’ subsidiary LGF’s recruitment platforms, and in the beginning of 2022 a pilot project “Logistics Bootcamp” was launched. Through the project, ten immigrants went through an eight-week course on integrating into the work force.

Humanitarian aid

Every year Elanders’ subsidiaries contribute to specific local humanitarian aid projects. In 2022, several such contributions have been for food donations to, for instance, homeless people as well as healthcare personnel in connection to their intensive work with COVID vaccinations. In addition to reaching out directly to the people in communities where Elanders operates, annual donations are made to a number of charities.

NOTES TO THE SUSTAINABILITY REPORT

NOTE 1 – Accounting principles

General information

The main activities of the Elanders Group are described in the Board of Directors' report in this Annual Report. The Sustainability Report and related data refer to the financial year ended 31 December 2022. The Sustainability Report is issued annually as part of Elanders AB's Annual Report, but has not undergone any external review.

Accounting principles

Accounting

In preparing the Sustainability Report Elanders has based its work on established international frameworks. The report is prepared in accordance with the EU taxonomy for sustainable investments. The accounting of greenhouse gas emissions has been guided by the principles and definitions of the Greenhouse Gas Protocol. The Global Reporting Initiative's (GRI) guidelines have also to some extent influenced the report. Elanders intends to report ESG data in line with established sustainability frameworks and is in a preparatory process to report in accordance with the EU's upcoming standard for sustainability reporting, ESRS. Read more

about accounting principles and estimates made for each area in the associated note.

There is continuous work to develop the data collection in order to be able to present robust and transparent sustainability data to Elanders' stakeholders. The content presented in the report is based on principles of materiality, reliability and clarity. Elanders is still in the early stages of reporting ESG data. In 2022, the focus has been on establishing processes and routines around reporting and defining materiality limits to handle the complex flows of activities that fit within the ESG area.

Consolidation

The sustainability report covers the companies in which Elanders AB has direct or indirect control. Acquired companies are normally included in the sustainability report from the date on which Elanders acquires control of the company. One exception is the acquisition of Bergen Shippers Corp. ("Bergen") that Elanders completed in November 2021. To achieve comparability between the years, data for Bergen has been included for the entire financial year 2021.

NOTE 2 – Environment – Greenhouse gas emissions

Accounting principles

Calculations and disclosure of greenhouse gas emissions are based on the definitions in the global standard Greenhouse Gas Protocol (GHG Protocol) and supported by its guidelines. Elanders reports emissions from activities of which the Group has financial control.

The GHG Protocol divides greenhouse gas emissions into scopes 1, 2 and 3. For Elanders, the different categories refer to the following:

Scope 1

Scope 1 emissions cover direct emissions from assets owned or controlled by Elanders. This category includes on-site energy, such as natural gas and fuel, refrigerants and emissions from combustion in owned or controlled boilers, and emissions from fleets (for example, cars, vans, trucks, etc.).

Scope 2

Scope 2 emissions cover indirect greenhouse gas emissions from purchased or procured energy, such as electricity, steam, heating or cooling, produced off-site and consumed by Elanders. One example is electricity purchased from electricity companies. Since the electricity is produced outside the plant, it is considered to give rise to indirect emissions.

Scope 3

Scope 3 covers all indirect emissions that occur in Elanders' value chain and is divided into upstream or downstream emissions. Upstream emissions include the indirect greenhouse gas emissions within Elanders' value chain that are linked to purchased or procured goods and services. Downstream emissions include the indirect greenhouse gas emissions within the Elanders' value chain that are linked to goods and services sold and occur after manufacturing.

The emission calculations cover the gases carbon dioxide (CO₂), methane (CH₄) and nitrous dioxide (N₂O) which are reported as carbon dioxide equivalents (CO₂e). Reported numbers are based on activity- and consumption data from the last available annual account. Applied emission factors are specified under each scope and are based on latest available published information.

Elanders has tracked greenhouse gas emissions since the base year 2021. The Group policy states that in the event of major acquisitions or divestments, or if applied calculation or disclosure principles change significantly, the base year shall be reviewed for possible restatement.

The value chain emissions in scope 3 will constitute a majority of the Group's total greenhouse gas emissions. The category here that is expected to stand out is the freight (air, sea and road transportation), which Elanders purchases on behalf of the customer from third parties and which relates to the transport of the customer's products. This part of the emissions is difficult to influence, as it is the customer who decides how much is transported and how it should be transported.

The focus in 2022 has been on the inventory of greenhouse gas emissions within scopes 1 and 2. During 2023, a complete survey of scope 3 emissions will be carried out. The goal is to be able to present the results of this survey in the annual report for 2023.

NOTE 2 – Environment – Greenhouse gas emissions (cont.)**Estimations and assessments****Scope 1***Facilities*

Direct emissions within facilities are based on reported consumption data for natural gas and fuel oil, and calculated with emission factors from the Swedish trade association Swedenergy. The smaller proportion of emissions derived from refrigerant leakage in cooling and heating systems are included in the total emissions for facilities. These are calculated based on volumes of refilled refrigerants and emission factors from the Swedish Environmental Protection Agency.

Company vehicles

Direct emissions for company vehicles include travels and transports for commercial purposes. The own truck fleet is reported separately as the calculation method is based on fuel consumption data. To calculate emissions from other company operated vehicles distance data was used with emission factors from the Swedish Environmental Protection Agency. Estimations have been made when exact activity data is missing. Elanders intends to improve the quality of the reporting of emissions from company vehicles through more consistent calculation method.

Scope 2*Electricity*

Electricity includes the electricity consumption in the facilities that are used within the Group. To calculate indirect emissions from electricity consumption, for European countries, emission factors for residual mix from the Association of Issuing Bodies (AIB) are applied and corresponding from the International Energy Agency (IEA) for other countries. The reporting of renewable electricity from the power grid is based on own assessments of approved contract instruments. These are electricity contracts and certificates considered to certify the origin and share of renewable energy for consumed electricity. To calculate emissions from renewable energy sources, published factors from the Swedish company Vattenfall are used.

The electric vehicles are typically charged on-site and the electricity consumption for this is included in the total electricity consumption for the facilities. Electricity for electric vehicles that are charged outside the facilities are excluded, due to lack of data.

District heating

Energy-related emissions from district heating are included in Elanders' scope 2 and calculations are based on emission factors from Swedenergy for Sweden and corresponding AIB factors for other countries.

GREENHOUSE GAS EMISSIONS FROM OWN OPERATIONS (SCOPE 1 AND 2)

Tons CO ₂ equivalent	2022	2021
Scope 1 – direct greenhouse gas emissions		
Facilities	7,320	8,214
Truck fleet	16,306	17,892
Other company vehicles	1,125	1,085
Total – scope 1	24,750	27,192
Scope 2 – indirect energy-related greenhouse gas emissions		
Electricity	10,929	11,899
District heating	1,937	2,277
Total – scope 2	12,866	14,176
Total – scope 1 & 2	37,616	41,368

In the reporting of total emissions in scope 1 and 2, market-based method has been used. With this method, total emissions within these scopes are 37,616 (41,368) tons of CO₂e. If location-based method is used instead, the corresponding emissions are 45,993 (49,377) tons of CO₂e.

NOTE 3 – Environment – Energy consumption**Accounting principles**

Elanders reports total energy consumption for owned and leased facilities and the own truck fleet. The table below presents figures per energy source based on reported consumption data.

Estimations and assessment

For energy consumption in facilities, general conversion factors from supplier data are applied. When these are not available, published factors from The Swedish Energy Agency are used. For vehicles, conversion factor from The Swedish Gas Association is used. For natural gas corresponding factor is derived from Drivkraft Sverige. Energy consumption for company vehicles apart from the truck fleet has been excluded in the total fuel consumption due to insufficient data. Renewable electricity consumption includes purchased electricity from the grid and does not take into account self-generated renewable electricity.

ENERGY CONSUMPTION IN OWN OPERATIONS, MWH

	2022	2021
Vehicles		
Diesel	83,215	91,608
Liquified natural gas (LNG)	1,243	1,008
Total	84,458	92,616
Facilities		
Natural gas	34,840	39,930
Fuel oil	51	52
Electricity	53,091	53,212
District heating	3,977	3,773
Total	91,958	96,968

TYPE OF ELECTRICITY

	2022	2021
Electricity from renewable sources, MWh	28,105	27,313
Electricity from non-renewable sources, MWh	24,986	25,899
Share of renewable electricity from the power grid	0.53	0.51

ENERGY INTENSITY – TRUCK FLEET

	2022	2021
Average carbon dioxide emissions per 100 kilometers, tons	0.074	0.073

NOTE 4 – Social – Employees in the Group**Accounting principles**

Elanders reports data for employees who have been employed in the Group at year-end. For further information regarding employees, please see Note 5 in the Group's financial statements.

Estimations and assessments

For the reporting of gender division among employees, assessments have been made by those responsible at each company, taking into account privacy reasons.

NUMBER OF EMPLOYEES AT YEAR-END

	2022
Full-time employees	6,962
– of which women	2,707
– of which men	4,255
Part-time employees	572
– of which women	383
– of which men	190
Total	7,534
Total converted to FTE	7,248

EMPLOYEE TURNOVER, %

	2022
The Group as a whole	17
– of which women	19
– of which men	16

The Group's large proportion of temporary and seasonal employees is the reason for the relatively high employee turnover.

AGE DISTRIBUTION EMPLOYEES, FTE

	Female	Male	Total
<30 years	520	673	1,193
30–39 years	771	1,090	1,861
40–49 years	806	1,153	1,959
50–59 years	584	1,061	1,645
>60 years	192	398	590
Total	2,873	4,375	7,248

SHARE OF WOMEN, %

	2022
Share of women, all employees	40
Share of women, Board of Directors	44
Share of women, Group Management	–
Share of women, management positions	37

Management position refers to group manager or more senior position.

NOTE 5 – Social – Work-related injuries**Accounting principles**

Elanders reports work-related injuries that occur as a result of exposure to hazards and risks at work. All employees have been included, including permanent and temporary employees. High-consequence injuries refer to accidents from which the employee has not recovered, or is expected to recover, within six months.

Estimations and assessments

The accident rate has been calculated based on number of accident per 200,000 hours worked. The total number of hours worked is based on the average number of employees in the Group, which has been multiplied by normal working hours in the country where Elanders has most employees.

Responsible persons at each company make the assessment of the type of injury and the categorization of this.

NUMBER OF ACCIDENTS

	2022
Fatalities	-
High-consequence injuries	3
Total number of injuries	236
Total number of hours worked, in thousands	13,336
Frequencies	
Fatal injury frequency rate	-
High-consequence injury frequency rate	0.04
Accident rate	3.54

No workplace accidents have resulted in fatalities.

The most common type of reported injuries are laceration, bruises, fractures and muscle injuries. The identified work-related hazards with the potential to cause injury are mainly due to ergonomics and manual handling.

NOTE 6 – Social – Training hours**Accounting principles**

The reporting covers training offered to permanent employees in the Group and includes both external and internal training. The reporting excludes on-site supervision. For a specification of the number of employees (FTE) per category, please see note 5 in the Group's financial statements.

Estimations and assessments

Estimations and assessments have been made by those responsible at each company. In cases where exact number of training hours has not been available, reasonable estimations have been made.

TRAINING HOURS

Average hours/FTE	2022
All employees	7.1
Women	6.6
Men	7.3

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

*To the general meeting of the shareholders in Elanders AB (publ),
corporate identity number 556008-1621*

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 on pages 112–136 and 138–139 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and 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.

OPINION

A statutory sustainability report has been prepared.

Mölnadal, 17 March 2023

PricewaterhouseCoopers AB

Eric Salander
*Authorised Public Accountant
Auditor in charge*

Daniel Körner Rask
Authorised Public Accountant

EU TAXONOMY

The EU Taxonomy is a classification system to help define environmentally sustainable economic activities to support the transition to an economy consistent with the EU's environmental objectives. In accordance with the Taxonomy regulation ((EU) 2020/852) and its delegated acts, companies should identify the economic activities that are environmentally sustainable based on technical audit criteria. For a certain economic activity to be classified as environmentally sustainable, there are three criteria that must be met: it must materially contribute to one, or several of six defined environmental objectives, not cause significant damage to any of the objectives as well as abide by fundamental labor law conventions and human rights.

Elanders has concluded that the Group financial operation that this reporting encompasses are services regarding road transportation (Annex 1, 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 truck fleet consists of approximately 300 trucks, all of which meet the Euro 6 emission standard for heavy vehicles. At the same time, Elanders follows the technological development in the transport sector and reviews opportunities to switch from fossil-powered vehicles. 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.

Elanders continuously works to reduce energy consumption and improve energy efficiency in all operations as well as use as much renewable electricity as possible where it is available. There are plans to invest in solar panels on buildings and in own solar panel parks. According to section 1.1.2.2 in the delegated act (2021)/4987 (c), the capital expenditure for solar installations may become taxonomy-eligible under activity 4.1 *Electricity generation using solar photovoltaic technology* and 7.6 *Installation, maintenance and repair of renewable energy technologies*.

Elanders continuously monitors the updates that take place in the drafting of the Taxonomy Regulation and will likely be covered to a greater extent in the future, when more of the EU's environmental targets and more kinds of activities and products are included.

In 2022, three key financial ratios will be reported that show how much of the business comes under taxonomy's technical audit criteria regarding climate change (taxonomy-eligible). The reporting must also show to what extent the economic activities meet the technical audit criteria, and are thus considered to be environmentally sustainable (taxonomy-aligned).

The outcome of the review of Elanders' economic activities for 2022 in accordance with the EU taxonomy regulation is shown in the table. Since only one economic activity has been identified as taxonomy-eligible, information on all key figures is available in the same table. The economic activity road transportation only take place within one business area, therefore no double counting should be possible.

Accounting principles

In accordance with the taxonomy regulation, companies are required to disclose the extent to which the company's economic activities are sustainable through three key financial ratios: turnover, capital expenditure and operating expenses. In the context of accounting in line with the EU Taxonomy, turnover, capital expenditure and operating expenses are defined as per below. The definition of capital expenditure and operating expenses differs here compared to our regular financial reporting.

Turnover

The presentation of total sales includes the Group's total external net sales for 2022 as reported in the income statement on page 52. See note 3 for accounting principles for the Group's revenue. Sales related to the economic activity included in the taxonomy regulation refers to revenues from road transportation in the business area Supply Chain Solutions.

Capital expenditure

Total capital expenditure refers to additions to tangible and intangible assets during the year and additions to 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 Intangible Assets, note 14 Tangible Assets and note 15 Right-of-use assets. Capital expenditure related to the economic activity road transportation refers to acquired trucks and new right-of-use assets relating to trucks.

Operating expenses

The accounting of operating expenses within the framework of the EU taxonomy includes the Group's direct costs related to research and development, building renovations, short-term leases and maintenance and repairs as well as other direct costs for maintaining the fixed assets covered by the taxonomy regulations. Operating expenses related to the economic activity road transportation refers to operating expenses related to trucks, such as maintenance and repair costs.

	Total (MSEK)	Share of taxonomy- eligible activities (%)	Taxonomy- aligned proportion (%)	Share of non-taxonomy- eligible activities (%)
Turnover	14,974	3	0	97
Capital expenditure	1,439	1	0	99
Operating expenses	347	3	0	97

*Five years***IN SUMMARY****Income statements – Summary**

MSEK	2022	2021	2020	2019	2018
Net sales	14,974	11,733	11,050	11,254	10,742
Operating expenses	-14,125	-11,153	-10,504	-10,895	-10,283
EBIT	849	580	546	359	459
Financial items	-183	-98	-132	-143	-93
Result after financial items	666	482	414	216	366
Result for the year	487	331	292	153	259
EBITDA	1,940	1,468	1,431	1,285	725
EBITDA excl. IFRS 16	1,068	770	737	573	725
EBITA	940	641	598	413	523
EBITA adjusted	966	658	598	563	523

Cash flow – Summary

MSEK	2022	2021	2020	2019	2018
Cash flow from operating activities	1,106	1,063	1,725	1,337	455
Paid taxes	-196	-128	-42	-114	-127
Investments	-274	-1,394	-116	-140	-137
Operating cash flow	1,210	-105	1,783	1,454	538
Change in net debt	2,027	2,395	-1,106	1,422	-126

Balance sheets – Summary

MSEK	2022	2021	2020	2019	2018
Goodwill	3,655	3,305	2,413	2,480	2,439
Other fixed assets	6,690	4,936	3,224	3,546	1,835
Inventory	619	400	233	335	468
Accounts receivable	2,139	1,822	1,344	1,740	1,762
Other current assets	567	438	324	448	511
Cash and cash equivalents	904	898	1,101	655	722
Equity	3,870	3,304	2,908	2,777	2,707
Interest-bearing liabilities	8,180	6,147	3,955	4,616	3,261
Non-interest-bearing liabilities	2,524	2,349	1,776	1,811	1,768
Total assets	14,574	11,800	8,369	9,205	7,737

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

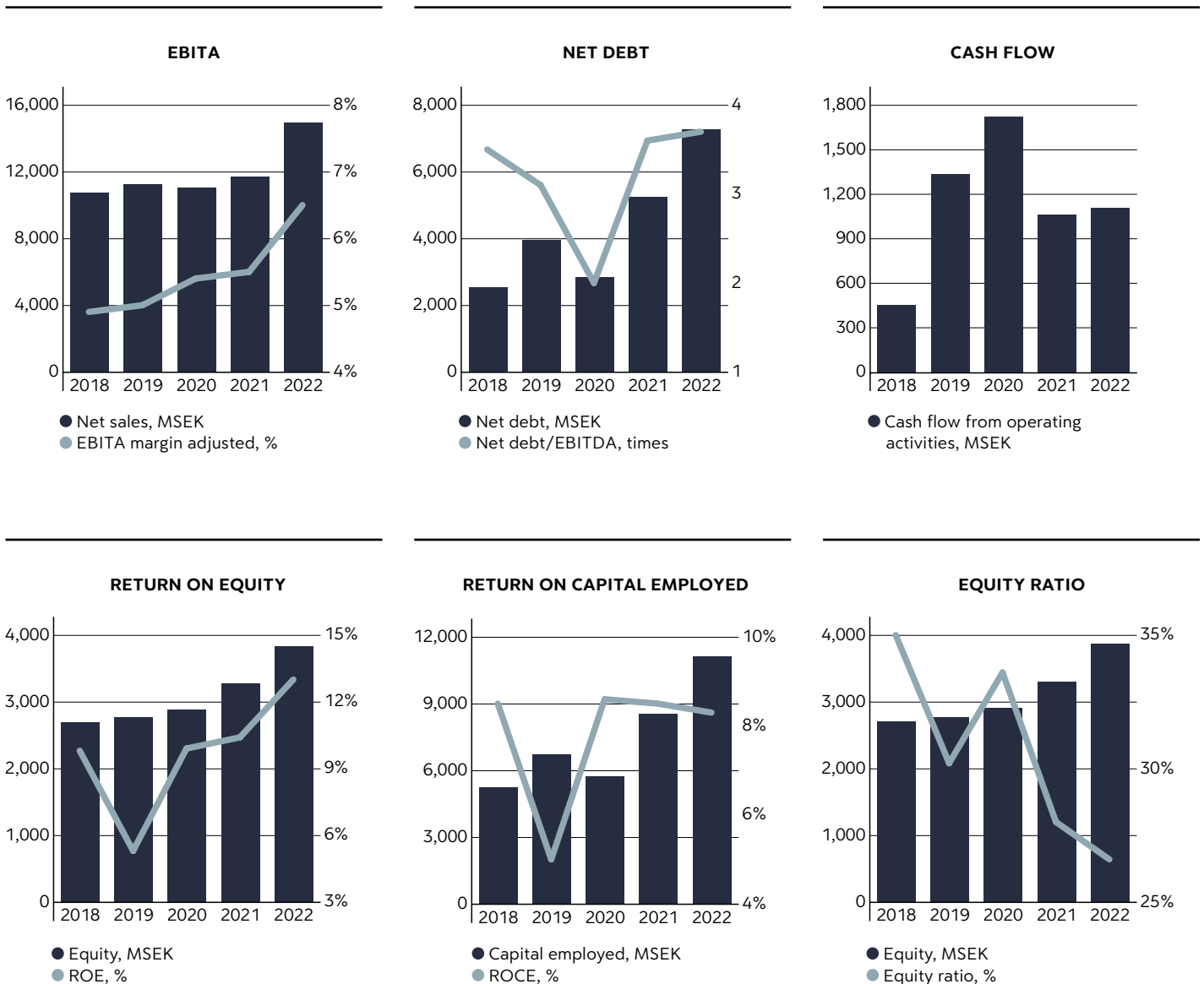
	2022	2021	2020	2019	2018
EBITA-margin, %	6.3	5.5	5.4	3.7	4.9
EBITA-margin adjusted, %	6.5	5.6	5.4	5.0	4.9
Operating margin, %	5.7	4.9	4.9	3.2	4.3
Profit margin, %	4.4	4.1	3.7	1.9	3.4
Equity ratio, %	26.6	28.0	33.6	30.2	35.0
Risk capital ratio, %	28.2	30.0	35.6	32.2	37.5
Interest coverage ratio, times	4.5	6.3	5.0	2.7	5.3
Debt/equity ratio, times	1.9	1.6	1.0	1.4	0.9
Return on equity, %	13.0	10.4	9.9	5.3	9.8
Return on capital employed, %	8.3	8.5	8.6	5.0	8.5
Return on total assets, %	11.6	6.3	6.4	4.2	6.6
Average number of employees	7,248	6,288	6,260	6,696	7,153
Number of employees at the end of the year	7,245	7,019	6,058	6,664	6,652
Net debt/EBITDA, times	3.7	3.6	2.0	3.1	3.5
Net debt/EBITDA excl. IFRS 16 ratio, times	2.8	3.3	1.5	3.7	3.5
Enterprise Value, MSEK	12,580	11,401	7,083	7,044	5,633
Risk capital, MSEK	4,107	3,537	3,076	2,962	2,898
Capital employed, MSEK	11,147	8,553	5,762	6,738	5,246
Net debt, MSEK	7,276	5,249	2,854	3,961	2,539
Net debt excl. IFRS 16, MSEK	3,022	2,539	1,123	2,142	2,539

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 146–148.



The strategy of constantly broadening the customer base to more industries and increasing the geographical spread has created a more resilient Elanders that can better handle a decrease in demand.



GREATER UNCERTAINTY IN THE MARKET

The diversification that has taken place in the Group in recent years, both geographically and in terms of customers, has created a more robust Elanders that can more easily withstand changes in the outside world. This was also reflected in the share price of the company's B-share that outperformed the index during the year. It was a year that was otherwise marked by the Ukraine war, increased inflation and energy crisis.

History

Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2022 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 fell by 14 (+45) percent during 2022 while the Stockholm Stock Exchange index OMX Stockholm PI fell by 25 (+35) percent during the same period. During 2022, a total of 5,528,565 (6,583,884)

shares were traded, which is equivalent to an average turnover rate of approximately 0.16 (0.20) times.

The lowest share price during 2022 was SEK 116.00 on March 8, and the highest was SEK 175.00 on January 3. The final share price in 2022 was SEK 175.00 (174.00), which means that Elanders' market capitalization at year-end amounted to MSEK 5,304 (6,152).

Share capital, class of shares and liquidity guarantee

At the end of 2022, 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 4,622 (4,557) shareholders at year-end.

Data per share

	2022	2021	2020	2019	2018
Net result, SEK	13.29	9.12	8.12	4.19	7.18
Net result adjusted, SEK	13.63	9.12	8.12	7.16	7.18
Share price at year-end, SEK	150.00	174.00	119.60	87.20	87.20
P/E ratio	11.3	19.1	14.7	20.8	12.1
Adjusted P/E ratio	11.0	19.1	14.7	12.2	12.1
P/S ratio, times	0.4	0.5	0.4	0.3	0.3
Dividend, SEK ¹⁾	4.15	3.60	3.10	–	2.90
Dividend yield, %	2.9	2.2	4.6	0.0	3.6
Share price/equity, times	1.3	1.7	1.5	1.1	1.1
Equity, SEK	108.46	92.67	81.65	78.54	76.28
Risk capital, SEK	116.15	100.05	86.41	83.78	81.96
EBITDA, SEK	54.88	41.52	40.46	36.35	20.50
EBITDA excl. IFRS 16	30.20	21.78	20.84	16.21	20.50
Operating cash flow, SEK	34.23	–3.00	50.44	41.14	15.22
Cash flow from operating activities, SEK	31.27	30.10	48.80	37.81	12.88
Average number of outstanding shares, in thousands	35,358	35,358	35,358	35,358	35,358
Turnover rate	0.16	0.20	0.17	0.16	0.11

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 146–148.

The share of foreign shareholders amounted to 16 (12) percent of the capital. Swedish private individuals and institutions owned 9 (7) percent and 26 (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

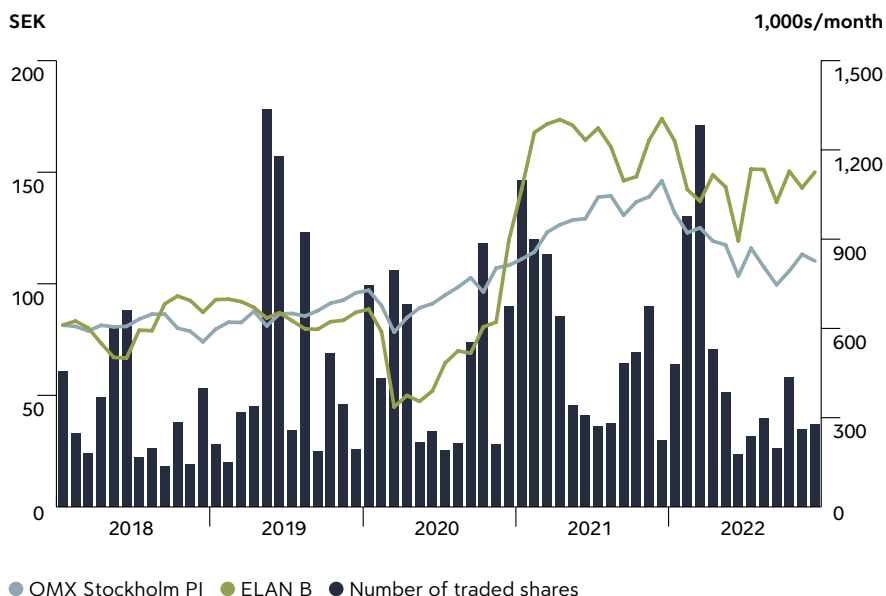
Elanders’ financial information can be found at the Group website www.elanders.com, under the section Investors.

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.

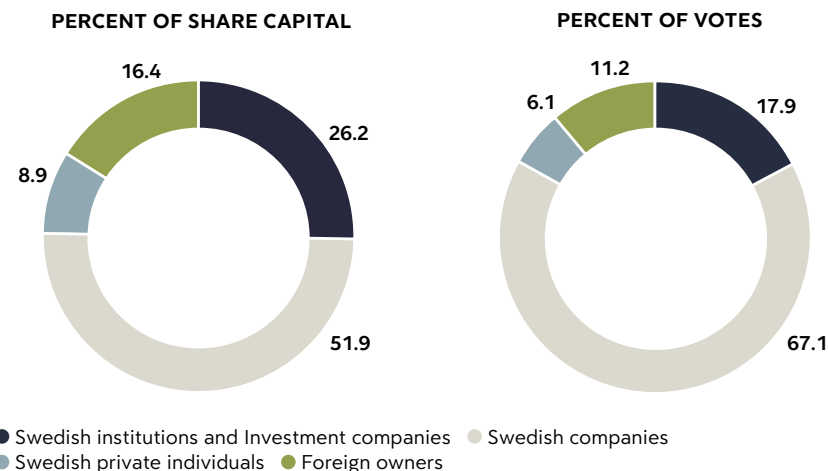
We are also happy to provide information about Elanders at events that are arranged by shareholder organizations, Swedish and foreign stockbrokers and banks.

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

DEVELOPMENT OF THE ELANDERS SHARE



SHAREHOLDER CATEGORIES 31 DECEMBER 2022



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 Gummessons	-	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 2022	1,814,813	33,542,938	35,357,751	353,577,510

Major shareholders 31 December 2022

	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
Svolder AB	-	3,390,056	6.6	9.6
Protector Forsikring ASA	-	1,946,742	3.8	5.5
Fourth Swedish National Pension Fund	-	1,880,425	3.6	5.3
Carnegie Fonder	-	1,835,000	1.5	2.3
Third Swedish National Pension Fund	-	795,856	3.5	5.2
ODDO BHF Asset Management	-	512,939	1.0	1.5
Söderberg & Partners	-	460,000	0.9	1.3
Canaccord Genuity Wealth Management	-	355,469	0.7	1.0
Dimensional Fund Advisors	-	336,960	0.7	1.0
Other shareholders	-	6,125,895	11.8	17.3
Total	1,814,813	33,542,938	100.0	100.0

Source: Monitor / Euroclear Sweden AB.

Shareholder statistics 31 December 2022

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Percent of share capital	Percent of votes
1-500	3,789	-	416,426	1.2	0.8
501-5,000	713	-	1,034,984	3.1	2.0
5,001-50,000	94	-	1,511,297	4.5	2.9
50,001-500,000	19	-	3,195,352	9.5	6.2
500,001-	7	1,814,813	27,384,879	81.6	88.1
Total	4,622	1,814,813	33,542,938	100.0	100.0

Source: Monitor / Euroclear Sweden AB.

*Reconciliation of***ALTERNATIVE
PERFORMANCE
MEASURES**

MSEK	2022	2021	2020	2019	2018
Average total assets	13,661	9,741	9,198	9,677	7,792
Average cash and cash equivalents	-847	-815	-944	-749	-595
Average non-interest-bearing liabilities	-2,599	-2,127	-1,912	-1,808	-1,799
Average capital employed	10,215	6,799	6,342	7,120	5,398
Operating result	849	580	546	359	459
Return on capital employed %	8.3	8.5	8.6	5.0	8.5
Interest-bearing long-term liabilities	7,229	5,326	3,268	3,579	2,442
Interest-bearing short-term liabilities	951	821	687	1,037	819
Cash and cash equivalents	-904	-898	-1,101	-655	-722
Net debt	7,276	5,249	2,854	3,961	2,539
Interest-bearing long-term liabilities excl. IFRS 16	3,747	3,279	2,124	2,374	2,442
Interest-bearing short-term liabilities excl. IFRS 16	179	158	100	423	819
Cash and cash equivalents	-904	-898	-1,101	-655	-722
Net debt excl. IFRS 16	3,022	2,539	1,123	2,142	2,539
Operating result	849	580	546	359	459
Depreciation and write-downs	1,091	888	885	927	266
EBITDA	1,940	1,468	1,431	1,286	725
Operating result excl. IFRS 16	775	536	506	323	459
Depreciation and write-downs excl. IFRS 16	293	234	231	250	266
EBITDA excl. IFRS 16	1,068	770	737	573	725
Net debt/EBITDA ratio, times	3.7	3.6	2.0	3.1	3.5
Net debt/EBITDA ratio excl. IFRS 16, times	2.8	3.3	1.5	3.7	3.5
Operating result	849	580	546	359	459
Amortization of assets identified in conjunction with acquisitions	90	61	52	54	64
EBITA	940	641	598	413	523
Adjustments for one-off items	26	17	-	150	-
EBITA adjusted	966	658	598	563	523
Net sales	14,974	11,733	11,050	11,254	10,742
EBITA-margin, %	6.3	5.5	5.4	3.7	4.9
EBITA-margin adjusted, %	6.5	5.6	5.4	5.0	4.9

MSEK	2022	2021	2020	2019	2018
Share price at year-end, SEK	150.00	174.00	119.60	87.20	87.20
Number of shares as per balance sheet date, in thousands	35,358	35,358	35,358	35,358	35,358
Net debt	7,276	5,249	2,854	3,961	2,539
Equity attributable to non-controlling interests	36	27	21	–	10
Enterprise value, MSEK	12,616	11,428	7,104	7,044	5,633
Total assets	14,574	11,800	8,639	9,205	7,737
Cash and cash equivalents	904	–898	–1,101	–655	–722
Non-interest-bearing liabilities	2,524	2,349	1,776	–1,812	–1,769
Capital employed, MSEK	18,002	13,251	9,314	6,738	5,246
Average share price	143.27	161.86	66.68	84.45	80.82
Dividends per share, SEK ¹⁾	4.15	3.60	3.10	–	2.90
Dividend yield %	2.9	2.2	4.6	–	3.6
Share capital	3,835	3,276	2,887	2,777	2,697
Share capital per share, SEK	108.46	92.67	81.65	78.54	76.28
Cash flow from operating activities	1,106	1,063	1,725	1,337	455
Net financial items	183	98	132	143	93
Paid tax	196	128	42	114	127
Net investments	–274	–1,394	–116	–140	–138
Operating cash flow	1,210	–105	1,783	1,454	538
Average number of shares, in thousands	35,358	35,358	35,358	35,358	35,358
Operating cash flow per share, SEK	34.23	–3.00	50.43	41.12	15.22
Volume on the stock market, in thousands	5,529	6,584	5,848	5,824	3,829
Turnover rate	0.16	0.20	0.17	0.16	0.11

¹⁾ Proposed by the board for the year 2022.

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 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.

FTE

Full time equivalents refers to number of employees converted to full-time positions.

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.

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.

Cleanroom

A cleanroom is an environment, typically used in manufacturing or scientific research, that has a low level of environmental pollutants such as dust, airborne microbes, aerosol particles and chemical vapors. More accurately, a cleanroom has a controlled level of contamination that is specified by the number of particles per cubic meter at a specified particle size.

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.

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-channel

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. When talking about omni-channel in connection with sales, it is usually commerce via both stores and e-commerce that is referred to.

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.

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.

Board of DIRECTORS



DAN FROHM

Chairman of the Board.

Born: 1981.

M.Sc. in Industrial Engineering and Management.

Elected in: 2017.

Appointments on the Elanders Board

Board: Chairman of the remuneration 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.



CARL BENNET

Deputy 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

Board: Chairman of the nomination committee and member of the 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.



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.



JOHAN STERN

Member of the Board.

Born: 1951.

Bachelor of Science (Econ.).

Elected in: 1998.

Appointments on the Elanders Board

Board: Member of the remuneration committee.

Other appointments: Chairman of the board of 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.



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

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, Global Challenges Foundation and Mertzig Asset Management.

Previous appointments in selection: Chairman of the board of Cloetta and Svolder. Member of the board of Hemfosa, Electrolux, Lifco, Haldex, Ahlsell and others.

Shareholding: 8,000 Class B shares.

**ERIK GABRIELSON**

Member of the Board.

Born: 1962.

Master of Laws.

Elected in: 2012.

Appointments on the Elanders Board

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.

**CECILIA LAGER**

Member of the Board.

Born: 1963.

Business Administration.

Elected in: 2009.

Appointments on the Elanders Board

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, 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.

**ANNE LENERIUS**

Member of the Board.

Born: 1956.

Business Administration.

Elected in: 2014.

Appointments on the Elanders Board

Board: Member of the audit committee.

Other appointments: Member of the branch board Handelsbanken Älvsborg. 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.

**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

Board: Chairman of the audit committee.

Other appointments: Chairman of the board of Omegapoint AB, Serline and Arelion (former 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. Leading roles within Ericsson, the operator 3 and Semcon. Chairman of the board of Proact and Semcon. Member of the board of Addtech, Knowit and Thule.

Shareholding (own and related parties): 8,000 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.



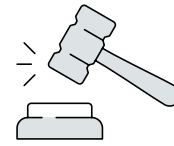
KOK KHOON LIM

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 accountants:

Eric Salander

Born: 1967.

Company Auditor in Charge since 2022.
Company Auditor since 2022.

Other appointments:

Thule, Radisson and Hilding Anders.

Daniel Körner Rask

Born: 1986.

Company Auditor since 2022.

Other appointments:

Adient Sweden AB and Plejd AB.

Nomination committee

Carl Bennet

Chairman of the Nomination Committee and contact, represents Carl Bennet AB.

Dan Frohm

Chairman of the Board.

Fredrik Carlsson

Svolder AB.

Jannis Kitsakis

Fourth Swedish National Pension Fund.

Dag Marius Nereng

Protector Forsikring ASA.

Nomination committee questions can be submitted by e-mail or post mail to:

valberedning@elanders.com

Elanders AB

Att: Nomination Committee
Flöjelbergsgatan 1 C
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.

Head office

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President & CEO: Magnus Nilsson

Supply Chain Solutions

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Financial calendar and

ANNUAL GENERAL MEETING

Shareholders in Elanders AB (publ) are welcomed to the company's Annual General Meeting Friday 21 April 2023.

Financial calendar



Elanders AB's Annual General Meeting will be held on April 21, 2023.

Address:

Södra Porten Konferenscenter
Flöjelbergsgatan 1C
Möndal, 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.



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 and Sustainability Report is FSC® labeled.

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Mikael Göthage: pages 8–9, 31, 150–153.

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TRANSLATION

Björn Raunio, Camille Forslund and Elanders.

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.



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