



Address of the CEO at Nolato's Annual General Meeting on 4 May 2020

Ladies and gentlemen,

The world is currently facing a challenging situation. Coronavirus is affecting everything and everyone. For many, the threat has come very close to home with them or a loved one falling seriously ill, while others are only affected by the surreal combination of mortal danger and barely symptomatic as reflected in the media. At the same time, the threat of the virus has put people's normal social interaction on hold, and unfortunately many companies are unable to continue operating.

However, Nolato has not suffered any significant impact. As we've outlined in our interim report for the first quarter, which we published earlier this afternoon, some of our projects have been delayed while others have been positively affected by the situation. We had to close our plants in China for a period of time while the situation was at its worst there in February, and some of our production units in Sweden have been impacted by production suspensions in the automotive industry. But other than that, operations have continued to run almost as usual.

We've even been able to make a contribution to health care via small- and large-scale production of items in short supply. In Sweden, for example, we are participating in a West Sweden network initiated by Chalmers University of Technology, in which we are using our 3D printers at Nolato Cerbo in Trollhättan to produce frames for simple face visors. You may have heard about these temporary visors, which use surplus overhead projector film to protect the face. Another example is Nolato Lövepac in Skånes Fagerhult, which within a few days at the end of March adapted capacity that became available when truck manufacturer Scania closed its plants. Since then they have been making complete face visors that are mainly being supplied to Karolinska Hospital in Stockholm, where there is a substantial need for PPE. Nolato Lövepac has now supplied hundreds of thousands of visors, and we're expecting to continue with deliveries at least until the end of May. The surrounding municipalities have also had deliveries of these visors for their operations.

Taking action in a social crisis is entirely natural for us, as Nolato is a company that takes responsibility. For many years, one of our basic principles has been *We take responsibility for how our business impacts the world in which we operate*. This means that we continually take social, ethical, environmental and financial responsibility for our operations, for our employees and for the future. Our approach is

inherently proactive, with new business opportunities, responsibility and transparency as core elements of our long-term strategy to create growth and value for you, our shareholders.

This applies in particular to how we take responsibility in the long term for a sustainable future. It's not enough for us to successfully reduce our *own* impact on the environment. The single most significant contribution we need to make is to encourage and help our *customers*, so that their *products* have the smallest possible carbon footprint. We go as far as to decline business from customers who are not interested in taking environmental responsibility. This could of course come across as a somewhat drastic measure. But it's a way of clearly indicating how serious we are about our sustainability work.

To gain a clearer picture of this, we need to work with our customers to apply a perspective that covers the entire life cycle of products. This simple traffic light system provides the perfect illustration. The idea is to aim for three green lights, but in practice there are of course many factors to consider.

If there are red lights, we always engage in a dialogue with our customers to actively encourage them to reduce the environmental impact of their product. It could, for example, involve replacing fossil raw materials with bio-based or recycled plastic. Or redesigning the product to make it easier to recycle.

For us, the growing interest in products with enhanced environmental properties represents a business advantage. We are in tune with the times with our combination of responsible business conduct, in-depth expertise and close cooperation with customers.

So as far as Nolato is concerned there is no conflict between taking responsibility and running a successful business. We are a key operator in the polymer industry and are able to make a difference by making the right choices, not just today, but for future generations as well.

At the same time we are operating in circumstances that are continually evolving. Our customers are facing growing demands and requirements, alongside increasingly rapid technological developments and constantly changing consumer behaviour. As a global business with a local presence, Nolato is well positioned to understand customers' needs for integrated solutions with short lead times and efficient time to market.

Clients appreciate this, and in a growing number of customer relationships we are achieving our vision to be their first choice of partner.

In order to come even closer to achieving our vision, we have established five strategic goals:

- we will be a global, high-tech cooperation partner
- our customer offering will be world class

- we will have a decentralised organisation that generates synergies
- we will have a customer-oriented strategy that provides the focus for organic growth
- and we will expand on priority geographic markets.

I would like to focus in particular on the last two points. We do not only expand through the acquisition of good companies. A significant part of our expansion is in fact achieved organically, by listening to our customers' preferences regarding production on markets that are important to them.

One current example is a major European customer in the hygiene segment, for which we have also begun manufacturing products at our plant in the North of the United States. This plant had previously only made products for medtech customers, but we resolved this by sharing know-how from our operations in Europe. We also built a new section of the plant with a separate production flow exclusively for this customer.

Our ability to offer local production as part of global coordination is a very attractive prospect for several of our customers, and therefore an important element of Nolato's customer offering. Having a supplier that takes global responsibility for production is a significant advantage for customers.

Much of our expansion has actually happened organically in this way. Ever since we took the decision 20 years ago to follow our mobile phone customer Ericsson and start production in China. China is now home to our vast development and production units in three locations, along with half of our employees and just over a third of the Group's operations. Proof of what good customer relationships can bring.

Proximity to our customers in terms of culture, know-how and location is extremely important to us, which is why we manage our business via three customer-oriented business areas. It is here, at the meeting point between the business areas' local presence, close customer relationships and the entire Group's combined expertise, that the greatest possible customer value can be found.

Our decentralised organisation enables all parts of the Group to develop their operations based on their specific expertise requirements. At the same time they all operate on the basis of our shared values and technologies. I consider this to be one of Nolato's major strengths, and a key reason why we are in the position we are today. Each unit has considerable freedom to adapt its offering to the specific needs of their customers. This also means that they are involved in decisions and allows a degree of flexibility in their customer relationships. And it creates commitment and motivation among employees, which should not be underestimated.

Today, the overall Group is fairly well balanced in terms of its three business areas. Each business area accounts for roughly a third of total sales. So what is it that sets them apart?

Well it's mainly the fact that they have built up expertise in response to the demands of customers on their particular market.

Let's start with Medical Solutions. This business area develops and manufactures complex product solutions within medical technology, as well as advanced pharmaceutical packaging.

Nolato has the advantage of considerable medical understanding in this area, which means we are able to manage the complex conditions that apply in medical technology and pharmaceuticals. We have a thorough understanding of the tough requirements relating to documentation and traceability. And we know that it takes many years of development, testing and approval processes before products can start being made. But we also know that when production starts, it can continue for 10, 15 sometimes 20 years into the future.

Medical Solutions has performed consistently well over the past 12 years, and now enjoys a global presence with development and production operations in Sweden, the UK, Hungary, Switzerland, Poland, the US and China. Customers mainly include major, well-known companies of the kind you can see in this slide.

Let's move on now to Integrated Solutions, which develops and produces advanced products within consumer electronics. They also create solutions for shielding against electromagnetic radiation and heat dissipation for electronic components.

This customer segment requires resources and knowledge for fast development times, rapid production start-ups and considerable flexibility, as it includes products with short life cycles.

Operations are based in Asia, where we have three large units in China and one in Malaysia. In shielding and thermal we also have units in Sweden, Hungary and, since December, in the US as well, through an acquisition.

The slide shows some of our customers. They are large, well-known companies operating in network systems and consumer electronics.

The latter market is vast, agile and constantly changing. We are involved in a number of subareas, where we work directly with individual customers in various sectors of the market.

One such area that is important for us is vaporiser heating products, where we are a strategic partner for one of the global market leaders. Our customer has a strong focus on this area, because their customers have changed the way they use the company's traditional products. Our role in this customer's business is

to develop and manufacture a small, electronic handheld device to heat a solid substance, which our customer makes and sells separately. And it is this particular consumable product that is the *customer's* main business, not the device that we make.

Our focus is on contributing product development, manufacture and assembly of the electronic product. We then supply it customised for each geographic market, packaged in the finished consumer packaging and ready to go on shelves around the world.

So really what we're selling isn't the development and manufacture of a product, but rather an opportunity for the customer to fully focus on *their* business concept.

Generally speaking, this offers an attractive business logic for us. Our customer concentrates on its consumable product. But the customer's business wouldn't work without the product we make for them. So using our expertise and our resources enables the customer to focus on the development, production and marketing of its consumable product, while we make the necessary device.

We can apply this type of approach in all our business areas. The case I've just described relates to a consumer electronics product, but it could just as well have been an insulin pump, an autoinjector or a brew unit for a coffee machine.

The business logic also works well in our third business area, Industrial Solutions. We become involved at the development phase of the products, creating end-to-end solutions and following these industrial customers into new markets.

We have substantial units in this area in Sweden and Central Europe, and North America too now, as I just mentioned. And our customers can be found in the automotive industry and in gardening/forestry, packaging and domestic appliances.

Ladies and gentlemen, things are rather unsettled in the world at present. Let me finish this shorter-than-usual speech with an assurance that Nolato has all the conditions for continuing along its successful path as a profitable, sustainable and innovative company. We are well prepared for managing both the opportunities and the challenges that lie ahead.

Thank you for listening. And stay safe.