



Esteemed shareholders,
Ladies and gentlemen,

2023 was a transitional year for our business. The operating environment remained challenging, which, together with significant geopolitical tensions, had an adverse impact on global business conditions.

For Nolato, the year was one of intensive change management. We adjusted total costs within each unit and implemented strategic price increases to boost overall profitability. We enhanced our business plans and identified possible synergies, which led to a restructuring of the Group, which I will return to shortly.

A key element of this change management has been concentrating our Chinese business and adapting it to the sharp decrease in VHP business. The reason for this decline is a change in the purchasing strategy of a previously very significant customer. This change means that in 2024 we are closing large parts of our business in Beijing and concentrating production in China on our facilities in Dongguan.

Dongguan, just north-west of Hong Kong, together with nearby Shenzhen, has taken over much of Beijing's previous importance for the manufacturing industry. We already have two units in the region and are now bringing our consumer electronics operations closer to customers, simplifying supply chains.

Another important aspect of this change management is, as I touched on at the start, our adjustment of the Group structure; from the first quarter of this year we have merged the Industrial Solutions and Integrated Solutions business areas. Combining expertise and resources under a single agenda and management better allows us to attract customers that can benefit from the global coordination of our local units.

The new business area is called Engineered Solutions, further underscoring our focus on being an innovative cooperation partner to support customers in the development, design and production of next-generation products.

Nolato has long had a strongly decentralized corporate culture based on capable individuals working together, with expertise, good ideas and a sense of responsibility, which creates a successful company. This has led to us having a collaborative structure and a clear philosophy that decisions should be taken close to those people affected by the decisions.

As of the start of this year, the Group is organized into two business areas with their own decision-making powers – *and their own responsibility* – for how they contribute to Nolato's vision of being *the customer's first choice of innovative partner in sustainable design and production*.

Our Medical Solutions business area offers expertise in categories including asthma, diabetes, hearing aids, arrhythmia treatment, dialysis, urology, surgery and diagnostics. This slide lists examples of its customers. This business area's sales accounted for 56% of Group sales in 2023.

The new Engineered Solutions business area offers expertise in consumer electronics, electromagnetic shielding, automotive, forestry, gardening, domestic appliances, furniture, hygiene, gaskets and other industrial areas. This slide shows some of its customers. If this business area had existed last year, its sales would have accounted for 44% of Group sales.

But these two business areas are not entirely separate. They collaborate closely on technologies and solutions to provide all customers with optimal support. A growing number of our production units around the world also now work with customers in both of these business areas, which adds to continual cross-fertilization.

Nolato has many features that make us a fairly unique industrial partner. We take a long-term approach to everything we do. We nurture and develop customer relationships – almost like a family business – without compromising on professionalism and profitability requirements. Our success is based on far-reaching decentralization of business decisions. Last, but definitely not least, we have extensive experience of a wide range of industries, which informs our work with customers.

But we also have a high level of integrity. This means we have decided that, going forward, we may opt out of projects in which we and the customer do not share the same view of sustainability, corporate culture and profitability.

In line with this, we have established guidelines for how we should assess and limit our work on the development of products whose use we consider unethical.

This is important, as customer-specific products account for a significant percentage of Nolato's manufacturing. This means that it is the customer's ideas, preferences and needs that form our starting point. If we can be involved at an early stage of the process, we can support customers through our experience and expertise to ensure that new products have the optimal function intended by the customer, that high-volume production is more cost-effective, and that the products have a smaller carbon footprint and are easier to recycle at the end of their useful life.

Much of this work takes place at our Technical Design Centers, or TDCs as we call them. Our TDCs have a key role in developing new products and previously focused primarily on customers in our Medical Solutions business area. But as part of our change management, TDCs now work across the Group with coordinated resources in Europe, North America and Asia.

The TDCs are experts in the optimal design of new products. For instance, using computer simulation, they can show how a design will work in the real world, making it much more cost-effective than building prototypes to test. Other tasks may include optimizing the integration of electronics, applying advanced decoration technologies or adapting a product for simplest recycling.

The fact is that a product's environmental impact is largely determined at the design stage. An important role in our work with customers is therefore to help them become more sustainable by continually developing our skills and responsibly managing the value chain. Close cooperation between our TDCs and local development and production units means Nolato has more than 250 experts supporting customers, which includes helping to reduce their environmental impact.

And, of course, we also take responsibility for our own environmental impact and have set a raft of important sustainability targets for our business. For example, we have cut our own carbon footprint by 69% over the past two years. But it is by challenging and guiding our customers to make products that last longer and are easy to recycle that we can really add value.

We believe that plastics play a significant role in the sustainable development of business and society. In the right applications and used in the right way, plastic is an extremely useful material with valuable properties. But it is important to know when, where and how to best use this material.

In health care, where stringent clinical hygiene standards often require disposable materials, plastic is vital in ensuring the optimum functioning of everything from medtech equipment to the administration of medication. And in the automotive industry, using the right type of plastic can reduce fuel consumption by cutting weight and, together with the use of bio-based plastic, can really make a difference.

Nolato is now a leading company in the area of sustainability. Our position in the middle of the value chain makes us an important link between raw material manufacturers and our customers. We have an influence on both of these, helping to change and promote the sustainability of both suppliers and customers.

There is significant interest among customers in switching from fossil-based plastic, but transitioning the entire industry to only using sustainable plastic raw materials is a slow, expensive and complex process. Today's production capacity of bio-based plastic raw materials poses a challenge. Nevertheless, we aim to increase the percentage of circular raw materials, and *mass balance* allows us to promote the gradual transition of the plastics industry.

Mass balance involves gradually adding circular raw materials to the existing production process. The advantage of this method is that it maintains both the performance and quality of products. It makes the transition easier for our customers, particularly in medtech and pharmaceuticals, where clinical performance cannot be jeopardized.

A good example of the use of mass balance is the urine catheters that Nolato has helped develop and that we manufacture for Wellspect. By the customer's own calculations, this method cuts the carbon footprint by some 55%.

This approach is similar in many respects to developments within global electricity generation. Everyone receives the same electricity through the cables, but if you choose to only buy electricity from renewable sources, it makes the overall generation of electricity greener for everyone.

On this topic, I'd like to give a quick mention for our sustainability report. We aim to be completely transparent about our sustainability work and our responsibility as a company. So our sustainability report, which is included as part of our annual report, contains lots of information for those who are interested. Our annual report is available here at the AGM and on our website at nolato.com.

Finally, I'd like to look ahead a little. The long-term cooperation agreement with a large existing customer for pharmaceuticals to treat diabetes and help weight loss, which we announced a while ago, is confirmation that we are on the right path with our concept of supporting globally successful companies that demand high standards of precision, quality and security of supply.

However, we have to assume that 2024 will be another year in which a lot will happen in the operating environment that could affect both future confidence and economic conditions.

We can also certainly expect geopolitical tensions to continue driving the regionalization of previously global supply chains. Companies have realized that they can't put all their eggs in one geographical basket and need to start spreading their risks and manufacturing closer to their markets.

Nolato is well prepared to meet these challenges. We are a reliable cooperation partner and have a strong financial position, which creates customer confidence. We are present on three continents, which gives us globally coordinated local production. And we have a strong position in the area of sustainability, with a high level of expertise to help our customers reduce their products' carbon footprint and make them easier to recycle.

Our key priority in the near term is to strengthen margins by focusing more on profitability in all parts of the business. So we will continue to take a long-term approach, respond to our customers' needs and quickly take the correct action when faced with challenges.

Thank you.