



**OUR OFFER**



**LIFE CYCLE  
MANAGEMENT**



**PRINT  
SOLUTIONS**



**FREIGHT  
MANAGEMENT**



**B2C AND  
B2B SOLUTIONS  
FOR E-COMMERCE**



**INVENTORY  
MANAGEMENT**



**CONFIGURATION  
AND ASSEMBLY**



**GLOBAL ORDER  
MANAGEMENT**

**FROM END TO END  
AND BEYOND ...**

**ELANDERS' ANNUAL REPORT 2020**

Global solutions from end to end

## AND BEYOND ...

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

The business is mainly run through two business areas, Supply Chain Solutions and Print & Packaging Solutions. Sustainability aspects permeate the work on all levels. Essentially, Elanders' operations are all about optimizing the customers' flow of goods in the best possible way while minimizing costs and climate impact.

Elanders has more than 6,000 employees and operates in some 20 countries on four continents. The most important markets are China, Germany, Singapore, Sweden, the United Kingdom, and the USA. Major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

## Contents

### ELANDERS 2020

- 4 The Year in Summary
- 6 CEO Comment

### OPERATIONS

- 9 Business Concept, Goals and Strategies
- 10 Our Value Creation
- 12 Our Offer
- 13 Our Customers
- 14 Our Business Model
- 16 External Trends
- 18 Inside Elanders
  - 18 – Interviews
  - 28 – Cases
- 30 Five Years in Summary

### SHARE INFORMATION

- 34 Share Information and Ownership Structure

### AUDITED ANNUAL REPORT

- 37 Board of Directors' Report
  - 41 – Risks and Uncertainty Factors
  - 44 – Corporate Governance Report
  - 49 – Sustainability Report
- 60 Group
  - 60 – Financial Reports
  - 64 – Notes
- 94 Parent Company
  - 94 – Financial Reports
  - 98 – Notes
- 107 Proposed Appropriation of Profits
- 108 Auditor's Report

### OTHER INFORMATION

- 112 Reconciliation Alternative Performance Measures
- 114 Financial Definitions
- 115 Specific Terms
- 116 Board of Directors
- 118 Group Management, Auditors and Nomination Committee
- 120 Contact Elanders
- 122 Annual General Meeting and Calendar





**11,050**  
Net sales, MSEK

**~20**  
Number of countries

**6,058**  
Number of employees

**>90**  
Number of locations

**>1,000,000**  
m<sup>2</sup> of production and warehouse space

**GERMANY**  
43 locations  
3,058 employees

**CHINA**  
12 locations  
535 employees

**SINGAPORE**  
3 locations  
501 employees

**HUNGARY**  
4 locations  
331 employees

**USA**  
5 locations  
319 employees

**CZECH REPUBLIC**  
5 locations  
315 employees

**POLAND**  
3 locations  
305 employees

**INDIA**  
2 locations  
187 employees

**UNITED KINGDOM**  
4 locations  
172 employees

**SWEDEN**  
5 locations  
147 employees

**NETHERLANDS**  
3 locations  
47 employees

**BRAZIL**  
1 location  
44 employees

**AUSTRIA**  
1 location  
43 employees

**ITALY**  
1 location  
22 employees

**MEXICO**  
1 location  
20 employees

**TAIWAN**  
1 location  
5 employees

**ROMANIA**  
1 location  
4 employees

**RUSSIA**  
1 location  
2 employees

# 2020 IN SUMMARY

*More than anything else, 2020 was marked by the COVID-19 pandemic. All our operations and regions were affected during different periods of lockdowns. Naturally, this impacted net sales and the result, but our business model is robust and has withstood the sharp fluctuations in demand. Despite the crisis, we succeeded in generating strong cash flows, improving the result, and reducing debt.*

Although the pandemic has made it challenging to sell services to new customers, we renewed several important customer contracts during the year. We have also made several new interesting connections in the health sector. Moving forward, we will keep our focus on gradually improving profitability. We will

select new business with care and discontinue existing business that does not meet our profitability requirements. The Group's strong financial position is an enabler to make more strategic acquisitions of companies, with a high degree of value-added services.

# 2.0

Thanks to strong cash flow, the net debt/EBITDA ratio is now 2.0

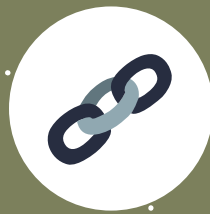
## THREE YEAR OVERVIEW

	2020	2019	2018
Net sales, MSEK	11,050	11,254	10,742
EBITDA, MSEK	1,431	1,285	725
EBITDA adjusted, MSEK	1,431	1,435	725
EBITA excl. IFRS 16, MSEK	737	573	725
EBITA, MSEK	598	413	523
EBITA adjusted, MSEK	598	563	523
Result after financial items, MSEK	414	216	366
Result after tax, MSEK	292	153	259
Earnings per share, SEK <sup>1)</sup>	8.12	4.19	7.18
Adjusted earnings per share, SEK <sup>1)</sup>	8.12	7.16	7.18
Cash flow from operating activities per share, SEK	48.80	37.81	12.88
Equity per share, SEK	81.65	78.54	76.28
Dividend per share, SEK	3.10 <sup>2)</sup>	-	2.90
EBITA-margin, %	5.4	3.7	4.9
EBITA-margin adjusted, %	5.4	5.0	4.9
Return on total assets, %	6.4	4.2	6.6
Return on equity, %	9.9	5.3	9.8
Return on capital employed, %	8.6	5.0	8.5
Net debt/EBITDA ratio, times	2.0	3.1	3.5
Net debt/EBITDA adjusted ratio, times	2.0	2.8	3.5
Net debt/EBITDA ratio excl. IFRS16, times	1.5	3.7	3.5
Debt/equity ratio, times	1.0	1.4	0.9
Equity ratio, %	33.6	30.2	35.0
Average number of outstanding shares, thousands	35,358	35,358	35,358

<sup>1)</sup> There is no dilution.

<sup>2)</sup> Proposed by the board.

For Reconciliation Alternative Performance Measures and Financial Definitions, see pages 112-114.



## Supply Chain Solutions

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

The business area was heavily affected by the pandemic during the year. Sales ceased during periods when factories and stores closed due to problems with deliveries and/or restrictions by authorities to stop the spread of the infection. We also experienced major disturbances in air and sea freight. There was a quick and robust recovery in the autumn until the second pandemic wave rolled over Europe and North and South America.

The most adversely affected customer segments were Automotive and Fashion & Lifestyle, while Electronics and Health Care & Life Science experienced a stable, and in some areas, higher demand. With many people working from home the demand for laptops, computer accessories and network equipment increased dramatically. The pandemic also gave rise to new business in Personal protective equipment (PPE).

Altogether, we were able to maintain good margins in the business area by taking quick actions to control costs during the acute crisis and through the structural measures already taken during 2019.

**Brands:** LGI, Mentor Media and ITG



## Print & Packaging Solutions

The market for Print & Packaging Solutions was severely affected by the pandemic. The industry was already suffering from tough price pressure, contracting volumes, and overcapacity and this led to even more bankruptcies. For Elanders, it creates opportunities to gain market shares while the shift to digital print and more customized products, instead of traditional offset print with large editions, continues.

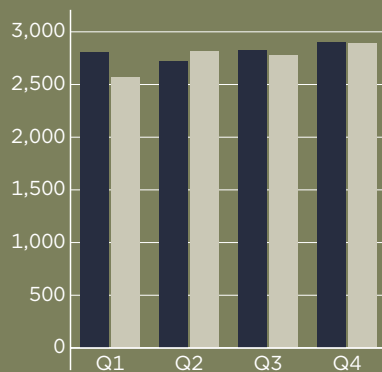
The business area was impacted negatively by long production shutdowns in the spring in customer segments Automotive and Industrial together with generally lower demand for products like marketing material. However, there was some recovery during the second half of the year, which ended with a strong fourth quarter. The business with subscription boxes in the USA continued to show good growth and more than compensated for the in general decreasing sales.

Print & Packaging Solutions is investing in development in order to gain new business in web-to-print, which is an area with future potential. This year, we have launched two new online platforms with unique 3D technology. We have also partnered up with several other major web-to-print players and do the production for them.

We continue the work on adding supply chain management services to our printing providing our customers with greater value and improve profitability at the same time.

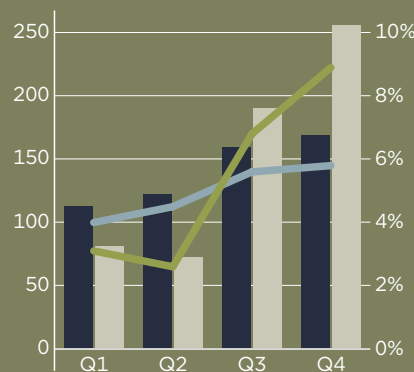
**Brands:** Elanders, d|o|m, fotokasten and myphotobook

NET SALES PER QUARTER



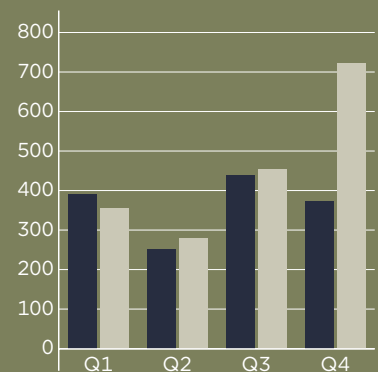
● 2019 Net sales, MSEK  
● 2020 Net sales, MSEK

ADJUSTED EBITA AND ADJUSTED EBITA-MARGIN



● 2019 EBITA adjusted, MSEK  
● 2020 EBITA adjusted, MSEK  
— 2019 EBITA-margin adjusted, %  
— 2020 EBITA-margin adjusted, %

OPERATING CASH FLOW EXCLUDING ACQUISITIONS PER QUARTER



● 2019 Operating cash flow, MSEK  
● 2020 Operating cash flow, MSEK



Magnus Nilsson  
President and CEO

*Record year*

## **DESPITE COVID-19**

*2020 has been a year like no other. During the pandemic, our highest priority has been to protect our employees from the infection. We have resolutely taken on financial implications and succeeded in strengthening our financial position during the year. We can also present our best year ever.*

The global spread of COVID-19 had a direct and dramatic impact on Elanders' operations. For us, protecting our employees from infection was an obvious priority. We adhered to all local regulations and quickly shifted to digital meetings and working from home for all the employees where it was possible to do so. We took measures in production increasing the distance between people, set up stations with hand disinfection and fever controls, etc.

We also helped authorities in North and South America with purchasing, certifying and delivering PPE made in Asia. Being able to rapidly get a concept in place for the delivery of quality-controlled equipment for over 60 million dollars exhibits the entrepreneurial spirit, expertise and flexibility in the Group.



**FOCUS ON CASH FLOW**

The pandemic and its financial consequences had a negative effect during the first half of the year on both net sales and the result, as different levels of lockdowns, were put into effect first in Asia and then in Europe and North and South America. Then came a normalization before many countries were once again hit hard by a second wave during the final months of the year.

Demand for our services dropped dramatically in most customer segments during the spring lockdowns. We took measures such as furloughs and reduced the use of temps. In parallel, we focused on defending our cash flow and strengthening our liquidity preparedness so that we were equipped for an uncertain future. Among other things, we limited investments, purchasing of external services were reduced, and we worked actively with our working capital. The outcome was a significantly strengthened financial position, improved profitability, lower net debt and reduced interest costs.

Due to the measures we took due to COVID-19, and the cost-saving package we implemented at the end of 2019, we achieved our best year ever in terms of results. Despite an ongoing pandemic, our net sales only declined by 0.1% organically. At the same time, we have strengthened our financial position, and we will now have a much sharper competitive edge on the market when the global situation goes back to normal.

**SUPPLY CHAIN SOLUTIONS**

In the business area Supply Chain Solutions, operations in Europe were negatively affected the most due to the pandemic. Particularly sales in customer segments Automotive, Industrial and Fashion & Lifestyle dropped dramatically in the second quarter, followed by strong a recovery in the third and continued high demand in the fourth. The cost-cut measures we did in 2019 contributed to improved margins when demand returned. Operations in Asia were not hit nearly as hard and only suffered a minor downturn in demand during the first quarter with a quick recovery after that.

We continue to work on improving margins in the business area by optimizing processes and focusing on segments and services with good profitability. We are investing in value-added services and discontinuing businesses where margins are too low. During the year, we renewed several important contracts and won several new business deals. We renewed contracts in Electronics and Health Care & Life Science equal to net sales of some SEK 500–700 million on an annual basis. The most important contract was long term.

It is especially in the customer segments Electronics and Health Care & Life Science that we see significant organic growth opportunities. The potential to develop our offer within Life Cycle Management is considerable. We obtained several new businesses in this area in 2020, including one concerning recovery of servers. Another pertained to delivering, handing over, and collecting

medical equipment. We also acquired a Swedish company specialized in Renewed Tech services, that is a part of our offer in Life Cycle Management. The company buys used IT equipment, refurbish it, and safely erases all the data on it. The equipment is then sold to be reused.

We also see substantial opportunities for organic growth in the customer segment Fashion & Lifestyle. During the year, we have expanded with the new facility in Oberhausen in northwestern Germany. The plant is focused on e-commerce, offering a range of value-added services to new customers. The pandemic has led to even more consumers shopping online, and we see a great deal of customer activity in this segment.

Customer segment Automotive has had a challenging year due to both COVID-19 and the transition in the industry from traditional cars to hybrids and electric cars. Despite this, we have succeeded in maintaining our position as one of the leading subcontractors in Germany. We have renewed several important contracts and won new business deals, one regarding the storage and pre-assembly of battery cells, and another is for just-in-sequence deliveries of car parts.

We are continuing to work with medical technology in Asia, where we got an extra boost through the previously mentioned concept of purchasing, certifying and delivering PPE. A “clean room” in Singapore, which enables handling sensitive components that require sterile conditions, is up and running. We have gained new customers during the year in this area, and we expect to further develop the concept in 2021.

**PRINT & PACKAGING SOLUTIONS**

Business area Print & Packaging Solutions was hit hard by the pandemic, particularly in the second quarter when most things came to a halt, leading to a negative result. There was less effect on net sales due to continued good growth in our subscription box business in the USA. There was a substantial recovery in the second half of the year, and the business area had a strong final quarter.

We continue to develop our business in Print & Packaging Solutions. During the year we launched two of our own web-to-print-platforms that with unique 3D technology allows customers to construct and order packaging and advanced market material directly online. Thanks to our unique digital printing plant in Germany, several large, established web-to-print and photo product companies have chosen us to be their production partners. We also continue to add supply chain management services to our printing sites and, during the year, our plant in Newcastle began to offer these kinds of services.



*Despite an ongoing pandemic our net sales only contracted by 0.1% organically. At the same time, we have strengthened our financial position and we will now have a much sharper competitive edge on the market when the global situation goes back to normal.*





All in all, we are very pleased with the business area, and we are clearly performing better than most of our competitors. The pandemic really impacted the industry and we have seen the number of bankruptcies rise, which creates opportunities for us to gain market shares. We have taken a good position in web-to-print by having developed several own platforms and being a sub-contractor to others.

#### **COMPREHENSIVE RESPONSIBILITY AND SUSTAINABILITY**

The development of our successful concept with end-to-end solutions has continued during the year. In it, we take responsibility for the customer's value chain from beginning to end. We have come the farthest in the Electronics segment, where we can offer everything from factory logistics to storage, configuration, and delivery of finished products, as well as guarantee management. When it comes time to replace equipment, we can also recondition it to be reused and get a new life.

It is becoming increasingly important for companies to have a sustainable supply chain to be competitive. At Elanders, we are continually working throughout the entire Group to be more efficient in our service production and lower our consumption of energy and water as well as reduce greenhouse gas emissions. Sustainable business includes ethical business, and during the year, we introduced e-learning for our employees on compliance.

In addition, we are investing substantial resources into developing sustainable services for our customers within the concept Life Cycle Management. We contribute ensuring the right quality and extending the life of customers' products with extra services such as quality control, assembly, after-market, and recycling/reuse. By recycling and refurbishing equipment for sales on the second-hand market, as we do for IT products in our service area Renewed Tech, we actively contribute to reducing our customers' climate impact. We will continue to invest in this area.

#### **WE WILL CONTINUE TO DEVELOP THE GROUP**

With our strong balance sheet, Elanders will go forward look for new acquisitions, primarily on small and mid-sized companies that can strategically complement

our offer, improve our margins and provide customers with even better solutions. Companies with a high level of value-added services, for example, in Life Cycle Management are of particular interest.

During 2021 we will continue our efforts to gradually improve our margins by increasing the share of business with high value-added services and by further developing our offer in Life Cycle Management. We will also continue to focus on generating a good cash flow. This allows us to create a platform for geographic expansion and make acquisitions while maintaining a low level of debt.

This turbulent year has made it even more apparent to me that our employees are the key to continued success for Elanders. I would like to extend a heartfelt thank you to everyone who worked so well during this year's exceptional situation. I also want to thank our customers for their continued confidence in us and look forward to further developing Elanders with them in what will be the new normality after the pandemic. I am convinced that we can make Elanders a world leader in our field.

Magnus Nilsson  
President and CEO



*Global strategic partner*

# FOR A SHARPER COMPETITIVE EDGE

*Elanders' overarching goal is to be a leader in global solutions within supply chain management.*

Elanders has a focus on advanced logistic solutions with a large portion of value-added services. Together with them Elanders develops our customers' business and strengthens their competitiveness. Operations are primarily run in two business areas, Supply Chain Solutions and Print & Packaging Solutions.

### BUSINESS CONCEPT

Elanders is a global and strategic partner to our customers in their business-critical processes. We help our customers optimize business-critical processes, locally and globally, through integrated and customized solutions for managing all or parts of their supply chains. Our 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, but in the same maintaining a focus on sustainability. Our strategy is to operate within niches in each market area where Elanders can take a market-leading position. To achieve our long-range financial goals and sustainably deliver an increase in value and higher return to our shareholders year after year, Elanders continually develops our offer

to customers. With new and improved services, integrated total solutions and the implementation of innovative technology we create a good platform for continued growth and development as well as greater value for shareholders.

### DEVELOP LOCAL CUSTOMERS INTO GLOBAL CUSTOMERS

Elanders expands and develops with our customers. Our global business often evolves through building up solid relationships when local needs are met and optimized through good solutions that are then implemented globally with our customers. To increase the sales of these solutions, Elanders works systematically on developing our existing customer base in each segment and identifying local customers with global needs. In some cases, our customers may also have local needs in other countries that Elanders can fulfill, and this can broaden collaboration with our customer and deepen our relationship.

### OPTIMIZING OPERATIONS

Elanders has operations in many parts of the world. It's an important success factor in

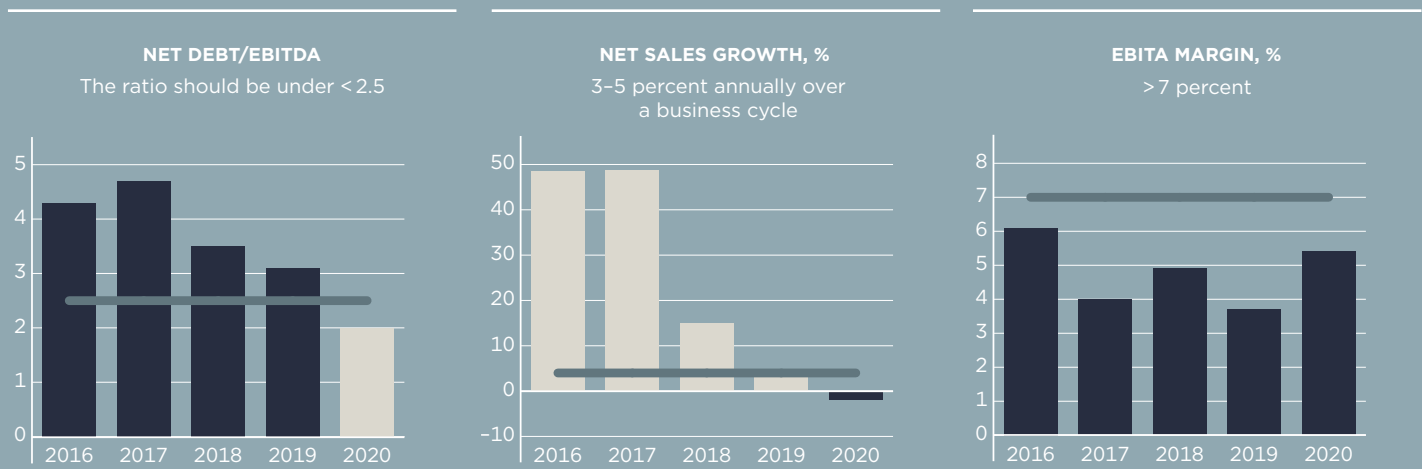
being able to meet our customers' needs in the best possible way. The capacity utilization in Elanders' various units are optimized by regularly measuring available capacity in the Group. To ensure that the allocation of business and production is optimal, we continuously follow-up actual outcome and make organizational adjustments.

### ACQUISITIONS THAT LEAD TO EXPANSION

In addition to developing our existing business, Elanders will continue to acquire new businesses that have the potential to increase sales, broaden our customer base, and complement our integrated offer. Acquisitions are particularly prioritized in areas where Elanders can broaden or complement our range and, if possible, provide further niche expertise such as in Life Cycle Management where we can actively contribute to a better and more sustainable society. We are also interested in acquisitions that provide access to new geographic markets or customer segments.

## Financial goals

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



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

● Goal achieved ● Goal not achieved — Goal

# HOW WE CREATE VALUE

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

## ELANDERS

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

The Group has more than 6,000 employees and operates in some 20 countries on four continents. The most important markets are China, Germany, Singapore, Sweden, the United Kingdom, and the USA. Major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

### 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

**>6,000**

employees in some 20 countries

## OUR RESOURCES



### Human capital

- More than 6,000 employees in some 20 countries



### Manufactured capital

- > 90 sites with more than 1,000,000 m<sup>2</sup> production and warehouse space
- Existing machinery



### Financial capital

- Equity of SEK 2.9 (2.8) bn
- Total assets of SEK 8.6 (9.2) 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



### Automation



### Outsourcing

**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 2.0 (2.3) bn
- Safe and sustainable workplaces
- Ongoing training and education



**Customers**

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



**Investors and financiers**

- Operating result of MSEK 546 (359)
- Paid interest of MSEK 110 (135)
- Dividend policy of 30-50% of result after tax



**Society and the environment**

- Lower environmental impact through more efficient logistical flows
- Paid income tax and social security contributions of around MSEK 420 (520)

*Global partner for*

## INTERNATIONAL BUSINESS

*Elanders is a leading company in global total solutions for the entire supply chain and is currently established on four continents. Whether it's a matter of a single service or a customized total solution, Elanders contributes to increasing customers' productivity, profitability and sustainability.*

### **Advanced solutions for the entire supply chain**

Efficient supply chain management creates a competitive edge and is critical to all producing companies, particularly for their survival in a global economy. Companies that handle their supply chains optimally consume less resources in transportation, production, and warehousing. Growing demands for a sustainable society create an increasing need for more efficient, external supply chain management solutions.

Elanders manages and optimizes the flow of raw materials, components, final products, money, and information on behalf of customers through every step of a product's lifecycle – from suppliers and manufacturers to end consumers, and in some cases further to the second-hand market through refurbishing and reuse.

We provide our customers with total solutions for the entire supply chain through a single point of contact. Our offer includes managing everything from order management, procurement, purchasing components, and warehousing to production logistics, manufacturing, configuration, quality control and delivery. The Group also handles payment flows, synchronizing purchasing and demand warehousing and after sales-service, as well as managing returned or worn-out products destined to be recycled or resold.

### **Value-added services**

Elanders also offers value-added services tailored to individual customers' needs and desires. These can entail installations upon delivery, tests, repairs, and certification of electronical equipment, unloading, reloading and repacking products at cross-docking centrals or returning empties to the customer's supplier. In addition, Elanders provides total solutions in e-commerce where we develop and operate our customer's webshop, including content production and management, customer service, and financial services, in combination with the logistic services we normally deliver.

### **Multi-sites for greater flexibility**

A key factor in why Elanders' customers choose to out-source operations is to avoid tying up capital in plants, personnel and different kinds of service obligations along with converting fixed costs into variable costs for greater

flexibility and cost-efficiency. Elanders has invested in multi-sites in Europe, Asia, and the USA, where several customers' operations are collected under one roof to achieve synergies with greater capacity utilization and flexibility. When customers from diverse industries that have different volume patterns come together under one roof we can better manage seasonal variations and other peaks by moving employees and resources among them on a day-to-day basis depending on the workload. Elanders also invests in systems for wholly and partially automated warehouses to reduce manual labor and raise efficiency. Flexible solutions and smart investments make our facilities more efficient while allowing customers to focus on their core business.

### **Innovative printing services**

An important part of our integrated offer consists of graphic services such as printing manuals, labels and packaging for customers' products and components. Elanders has over 100 years of experience in the graphic industry, and we currently offer cost-efficient and innovative solutions that fulfill customers' needs, locally and globally.

We have developed advanced, user-friendly, web-based ordering platforms that streamline the process from order to delivery and enable customized just-in-time or sequence deliveries of, for example, manual kits to customers. Elanders has modern machines that enable us to meet customers' needs for flexible print production in shorter or smaller series with high quality at competitive prices.

Elanders is also investing in developments web-to-print to meet market demands. Partly, we have our own order platforms online where customers can directly, supported by unique 3D technology, design, and order customized packaging and advanced marketing material. In addition to our own platforms we produce customized printed matter in this area for several well-established web-to-print and photo product companies.

Today, Elanders is one of the few companies that can offer global total solutions that include everything from printed matter and packaging to other related services such as kitting and packing for just-in-time or sequence deliveries.

“

*Growing demands for a sustainable society create an increasing need for more efficient, external supply chain management solutions.*



*Prioritized customer segments*

## PROVIDE LONG-TERM GROWTH

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

### Automotive 25%



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

### Electronics 35%



Consumption of electronics is on the rise because of a growing middle class and lower prices for home electronics. At the same time, the industry is facing more stringent demands on resource effectiveness and sustainability. Managing returns, recycling and reuse of products are becoming increasingly important in supply chain management.

### Industrial 15%



Growing demands on industrial manufacturers require them to have low manufacturing costs, high product quality, short lead times, and high delivery precision. Control and efficiency at every stage is a prerequisite for businesses to be competitive and profitable. From production to the after-sales market, logistics are a key factor.

### Health Care & Life Science 5%



The industry while subject to heavy regulation 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. There is enormous potential in a quality-ensured and broad offer that meets customers' needs.

### Fashion & Lifestyle 15%

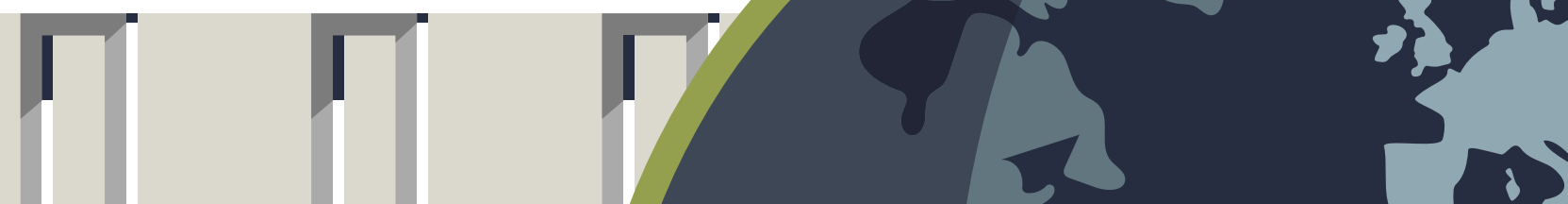
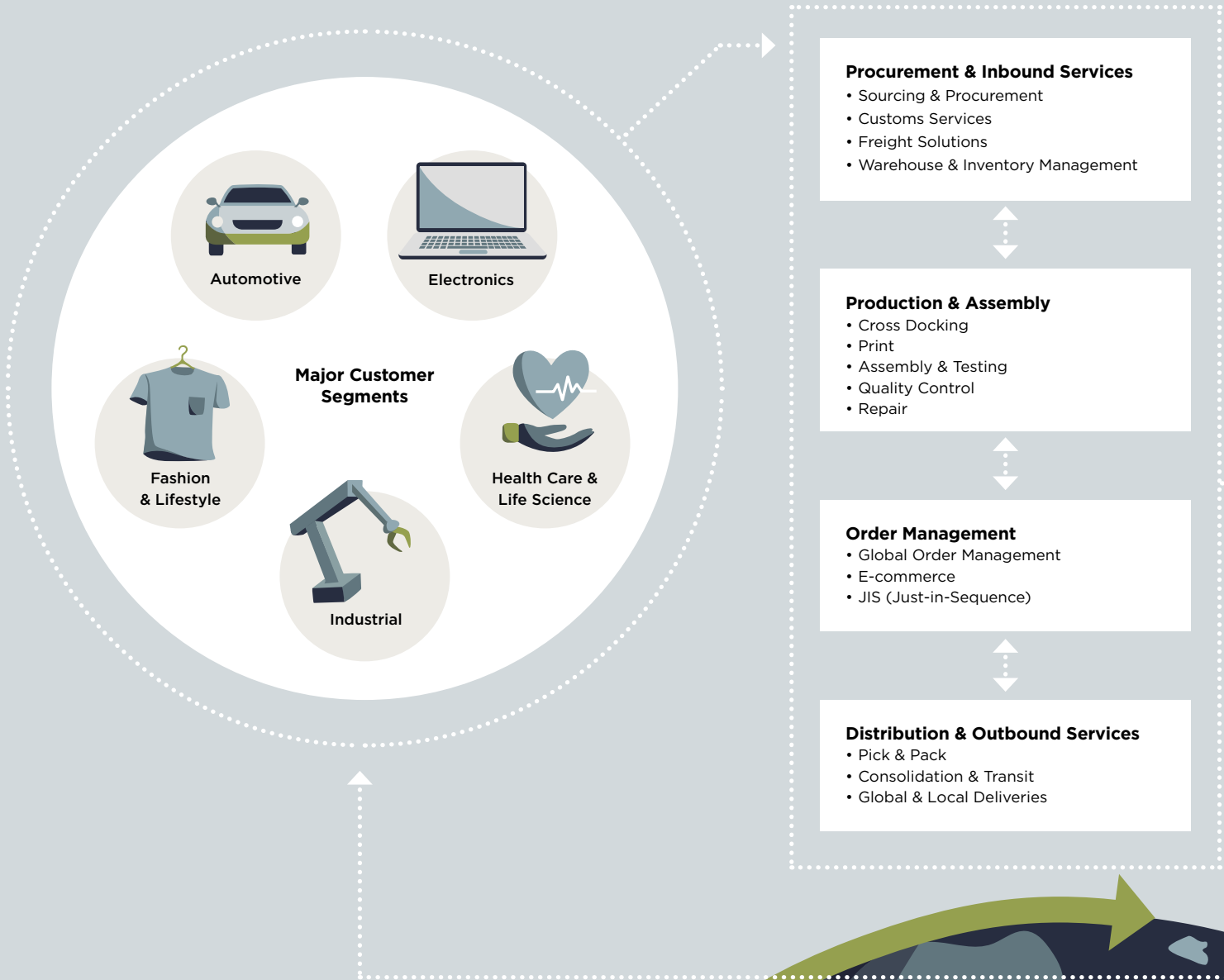
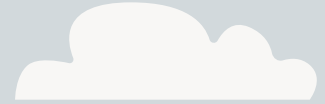


The industry includes some of the largest brands in the world and digital channels are trending over traditional sales in stores. Many customers are looking for a partner that can take a comprehensive responsibility and be deeply integrated into their e-commerce and other business.

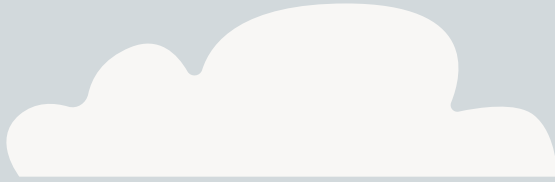
*A robust*

# BUSINESS MODEL

*Elanders has five prioritized customer segments; Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial. Elanders offers services through every step of the product's lifecycle. We support our customers from the moment product components go into production until they have served their final purpose and are ready for recycling.*







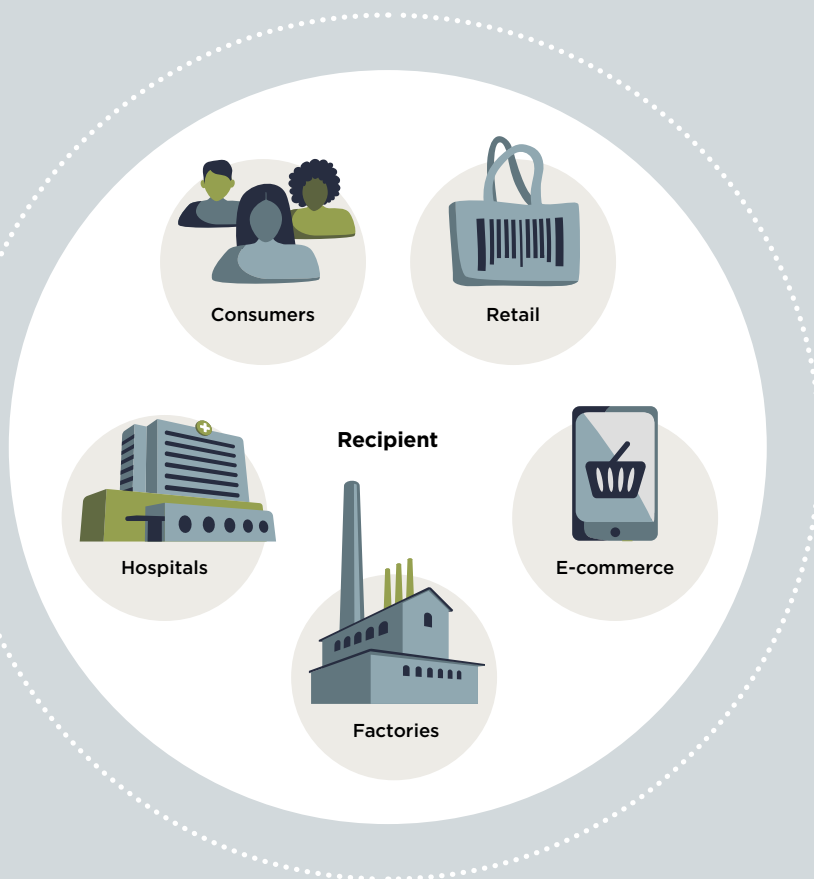
In the business area Supply Chain Solutions, Elanders offers customers comprehensive solutions throughout the entire supply chain. Our offer includes handling everything from order management, procurement, purchasing components, and warehousing to production logistics, manufacturing, configuration, quality control and delivery.

The Group also handles payment flows, synchronizing purchasing and demand with warehousing, and after-sales service, as well as managing returned or worn-out products destined to be recycled or resold.

Elanders also offers value-added services connected to supply chains tailored to individual customers' needs and desires.

In addition, Elanders has developed solutions in e-commerce where we develop and manage our customer's webshop, including content production and management, customer service and financial services, in combination with the logistic services we normally deliver.

The Group also provides global total solutions within print that include everything from the production of printed matter and packaging to other related services such as kitting and packing for just-in-time or sequence deliveries.



**Life Cycle Management**

- Reverse Logistics
- Quality Control
- Redistribution
- Maintenance & Installation
- Repair & Refurbishment
- Warranty Handling
- Distribution of Spare Parts
- Value Recovery



*An industry that must change and*

## DEVELOP IN RELATION TO THE OUTSIDE WORLD



### 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 will push existing structures to their limits. Future supply flows will have to change fundamentally to be sustainable. This greatly increases the complexity in supply chain flow, putting even higher demands on intelligent IT solutions, automation, and control.

#### WHAT ELANDERS DOES

Sustainability aspects permeate our work on all levels and essentially Elanders' operations are all about optimizing customers' flows in the best possible way while minimizing costs and climate impact. A good example of this is Elanders' Renewed Tech that is part of the service area Life Cycle Management. Instead of scrapping cell phones, computers, computer monitors, and printers Elanders can, on behalf of the customers, refurbish and resell them on the second-hand market. This extends the life of the products considerably and contributes to a sustainable society.

### Globalization and urbanization

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

#### WHAT ELANDERS DOES

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



## Automation and digitalization

In order to reduce environmental impact and costs, shorten delivery times, and improve quality, customers are putting increasingly higher demands on supply chain management solutions. They have to be sustainable, automated and provide information in real-time. This puts high demands on third party suppliers when it comes to technology and development, which is often a collaboration with customers. Automation also requires deep integration into customers' systems and operations. New technical solutions, such as block-chain technology, make it easier to trace components, products and goods, which makes transactions safer while providing full transparency concerning sustainability aspects at every stage. The advent of the fourth industrial revolution has automatized production and

warehousing, resulting in shorter set-up and lead times, fewer mistakes, greater flexibility and fewer monotone jobs.

### WHAT ELANDERS DOES

In the past few years, Elanders has made major investments in automated flows and facilities, among them advanced automated warehousing systems. Virtual warehouses are created for customers' entire supply chains that manage products every step of the way – from subcontractors to both end customers and retailers. Elanders is continuously increasing integration into customers' business systems in order to be a stronger partner that takes total responsibility for streamlining flows and ensuring transactions and transparency throughout customers' entire supply chains.



## Outsourcing and new buying patterns

By outsourcing parts of or the entire supply chain, companies enhance their delivery reliability while reducing overhead in plants, personnel, and systems. Shifting investments and risks over to their logistics partner gives them the strength to fully concentrate on their core business. At the same time, consumers are changing their buying patterns by purchasing more and more products online. This development has accelerated with the COVID-19 pandemic. E-commerce changes the kind of logistic services needed and for many companies create a new, direct relationship to their end customer requiring, in addition to logistics, things like webshops, customer service and financial transactions to function optimally.

### WHAT ELANDERS DOES

Demand for efficient supply chain services increases with more outsourcing. 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. Elanders also offers special e-commerce solutions together with logistic services and several other value-added services that simplifies it for customers to manage consumers' new buying patterns. These can include creating the customer's webshop, and for example content production, customer service, and financial services.





INTERVIEW:

P

PATRICK LINDIG  
Managing Director  
ITG

*An e-commerce offering*

## **FAR BEYOND LOGISTICS**

*Elanders has a strong e-commerce offering including not only logistics, but also managed e-commerce services that help customers with the entire process of selling their products to consumers online. Patrick Lindig sees great potential for this business.*

Patrick Lindig has been Managing Director for Contract Logistics at Elanders' subsidiary ITG for five years. Before that, he worked for five years in another management role in its parent company LGI.

"I like ITG a lot. With around 1,200 employees, it's a comparatively small company and highly flexible. We have smart processes, can make fast decisions, and we have a great team working in an atmosphere of trust", he says.

Patrick Lindig is responsible for the division Fashion & Lifestyle. Within this division, an e-commerce strategy was created in 2015 and further on rolled out. A service portfolio and technology were built up and know-how was developed. Since then, ITG has transformed from pure business-to-business services for

retail chains to business-to-consumer services for e-commerce customers.

"Already back then, we saw that we ought to shift to accommodate a changing market. Whereas 90 percent of our business was B2B five years ago, the proportion of B2C business has grown tremendously up to now. With the pandemic in 2020, the trend to buy things online has grown even further, and it is here to stay. Now, it is paying off to already have our e-commerce business established", says Patrick Lindig.

### **MANAGED E-COMMERCE SERVICES**

Today ITG offers much more than just pure logistics services. With our managed e-commerce services, we can develop and operate webshops that include financial services,

customer care, and complete content such as pictures, texts, movies, etc. We can also handle international expansion of the shops, as well as the integration of marketplaces such as Amazon or Zalando. Moreover, in addition to developing B2C webshops we create platforms for B2B or closed communities such as employee shops.

"Having a good webshop with high quality content, presence on the important marketplaces, providing consumers the help they expect and crediting them quickly when a product is returned, are all crucial success factors in e-commerce. We can help our customers with all this in addition to logistics", explains Patrick Lindig and continues,

"A lot of companies have great brands, but no prior experience of selling their products



*With our managed e-commerce services we can develop and operate web shops that include financial services, customer care, and complete content such as pictures, texts, movies, etc.*



directly to the consumer. We have invested in the necessary IT systems and acquired the know-how to manage e-commerce. We're currently doing it for several customers", he explains.

#### **READY TO SCALE UP**

The aim now is to grow within e-commerce and scale up operations. ITG's biggest challenge is perhaps customers' perception of the company as a pure logistics provider. Patrick Lindig explains that they are modernizing the brand to remediate this.

"Customers find it very interesting to discover that we are a modern solutions provider in e-commerce. Good logistics always play a crucial role in e-commerce, so our cross-over to managed services is logical. Our business

concept has only improved with the latest surge in online shopping. A lot of brands and chains need a quick, reliable solution in order to get online, including both modern front-end solutions with webshops as well as solid and stable back-end operations", he says.

#### **NEW SITE IN IMPORTANT HUB**

In 2020 ITG opened a new, large site in Oberhausen near Düsseldorf to enable further growth. It focuses on Fashion & Lifestyle products and e-commerce logistics, and replaces the old smaller site in Neuss. During the year we have won several new clients, for instance fashionette AG, an online platform for luxury products in fashion and beauty.

"Düsseldorf is both an important hub for fashion companies and centrally located for

distribution. Another strong point for the new site is its proximity to parcel centers, which allows for late cut-off times enabling quicker delivery of online orders", says Patrick Lindig.

Looking ahead, he predicts that e-commerce will continue to grow for a long time.

"Older people don't shop online very much, but middle-aged people are already doing it and will continue to do so as they grow older. So just simple demography will lead to substantial growth, and because of this, logistics will become more and more important as consumers' expectations for fast and reliable delivery increase", he concludes.





INTERVIEW:

C

CHIN-CHYE LIM  
Senior Vice President  
Mentor Media

*Rapid set-up for supplying*

## PERSONAL PROTECTIVE EQUIPMENT

*Faced with challenges due to lockdowns and freight disruptions, Elanders' subsidiary Mentor Media, headquartered in Singapore, could still seize new opportunities arising from the COVID-19 pandemic while helping US health authorities to cope with the crisis. Chin-Chye Lim explains how it happened.*

Chin-Chye Lim is Senior Vice President of Mentor's overseas operations. This means he is in charge of operations, and sites in the four regions America, Europe, China and India. He joined the company in 2015 and says that he appreciates its open-style management and believes in its core values which have a good balance between people and business.

"We believe in communicating openly with employees and our management style is based on providing a framework in which people can carry out their responsibilities. A lot of effort is put into employee engagement and each site is highly empowered. At the same time, we provide standardized systems and processes that enable a consistent service level everywhere", Chin-Chye Lim explains.

A spirit of innovation helps Mentor identify new possibilities in an ever-changing world. This has also been true in the midst of the pandemic in 2020. Despite all the negative consequences on public health and the world economy, the pandemic has given rise to new opportunities.

### LICENSED AND READY

When the pandemic hit, Mentor had already diversified its core business from IT into other industries, including the health care sector.

"Our supply chain services include sourcing and purchasing products for our customers. Additionally, we have business licenses in China and the USA for trading in medical devices, including PPE (Personal Protection Equipment). So, one of our key American customers asked us for help in March when there was a sudden shortage in PPE items such as medical face masks, aprons and so on", says Chin-Chye Lim.

The customer had in turn been approached by a US government agency to see if they could assist in procuring and delivering quality-assured PPE products from China. Mentor accepted the sourcing task and immediately started working to qualify over 20 suppliers for different products.

"The market was suddenly flooded with demand for PPE products which made it crucial to ascertain quality. A pre-audit team started evaluating and certifying potential suppliers. We also needed to provide an end-to-end

80

million units of PPE  
were supplied





service to our customer when transportation and logistics were disrupted due to the pandemic. We went to work on that immediately, as well as customs clearance, so that everything would be in place once we had the products”, he explains.

**STRONG RELATIONSHIPS AND MOTIVATED PEOPLE**

Mentor went through product certifications and had factories audited. Once qualified producers were identified, these suppliers also had to commit to working with Mentor and fulfilling the orders, an important detail in a market where everyone wanted the same products.

“When it comes to managing freight, we could leverage on our strong, established relationships with important freight operators. We achieved a very predictable delivery and a smooth customs clearance. Cash flow was also an issue. With bottomless demand, producers required a deposit of 50 percent before accepting orders and full payment upon delivery. We solved this thanks to our excellent relationship with our customer”, says Chin-Chye Lim.

In a matter of weeks, Mentor started to supply PPE

products in April and continued through August. All in all, 80 million units of PPE were supplied. As part of Elanders’ Corporate Social Responsibilities, Mentor contributed directly to the fight against COVID-19 through a donation of one million medical face masks for the frontline healthcare personnel in the Singapore National Health Group.

“That we could quickly and successfully set up this solution in such a challenging time is a testament in part to our good relationships with customers and suppliers, but in particular to the motivation and passion of our employees. We truly work as a team and collaborate efficiently across regions”, he continues.

However, the story does not end here,. Right from the start, the objective was to establish a PPE business that would continue and could be expanded into other fields of medical supplies.

“In part, we want to offer added value to global customers in the healthcare sector through our supply chain services, and in part, we want to assist suppliers in growing on the global market through our supply chain capabilities”, Chin-Chye Lim concludes.



*When the pandemic hit, Mentor had already diversified its core business from IT into other industries, including the health care sector.*

*Personal service with*

## GLOBAL STRENGTH

*The launch of ITG Air & Sea as a joint venture between Elanders and Dimerco came in a year when it was more challenging than usual to get goods to the right place, at the right time and at a reasonable cost. Vera Aurich explains that a combination of personal service and global networks enable us to help our customers.*

Vera Aurich is Head of Vertical Sales at Elanders' subsidiary ITG and responsible for key account and sales activities. She is also a member of the executive team of ITG Air & Sea GmbH, a joint venture started in January 2020, together with ITG's longtime Asian partner Dimerco. Having joined the company three years ago, Vera Aurich appreciates the organization's agility, flexibility, spirit and teamwork.

"We offer our customers a wide range of services, yet we manage to work closely together to find the ideal solutions for every customer. Our markets are volatile and move fast, so our success really depends on the right mindset and an openness to change. I think we benefit from being a diverse organization with a very good mix of genders, ages, and different experiences. This makes us more creative when dealing with challenges", she says.

### AIR AND SEA A KEY COMPONENT

Many customers take advantage of Elanders' end-to-end supply chain solutions including freight, logistics, and many additional value-added services such as e-commerce. Worldwide air and sea freight are a key component in our offering. We also provide rail freight to and from China with connections to other Asian countries, cross-border trucking in Asia, and other combined freight services. ITG has offices in all the major cities of Germany and a global focus, especially on trade lanes to and from Asia-Pacific and the USA.

"Our customers can benefit from the very strong global networks with professional local teams we have built up over decades. Our new joint venture partnership allows us to focus even more on developing air and sea freight and strengthening partnerships with existing

as well as potential customers. In addition to end-to-end solutions, we are very flexible and offer services on a modular basis to suit the customers' needs", explains Vera Aurich.

The joint venture enables Elanders to further diversify the customer base within international transportation services. With ITG Air & Sea focus continues to be on the fashion industry but it opens more doors to broadening the customer base, for example, in the electronics and automotive industries.

"A key point for us is that we still provide very personal service where our customers can turn to individuals who really know their business, not anonymous service centers. At the same time, we provide a strong global network."

### ALTERNATIVE SOLUTIONS

2020 was a challenging year with a more volatile market than ever due to the COVID-19 pandemic. Air freight capacity decreased dramatically when the majority of passenger flights were cancelled, sometimes up to 90 percent. Market prices increased dramatically, and we often had to find alternative freight solutions for our customers.

"We increased our rail freight services with additional terminals all over China to be able to provide flexibility. For long periods this year it was a real challenge everywhere in the market to deliver goods to the right place at the right time, using economically and environmentally right solutions", says Vera Aurich.

The pandemic has also led to an additional push toward e-commerce. Elanders' strategy to focus on this area has paid off.

"We had already focused on e-commerce over the past few years and were offering great end-to-end solutions for brands going digital or

for fast-growing e-commerce companies looking to enter new markets. Such companies need a strong partner to scale up their business, for instance, when it comes to import customs and distribution in the USA. Here we can help", she continues.

### E-COMMERCE AND DIVERSIFICATION

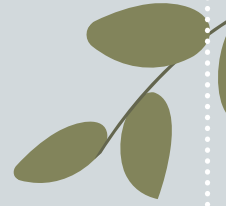
Looking ahead, Vera Aurich sees a continued strategic focus on the e-commerce business, along with efforts to make sure that the company has a diversified customer base.

"If things suddenly change in the global economy, you need a wide base. If 2020 has taught us anything, it is that our flexibility and wide range of services are key factors for success in the face of volatility and disruption. No matter what happens, our customers can trust us to find the best ways to handle their business successfully", she concludes.

INTERVIEW:

V

VERA AURICH  
Head of Vertical Sales  
ITG



*We offer our customers a wide range of services, yet we manage to work closely together to find the ideal solutions for every customer.*







INTERVIEW:

M

MELANIE HÄUßERMANN  
Sales Team Leader  
Elanders, Waiblingen

*The future for printing is*

## **SPEED AND FLEXIBILITY**

*The printing industry is turbulent and changing rapidly. Leaving cancelled events and closed shops in its wake, the pandemic further accelerated the rate of change in 2020. Thanks to the Group's financial strength, Elanders can evolve to meet new demands. Melanie Häußermann tells us how.*

Melanie Häußermann is one of the Sales Team Leaders at Elanders in Waiblingen, close to Stuttgart in Baden-Württemberg. She has worked in the company since 2011, first as project manager a couple of years before moving into sales, where she gets to work closer to customers and potential customers.

Together with her five colleagues, she enjoys supporting customers in developing new products and solutions. The financial strength of the Elanders Group is important since it allows investment in new technology and restructuring to meet new demands on the market.

“The printing industry is currently under pressure. Traditional, large offset print-runs are diminishing. The future lies in print-on-demand and being able to offer the speed, flexibility, and security that customers demand and expect when they order online. To be successful you need the right printing equipment, of course, but you also have to develop interesting add-on concepts and efficient sorting and logistic processes for faster and more directed deliveries”, she says.

Elanders has a good framework in place for developing solutions to meet demands from the customers.

“I usually describe Elanders as a company that is down-to-earth and flat in its organization. This allows for fast communication and decision-making, which is important in our turbulent industry. It gives me the freedom to be agile in dealing with our customers so that we can develop ideas together and find the right solutions”, Melanie Häußermann explains.

### **WEB-TO-PRINT IS GROWING**

Web-to-print is an area that is growing in importance. Elanders both acts as producing partner to other companies in the field and has launched its own platforms. For instance, Elanders produces photobooks, calendars, brochures, and gift cards ordered online. On one of Elanders' own platforms, customers can use 3D technology online to design and order packaging and other marketing materials.

“Some of the clients I work with are start-ups with

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*The future lies in print-on-demand and being able to offer the speed, flexibility, and security that customers demand and expect when they order online.*



*The move to digital printing and print-on-demand has accelerated in the pandemic, and I think it will be permanent.*



interesting new ideas. One of them, offers customers the possibility to automatically create a photobook from chat histories on their social media. Other examples are clients offering individualized children's and football books that include the youngest fans. All of this comes in printed form as a memory to keep or share", says Melanie Häußermann.

"It's becoming more and more important to create added value for customers with various add-ons," she explains. For example, not only can packaging be individualized, but it can also be designed for reuse as a picture frame or a game.

"We have creative packaging development and graphic design capabilities in-house and can support customers with this kind of upselling products. We help them stick out from the competition", she continues.

#### **INCREASED SERVICE**

In Germany, Elanders produces for both the consumer and the business market. The respective seasonal peaks complement each other. While volumes for photobooks have remained on an even keel despite the pandemic, as people still want to share memories with their loved ones, the volumes of items like catalogues, pricelists and marketing material has declined as events have been cancelled.

"The move to digital printing and print-on-demand has accelerated in the pandemic, and I think it will be permanent. I predict that we will continue seeing smaller volumes in the business market, but increased development of services. More advanced automation solutions will benefit our customers and allow for faster deliveries, more flexibility, and better service. Ordered volumes will be split into smaller and more direct deliveries. Only graphic companies that can achieve this for the right price will survive in the long run", Melanie Häußermann concludes.





INTERVIEW:

**A**

ANDREAS LORENZ  
LGI  
Cluster Leader

*Letting car manufacturers focus on*

## **MAKING CARS**

*Elanders' customers are, among others, major German automotive manufacturers. Elanders supports them with supply chain services before, during, and after their line production. This lets the customers concentrate on what they are best at – making great cars. Andreas Lorenz was asked to explain what Elanders do and give some examples.*

Andreas Lorenz joined Elanders' subsidiary LGI as Cluster Leader in June 2018. Within a year he became Automotive Division Manager and at the beginning 2020, the company's Industrial logistics operations were added to his division. Due to the pandemic, the merged operations did not have a smooth first year.

"It was very challenging, but my team supported me a lot and helped me maneuver through foggy and stormy seas. In the end, we have succeeded in developing new services, winning new customers, and renewing important contracts", Andreas Lorenz says.

In LGI he sees an interesting combination of the hands-on mentality in freight forwarding and a more industrial mindset.

"It's a beautiful mix of two worlds. Both customers and employees are treated well. Our ability to develop and customize solutions together with the customer is a

true strength. Instead of long decision-making cycles, the company is permeated with flexibility and a willingness to change. Working with your team, you can develop and make your own decisions", he continues.

### **EFFICIENT SUPPLY OF PARTS**

LGI offers the automotive industry almost every service in the supply chain, except for the delivery of finished vehicles and the recycling of old ones.

"A car manufacturer can rely on us to organize an efficient supply of what is needed, and they can instead concentrate on their core business, producing cars. We cover everything from the first idea about a car model, to pre-assembly, series production, and returning empty containers after use", explains Andreas Lorenz.

One example of a service LGI offers is being the control tower, which entails managing orders for a customer

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*A car manufacturer can rely on us to organize an efficient supply of what is needed, and they can instead concentrate on their core business, producing cars.*





to freight forwarders across Europe and operating the cross-dock center right before delivering parts to the production line site.

“We handle parts orders to around a dozen different freight forwarders. We check the status of consignments for any delays and take necessary action. We receive them at our cross-dock, split them into smaller consignments, and deliver the parts at the right timeslots to the factory. Given that there are thousands of consignments from many suppliers every day, it’s tricky to manage correctly. That’s why we are doing it for our customers”, he explains.

#### **SEQUENCING, KITTING AND HANDLING EMPTY**

LGI also helps with the sequencing of parts, so that they are sent in the exact order required by the car manufacturer for as efficient assembly as possible, minimizing factory storage.

“We organize the sequencing and set up contracts with all the part suppliers to achieve optimal results. This pre-assembly is significant added value to the delivery of the part”, says Andreas Lorenz.

“Kitting is a similar service we provide prior to the production line. Different parts are bundled in a way that makes it simple and efficient for the operator. When assembling, he or she always finds the same part at the same, optimal place in the kit.”

At the other end of the production line, LGI helps handling the empty plastic boxes that parts were delivered in and returns them to the part suppliers for reuse.

“We get the empties back with paper, blister plastic, foil, and other stuff in them. Some of them are dirty and greasy. So, we sort out everything for recycling, clean the boxes and check that they aren’t damaged. If they are, we repair or recycle them. Then we sort and stack them before sending them back to the right supplier”, he explains.

Looking forward, the Automotive Division Manager underlines the importance of being reactive and flexible to changes in the automotive market, which is going through a huge transition from combustion engines to electrical power.

“However, this will just be a short-term solution given the limited resources used in batteries. Other technologies like hydrogen and synthetic fuels aren’t ready yet and nobody knows what is around the corner. We have to be prepared for change and able to support different types of products in the supply chain”, he says and concludes:

“One thing is certain – the automotive industry, just like all industries, will have to switch to a more circular supply chain. In the future, waste will just be production material in a different form.”

## CASE: LGI

## NEW INVESTMENTS FOR THE FUTURE

*In Huenxe, North Rhine-Westphalia, Elanders' subsidiary LGI has a mega-site servicing one of the biggest customers in the Electronics segment. The relationship goes back 20 years, and in 2020 the business expanded.*

After a procurement process in 2019 where LGI faced tough competition, the major IT customer in question renewed the contract. Following this, the business was expanded to accommodate higher volumes. Investments for the future included the addition of a 10,000 m<sup>2</sup> building to the logistics center, increasing it to a total of 75,000 m<sup>2</sup>, and a new high-end sorting machine for units being cross-docked in the facility. The addition was built to meet high sustainability demands, for instance, using recyclable building materials, and it has energy-efficient lighting and heating systems. The new infrastructure and related services are an enabler and a platform for LGI's customer to grow its e-commerce solutions.

LGI provides the customer with three main services. Firstly, Huenxe functions as the distribution center, including warehousing for printers covering all markets in Europe, the Middle East, and Africa. With an end-to-end service system, Elanders runs a high-volume operation with semi-automated storage. Printers are

handled and shipped, through partners, to thousands of companies. LGI also provides several value-added services in the warehouse such as, software flashing, reworks, and re-localization of products. LGI also supports the customer in maintaining good product availability to fulfill all shipments to the end-users.

Secondly, Huenxe is the cross-docking center for laptop and desktop computers. With the fully automated high-capacity sorter, up to 150,000 boxes can be processed per day. In a service running 24/7, products are sorted by country, region, and customer with same-day shipments for most of the volume. LGI also bundles the computers with printers from the distribution center into the same shipments in one transport. This supports optimum freight consolidation and reduces transportation costs as well as CO<sub>2</sub> emissions.

Thirdly, as part of its end-to-end service portfolios, LGI performs all related customs clearance services for a smooth cross-border process.



“There are substantial opportunities in Electronics to develop and customize the unique and full end-to-end solutions that our customers ask for”, says Martina Weibing, Division Manager, Supply Chain Solutions (LGI).

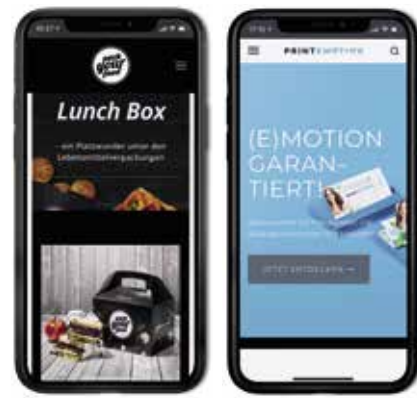
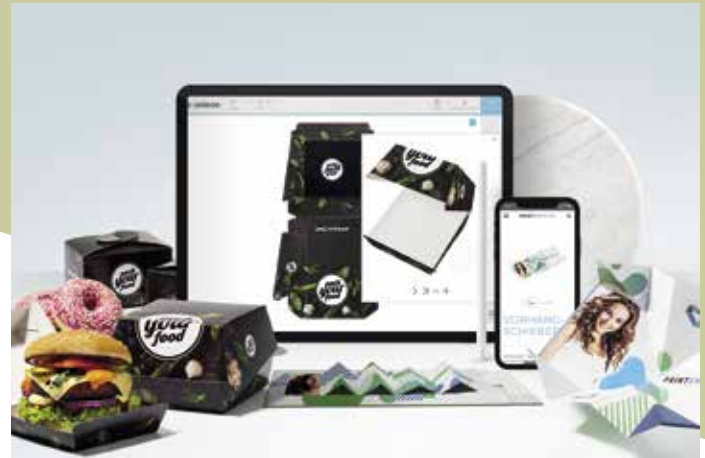
**CASE:  
PRINT-EMOTION.DE AND  
PACK-YOUR-FOOD.DE**

## DESIGN MADE SIMPLE ONLINE

In 2020, Elanders successfully launched two online print brands with their own websites in Germany:

**Print-emotion.de** is aimed at agencies and companies in the B2B sector. Standard products are presented on the landing page, and customers can either design freely using the online editor or upload a PDF with the design. Every modification is visualized live in a 3D animation, letting the customer immediately determine what the printed product will look like and if anything needs to be changed.

**Pack-your-food.de** offers branded food packaging for restaurateurs, the hotel industry or companies at trade fairs. Printed food packaging made of cardboard can be ordered even in small quantities. With the online editor, customers without graphic training can do the design, aided by visualization and a 3D presentation. Many restaurants and food delivery services used the site during the COVID-19 lockdown.



**CASE:  
PERSONALIZED  
WEB-TO-PRINT**



## YOUR CAR, YOUR BROCHURE

As sales processes are increasingly going digital, fewer catalogues and brochures are being produced. However, new opportunities are opening up for smart, personalized web-to-print solutions. For example, Elanders produces personalized, unique brochures on-demand that are sent home to customers who have visited a premium car dealership. The customer's name is printed on the cover, and all photos and information are tailored to his or her dream car.

If it's red with a black leather interior, and a hubcap design with narrow spokes, then that's the car featured in the brochure, along with all the customer-specific configuration details and the dealership's offer.



Many

# EVENTFUL YEARS

*Elanders has experienced many eventful years during the last decade with several significant acquisitions made. These acquisitions have turned Elanders into what it is today – a global logistics multinational with a diversified portfolio of operations to rely on. This became particularly apparent with the pandemic that struck the world in 2020.*

Substantially strengthened financial position

Strong underlying result

## 2020

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

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

## 2019

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

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

Net sales over SEK 10 bn

Strong organic growth

Acquisition of LGI

## 2018

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

## 2017

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

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

## 2016

In the summer of 2016, Elanders made its greatest acquisition ever with the acquisition of the German contract logistics group LGI. At the beginning of the year, LGI had close to 4,000 employees, including permanently hired personnel, and net sales of MEUR 430 in 2015. Together LGI and Elanders have a much broader customer base and the union creates a stable platform for continued organic growth with both existing and new customers. The Elanders Group was then larger than ever before with over 6,400 employees and annual net sales of more than SEK 8 billion.

In 2016, Elanders presented an operating result of MSEK 383, excluding one-off items.

**INCOME STATEMENTS - SUMMARY**

MSEK	2020	2019	2018	2017	2016
Net sales	11,050	11,254	10,742	9,342	6,285
Operating expenses	-10,504	-10,895	-10,283	-9,034	-5,941
EBIT	546	359	459	308	344
Financial items	-132	-143	-93	-78	-44
Result after financial items	414	216	366	230	300
Result for the year	292	153	259	165	217
EBITDA	1,431	1,285	725	563	516
EBITDA excl. IFRS 16	737	573	725	563	516
EBITDA adjusted	1,431	1,435	725	563	516
EBITA	598	413	523	371	384
EBITA adjusted	598	563	523	371	384

**CASH FLOW - SUMMARY**

MSEK	2020	2019	2018	2017	2016
Cash flow from operating activities	1,725	1,337	455	-64	331
Paid taxes	-42	-114	-127	-134	-104
Investments	-116	-140	-137	-262	-1,907
Operating cash flow	1,783	1,454	538	-115	-1,428
Change in net debt	-1,025	-714	-288	438	983

**BALANCE SHEETS - SUMMARY**

MSEK	2020	2019	2018	2017	2016
Goodwill	2,413	2,480	2,439	2,337	2,273
Other fixed assets	3,224	3,546	1,835	1,874	1,855
Inventory	233	335	468	390	295
Accounts receivable	1,344	1,740	1,762	1,571	1,396
Other current assets	324	448	511	557	312
Cash and cash equivalents	1,101	655	722	679	651
Equity	2,908	2,777	2,707	2,453	2,411
Interest-bearing liabilities	3,955	4,616	3,261	3,344	2,875
Non-interest-bearing liabilities	1,776	1,811	1,768	1,612	1,496
Total assets	8,369	9,205	7,737	7,409	6,782

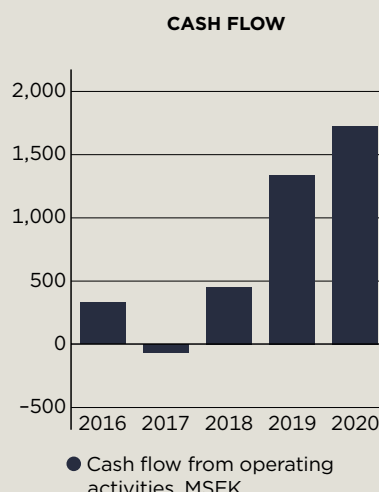
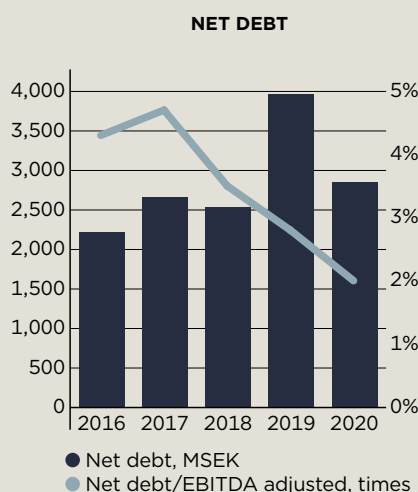
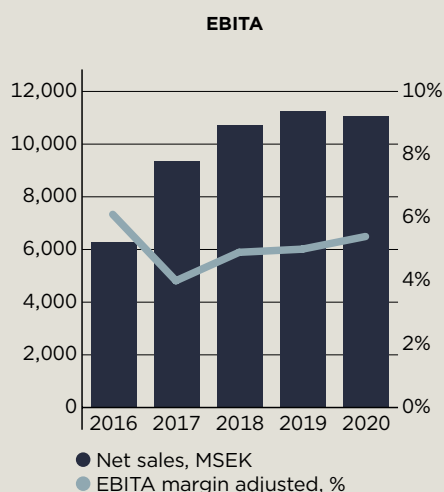
IFRS 16 is effective from 1 January 2019 and has affected the accounting of the Group's lease agreements. The transition to IFRS 16 has been based on the Modified retrospective approach, which means that the comparison periods have not been adjusted. Excluding IFRS 16 means that the same accounting principles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



**KEY RATIOS**

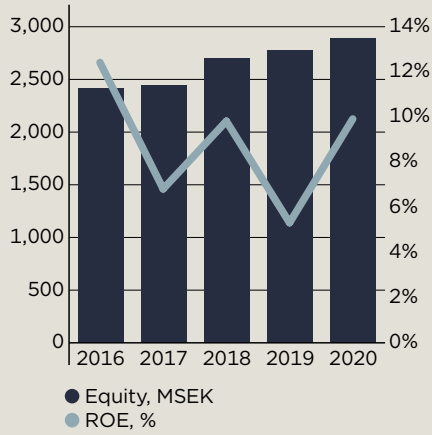
	2020	2019	2018	2017	2016
EBITA-margin, %	5.4	3.7	4.9	4.0	6.1
EBITA-margin adjusted, %	5.4	5.0	4.9	4.0	6.1
Operating margin, %	4.9	3.2	4.3	3.3	5.5
Profit margin, %	3.7	1.9	3.4	2.5	4.8
Equity ratio, %	33.6	30.2	35.0	33.1	35.6
Risk capital ratio, %	35.6	32.2	37.5	35.7	38.7
Interest coverage ratio, times	5.0	2.7	5.3	4.1	7.8
Debt/equity ratio, times	1.0	1.4	0.9	1.1	0.9
Return on equity, %	9.9	5.3	9.8	6.8	12.4
Return on capital employed, %	8.6	5.0	8.5	6.2	10.0
Return on total assets, %	6.4	4.2	6.6	4.3	6.7
Average number of employees	6,260	6,696	7,153	6,658	4,536
Number of employees at the end of the year	6,058	6,664	6,652	6,997	6,444
Net debt/EBITDA, times	2.0	3.1	3.5	4.7	4.3
Net debt/EBITDA adjusted ratio, times	2.0	2.8	3.5	4.7	4.3
Net debt/EBITDA excl. IFRS 16 ratio, times	1.5	3.7	3.5	4.7	4.3
Enterprise Value, MSEK	7,083	7,044	5,633	5,570	5,981
Risk capital, MSEK	3,076	2,962	2,898	2,645	2,625
Capital employed, MSEK	5,762	6,738	5,246	5,118	4,635
Net debt, MSEK	2,854	3,961	2,539	2,665	2,224
Net debt excl. IFRS 16, MSEK	1,123	2,142	2,539	2,665	2,224

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 112-114.

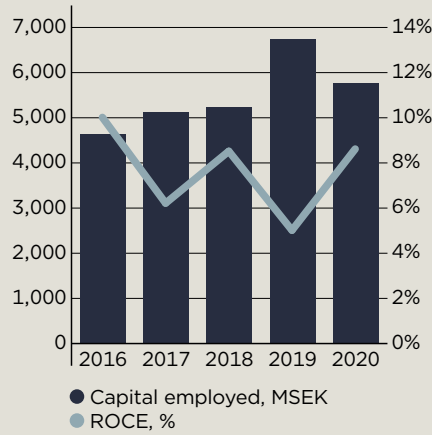




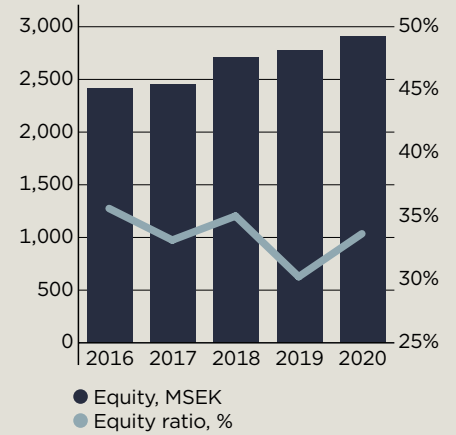
RETURN ON EQUITY



RETURN ON CAPITAL EMPLOYED



EQUITY RATIO



*Despite an ongoing pandemic the Group presented its best year ever. One important factor was the lower cost of overhead resulting from the measures taken in 2019.*

# ON THE RISE

*The share price had a negative development during the beginning of the year. The recovery gained momentum during the last months of the year and has continued during the beginning of 2021.*

## History

Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2020 the company had 33,542,938 (33,542,938) B shares listed on NASDAQ OMX Stockholm, Mid Cap, under the ELAN B symbol.

## Development during the year

The market value of B shares increased by 37 (0) percent during 2020 while the Stockholm Stock Exchange index OMX Stockholm PI rose by 11 (30) percent during the same period. During 2020 a total of 5,848,025 (5,823,964) Elanders shares were

traded, which is equivalent to an average trading rate of approximately 0.17 (0.16) times.

The lowest share price during 2020 was SEK 36.10 on 23 March and the highest was SEK 119.60 on 30 December. The final share price in 2020 was SEK 119.60 (87.20), which means that Elanders' stock market value at year-end was approximately MSEK 4,229 (3,083).

## Share capital, class of shares and liquidity guarantee

At the end of 2020 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

There were 3,684 (3,061) Elanders shareholders at year-end. The share of foreign shareholders amounted to 11 (7) percent of the

## DATA PER SHARE

	2020	2019	2018	2017	2016
Net result, SEK	8.12	4.19	7.18	4.65	7.35
Net result adjusted, SEK	8.12	7.16	7.18	4.65	7.35
Share price at year-end, SEK	119.6	87.20	87.20	82	106.25
P/E ratio	14.7	20.8	12.1	17.6	14.5
Adjusted P/E ratio	14.7	12.2	12.1	17.6	14.5
P/S ratio, times	0.4	0.3	0.3	0.3	0.5
Dividend, SEK <sup>1)</sup>	3.10	-	2.90	2.60	2.60
Dividend yield, %	4.6	0.0	3.6	2.6	3.1
Share price/equity, times	1.5	1.1	1.1	1.2	1.6
Equity, SEK	81.65	78.54	76.28	69.21	68.19
Risk capital, SEK	86.41	83.78	81.96	74.80	74.24
EBITDA, SEK	40.46	36.35	20.50	15.92	17.47
EBITDA adjusted, SEK	40.46	40.58	20.50	15.92	17.47
EBITDA excl. IFRS 16	20.84	16.21	20.50	15.92	17.47
Operating cash flow, SEK	50.44	41.14	15.22	-3.24	-48.32
Cash flow from operating activities, SEK	48.80	37.81	12.88	-1.81	11.19
Average number of outstanding shares, in thousands	35,358	35,358	35,358	35,358	29,555
Turnover rate	0.17	0.16	0.11	0.24	0.44

<sup>1)</sup> 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.

Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2016.

For Reconciliation Alternative Performance Measures and Financial Definitions, see pages 112-114.

capital. The allocation between shareholder type and share of capital is 8 (8) percent private owners and 29 (33) percent institutional owners. 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](http://www.elanders.com), under the section Investors.

Questions can also be asked to Elanders directly via e-mail at [info@elanders.com](mailto: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.

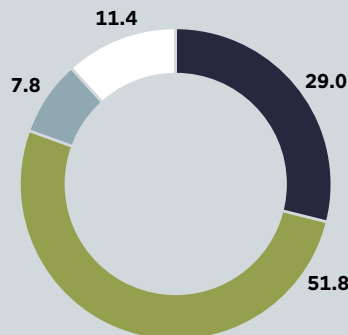
ABG Sundal Collier, Aktiespararna, Erik Penser Bank and Nordea continuously monitor our development and publishes analyses of Elanders.

**DEVELOPMENT OF THE ELANDERS SHARE**

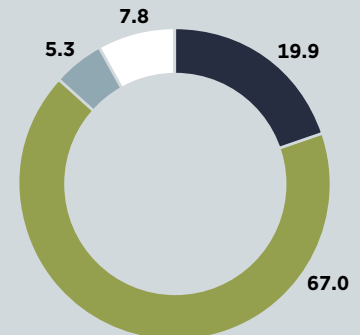


**SHAREHOLDER CATEGORIES 31 DECEMBER 2020**

PERCENT OF SHARE CAPITAL



PERCENT OF VOTES



- Swedish institutions and Investment companies
- Swedish companies
- Swedish private persons
- Foreign owners

Source: Euroclear Sweden AB.

**37%**

The market value of B shares increased by 37 percent during 2020

## 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	1,128,000	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 KâPe 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
<b>Outstanding shares and share capital on 31 December 2020</b>	<b>1,814,813</b>	<b>33,542,438</b>	<b>35,357,751</b>	<b>353,577,510</b>

## MAJOR SHAREHOLDERS 31 DECEMBER 2020

	Number of A shares	Number of B shares	Percent of votes	Percent of share capital
Carl Bennet AB		15,903,596	65.9	50.1
Carnegie Funds		2,365,875	4.6	6.7
Didner & Gerge Funds		2,338,445	4.5	6.6
Protector Forsikring ASA		2,300,520	4.5	6.5
Svolder AB		2,069,332	4.0	5.9
Fourth Swedish National Pension Fund		1,880,425	3.6	5.3
Third Swedish National Pension Fund		503,358	1.0	1.4
The Bank of New York Mellon SA/NV		342,870	0.7	1.0
HSBC Bank PLC		307,365	0.6	0.9
Dan Olsson		297,352	0.6	0.8
Other Shareholders		5,233,800	10.1	14.8
<b>Total</b>	<b>1,814,813</b>	<b>33,542,938</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB.

## SHAREHOLDER STATISTICS 31 DECEMBER 2020

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Percent of share capital	Percent of votes
1-500	2,818	-	364,419	1.0	0.7
501-5,000	724	-	1,064,856	3.0	2.1
5,001-50,000	112	-	1,540,772	4.4	3.0
50,001-500,000	23	-	3,211,340	9.1	6.2
500,001-	7	1,814,813	27,361,551	82.5	88.0
<b>Total</b>	<b>3,684</b>	<b>1,814,813</b>	<b>33,542,938</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB.

# BOARD OF DIRECTORS’ REPORT

*The Board of Directors and the President and Chief Executive Officer of Elanders AB (publ), corporate identity no 556008-1621, herewith present their annual report and the consolidated financial statements for 2020.*

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 6,000 employees and operates in some 20 countries on four continents. Our most important markets are China, Singapore, the United Kingdom, Sweden, Germany, and the USA. Our major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

## OUR OFFER

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

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

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

## NET SALES AND RESULT

Net sales decreased to MSEK 11,050 (11,254) compared to the same period last year. Cleared of exchange rate fluctuations, net sales declined by 0.1 percentage points.

Adjusted EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions along with one-off items, increased to MSEK 598 (563), which corresponded to an adjusted EBITA margin of 5.4 (5.0) percent. Adjusted EBITA corresponds to the reported EBITA for the full year 2020, but not for the year 2019.

The COVID-19 pandemic had a considerable impact on our business during the first half-year, but the different operations in the Group were affected to various degrees and at different points in time. Until the end of the first quarter, the negative effects were felt primarily in our business in Asia due to measures authorities implemented to stop the spread of the virus. One of the measures was extending the Chinese New Year, which severely reduced production capacity in Asia. The reduced production meant that customers in Europe, e.g. within Fashion & Lifestyle, at the end of March, began to have a shortage of components and goods. When the spread of the virus hit Europe on a greater scale the problems escalated. Countries started closing their borders, the lack of components got worse, and quarantine and isolation measures were implemented. It was at this moment that Automotive and Industrial began to be affected to a greater extent, and several of the Group’s largest customers chose to shut down their production due to disruptions in their supply chain. For Fashion & Lifestyle, the problems continued after the first half-year since self-isolation in Europe and the USA meant fewer and fewer people bought clothes in brick-and-mortar stores. However, for some customers higher e-commerce volumes compensated for the loss in retail sales.

During the second and third quarters, the Group was entrusted to by our customers in North and South America to handle the procurement, quality control and transportation of personal protective equipment from Asia to North and South America. This business compensated for most of the decline in net sales in Europe during the same period.

After weak demand in nearly all our customer segments in the first half-year, there was a dramatic recovery during the second half of the year, which ended with a strong fourth quarter, despite an intense second wave of infection in late autumn.

Net sales amounted to MSEK

# 11,050

EBITA-margin amounted to

# 5.4%

### Supply Chain Solutions

The business area Supply Chain Solutions had a very good year in terms of results and succeeded in improving its adjusted EBITA result by 18 percent. The COVID-19 pandemic created a difficult situation during the first half-year in both Asia and Europe. However, the new business with PPE compensated for the drop in net sales in other customer segments. Demand increased in almost all customer segments during the second half of the year. Restrictions to reduce the spread of the infection reduced sales for the Group's customers in retail, but this was instead offset by increased volumes in e-commerce.

The customer segments that have withstood the pandemic the best this year are Electronics and Health Care & Life Science. Demand for laptops, computer accessories, network equipment, TVs, medical equipment and PPE has been high since the beginning of the pandemic.

An important factor behind the improved result was lower overhead costs due to the structural measures taken in 2019, and a favorable mix of products and services. Sales of PPE during the second and third quarters also contributed.

During the year, several major customer contracts have been renewed in for example, Electronics and Health Care & Life Science. The contracts equal net sales annually of around SEK 500–700 million. The two largest contracts are valid for five respectively ten years, where the first one contains an extension option for another two years.

### Print & Packaging Solutions

The year 2020 was very challenging for the business area Print & Packaging Solutions and the coronavirus had a very negative impact on business during the second quarter when the infection spread dramatically in Europe. This happened at the same time as many of the customers experienced a component shortage in their supply chain, stores were closed and marketing activities ceased. However, there was a very strong recovery during the second half of the year. Combined with hard work, strict cost awareness, optimizing investments, and successful investments in new technology, enabled the business area to surpass last year's half-year result and ended up with a full-year result that was much better than expected.

Otherwise, the market overall continues to struggle with tough price pressure, contracting total volumes and overcapacity. This, in combination with the ongoing pandemic, has led to financial problems for many competitors. Total print volumes continue to decrease on almost all markets and a clear trend towards digital print and more customized products, instead of traditional offset print with large editions continues as well.

Growth in the Group in 2020 has primarily been generated by the service area in USA that manages subscription boxes and combines printing, carriage and packing services in one complete service. It has only taken a few years for this area to grow from zero to nearly MUS\$ 80 in annual sales. Excluding this part of the business area, organic net sales fell by around seven percent during the year.

As a consequence of the decreasing total volumes and the resulting price pressure, the Group's consolidation of production capacity, mainly in traditional print, continues. Work is also underway to transform some of our existing print operations so that they can also offer supply chain management services, which has proven successful in Brazil, Sweden and the USA. The business area has also increased the portion of web-to-print for both consumers and companies, which raised the results and margins in the fourth quarter.

### INVESTMENTS AND DEPRECIATION

During the year, net investments amounted to MSEK 116 (140), of which acquisitions and divestments amounted to MSEK 30 (5). Investments have mainly been made in production equipment. Depreciation, amortization and write downs amounted to MSEK 885 (927).

### FINANCIAL POSITION, CASH FLOW AND EQUITY RATIO

Operating cash flow for the period increased to MSEK 1,783 (1,454) and was partly helped by a reduced working capital and improved profitability.

The last year's strong cash flow combined with lower investments has resulted in a reduction in indebtedness. Net debt decreased to MSEK 2,854 compared to MSEK 3,961 at the beginning of the year. The change includes a decrease of MSEK 96 due to changes in exchange rates as the SEK has strengthened against both the euro and the US dollar. Leverage, i.e. net debt/adjusted EBITDA for a rolling 12-month period is now down under 2.0. Excluding effects from IFRS 16 net debt/adjusted EBITDA ratio is down to 1.5 (3.0).

The Group has a good liquidity buffer, both in the form of existing cash and unutilized credit facilities. Together, these amount to more than SEK 1.7 billion at the end of the year.

The Group's agreements with the main banks contain financial conditions that must be met to secure the financing. These consist, among other things, of investment levels and the net debt/EBITDA ratio. The calculations exclude IFRS 16 effects and certain one-off items. All financial conditions were with a good margin met as of the balance sheet date.

### SIGNIFICANT EVENTS DURING THE YEAR

#### The COVID-19 pandemic

The coronavirus, COVID-19, has quickly spread during 2020 and developed into a pandemic with many infected. The measures taken by different governments to limit the spread of the virus has impacted financial activities and the Group's business in different ways:

- Several of the Groups' customers have experienced major disruptions in their supply chains, which has affected their, and even our, business negatively. These disruptions led to several customers in Automotive and Industrial shutting down production from of the middle of March until May or June 2020.
- Demand dropped drastically in several of our customer segments and particularly in Europe, primarily in the second quarter.
- Because of the measures taken by authorities, the Group had to close down a couple of our smaller production units in India and Italy during certain periods.
- The Group has received government grants in several of the countries where it is operating, as a part of governments' measures to lessen the negative effects of the coronavirus outbreak. The design of these relief packages has been different from one country to the next, but they have mostly been centered around reducing costs for employees and premises. During 2020, Elanders has received MSEK 61 in various forms of support. In addition to this, in some countries, employees have personally received governmental aid connected to short term furloughs.

There is still a great deal of uncertainty about how long the coronavirus outbreak will continue, which makes it difficult to forecast its effect on Group business during the coming year.



### Changes in Group Management

Eckhard Busch, one of the representatives in Group Management for our subsidiary LGI, decided to retire and leave the company during the third quarter. He has not been replaced. After the change, Group Management is as follows:

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

### RESEARCH AND DEVELOPMENT

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

### PERSONNEL

The average number of employees during the year was 6,260 (6,696), of which 143 (152) were in Sweden. At the end of the period the Group had 6,058 (6,664) employees, of which 147 (152) in Sweden. Further information concerning the number of employees, as well as salaries, remuneration, and terms of employment is given in note 5 to the consolidated financial statements.

### PARENT COMPANY

During the year, the parent company provided joint group services. The average number of employees during the year was 10 (11), and the number at year-end amounted to 10 (11). Other information concerning the number of employees, salaries, remuneration, and conditions of employment is given in note 5 to the consolidated financial statements.

### INFORMATION CONCERNING COMPANY SHARES

On 31 December 2020 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 2020 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or similar.

### Contracts with clauses regarding ownership changes

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

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

### GUIDELINES FOR REMUNERATION TO SENIOR OFFICERS

The company's guidelines for remuneration to senior officers were adopted by the Annual General Meeting on 25 June 2020. The Board proposes that the Annual General Meeting 2021 adopt guidelines that to all extents and purposes correspond to the present guidelines. The new guidelines are:

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 fulfil 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.

“ After weak demand in nearly all our customer segments in the first half-year, there was a dramatic recovery during the second half of the year, which ended with a strong fourth quarter, despite an intense second wave of infection in late autumn.



**Types of remuneration, etc.**

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, 60 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 provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to, at most, 35 percent of the fixed annual cash salary.

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

**Termination of employment**

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

**Criteria for awarding variable cash remuneration, etc.**

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 2020, 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 position among the global customers, and this is where the greatest opportunities for both long and short-term expansion can be found. The undeniable trend is that a growing number of global companies are centralizing their purchasing processes while requesting local deliveries. This means that Elanders’ market position and global presence are in tune with the times.

**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 1,176,162,655 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 3.10 per share is distributed to the shareholders SEK 109,609,028
- the remaining balance is to be carried forward SEK 1,066,553,627

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

Risks and

## UNCERTAINTY FACTORS

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



### Business risk

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

#### RISKS AND UNCERTAINTY FACTORS

##### Customer concentration

The Group's major customers are primarily active in the manufacturing industry and agreements with these customers normally run over two or three years. Elanders' ten largest customers represent 55 (58) percent of net sales in 2020. Sales to the Group's largest customer represent 14 (16) percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements.

##### Operational risk

The risk that the Group will suffer a major stop in production is relatively small. There are now critical interdependencies between the units within the respective business area or between the business areas. There are only a few cases where there are no alternative suppliers of critical input goods.

##### Risks in operating expenses

Elanders' main operating costs are cost for goods for resale and other production material MSEK 2,737 (2,893), personnel costs MSEK 2,600 (2,888) and freight costs MSEK 2,437 (2,114). These categories represent 74 (72) percent of total operating costs in 2020.

##### Contracts and disputes

In business daily operations can give rise to disputes.

#### WHAT ELANDERS DOES

##### Customer concentration

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

##### Operational risk

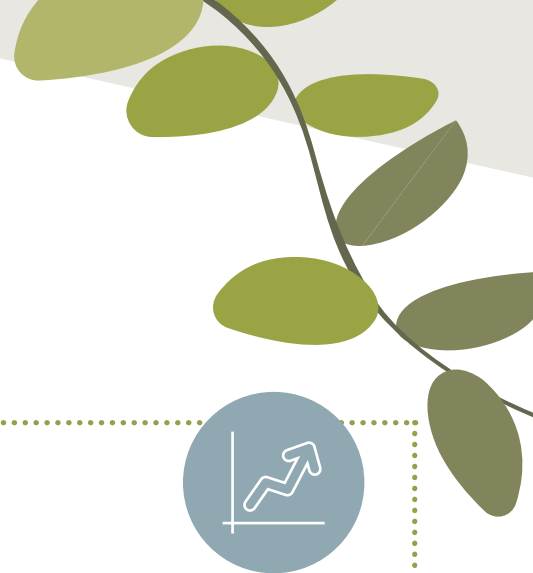
Elanders work to identify and prevent risks that can lead to disturbances in production. The work involves regular controls of the production sites where identified improvement areas are the basis for action plans. The Group also has business interruption insurance that covers the loss of margins for up to twelve months.

##### Risks in operating expenses

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

##### Contracts and disputes

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



## Financial risk

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

### RISKS AND UNCERTAINTY FACTORS

#### Currency risk

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

#### Interest risk

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

#### Financing/liquidity risk

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

#### Credit risk

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

### WHAT ELANDERS DOES

#### Currency risk

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

#### Interest risk

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

#### Financing/liquidity risk

The Group currently has a three-year credit agreement with two Swedish banks regarding operational financing that expires in January 2022.

#### Credit risk

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



## Circumstantial risk

The external factors that have and may have the greatest impact on Elanders operations are the ongoing pandemic, the global economy and the future for the Group's services and products. Since these factors are outside of group control we continuously work to adjust operations to meet the new conditions.

### RISKS AND UNCERTAINTY FACTORS

#### COVID-19 pandemic

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

#### Business cycle sensitivity

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

#### The future of the services/products

Increased outsourcing generates a demand for effective supply chain solutions. The automotive industry and global companies in consumer electronics have long outsourced a large part of their operations in order to focus on product development, production and marketing and other industries are following. Printed matter is going through a transition from traditional demand for large editions in offset print to shorter series in digital print and from printed to digital media.

### WHAT ELANDERS DOES

#### COVID-19 pandemic

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

#### Business cycle sensitivity

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

#### The future of the services/products

Elanders' position as a supplier of global solutions in supply chain management and print & packaging balances the challenges that occur in certain sections of the Group's markets, both geographically as well as for some Group services and products.

# CORPORATE GOVERNANCE REPORT

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

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

## SWEDISH CODE OF CORPORATE GOVERNANCE

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

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

This deviation is further explained in the section on the nomination committee. More information about the Code can be found at [www.corporategovernanceboard.se](http://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 2020, there were 3,684 (3,061) shareholders. The foreign ownership in Elanders was 11 (7) percent of shares and 8 (5) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2020 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

## ELANDERS’ CORPORATE GOVERNANCE



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

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

#### ANNUAL GENERAL MEETING 2021

The next Annual General Meeting for shareholders in Elanders will be held on Wednesday 28 April, 2021. The Annual General Meeting will be held digitally. 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](http://www.elanders.com).

#### NOMINATION COMMITTEE

The nomination committee prepares proposals for the Annual General Meeting concerning the election of, and remuneration to, the Chairman of the Board, Board members, committee members, and external auditors, the latter having been proposed by the audit committee. The nomination committee meets as needed and at least once a year. The nomination committee met twice last year and discussed the work of the Board, the independence of Board members, Board members’ evaluation of the work of the Board, the work of the committees, the audit and the composition of the nomination committee. This year the committee has consisted of Carl Bennet, Chairman (Carl Bennet AB), Hans Hedström (Carnegie Funds), Fredrik Carlsson (Svolder) and Carl Gustafsson (Didner & Gerge Funds). No remuneration has been paid to the nomination committee. The members’ contact information is found on page 119 in the Annual Report and on [www.elanders.com](http://www.elanders.com) under Corporate Governance.

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

#### THE BOARD OF DIRECTORS AND ITS WORK IN 2020

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

#### ANNUAL GENERAL MEETING 2020

The Annual General Meeting on 25 June 2020 decided:

- to adopt the Annual Report for 2019,
- to distribute no dividend for the financial year 2019,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2019,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 4,322,000 to be divided within the Board,
- to appoint the following Board Members:
  - Carl Bennet (re-elected)
  - Pam Fredman (re-elected)
  - Dan Frohm (re-elected)
  - Erik Gabrielson (re-elected)
  - Linus Karlsson (re-elected)
  - Cecilia Lager (re-elected)
  - Anne Lenerius (re-elected)
  - Magnus Nilsson (CEO) (re-elected)
  - Johan Stern (re-elected)
  - Caroline Sundewall (re-elected)
- to appoint Carl Bennet Chairman of the Board,
- to elect PricewaterhouseCoopers as company auditors until the Annual General Meeting 2021,
- to authorize the Chairman of the Board to summon the nomination committee before the Annual General Meeting 2021,
- to adopt regulations for the nomination committee work etc. as stated in the summons to the Annual General Meeting,
- to approve the amendments to the articles of association regarding the company’s registered office and location for General Meeting,
- to approve the Board’s suggestion in the summons for remuneration to leading senior officers.

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 ten members without deputies: Carl Bennet (Chairman), Johan Stern (Vice Chairman), Pam Fredman, Dan Frohm, Erik Gabrielson, Linus Karlsson, Cecilia Lager, Anne Lenerius, Magnus Nilsson, and Caroline Sundewall. In addition, employees were represented by Martin Schuback and Martin Afzelius with 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. Pam Fredman, Linus Karlsson, 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 five occasions relating to matters and decisions in connection with the pandemic as well as decisions regarding business opportunities and financing.

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 2020, Johan Stern was made Vice Chairman. The Board in its entirety was authorized to sign for the company as well as two of the following persons together: the Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer. 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 116–117.

#### THE CHAIRMAN OF THE BOARD

The Chairman leads and organizes the Board and is responsible for making sure the Board meets its responsibilities and that the members receive the information necessary to ensure the work done by the Board is of high quality and performed according to legal stipulations and the contract with the stock exchange. The Chairman of the Board must also make sure that during the year an evaluation of the Board's work is carried out and that the nomination committee is informed of the results. The evaluation is carried out annually in the form of a questionnaire and encompasses the Board's composition, remuneration, materials, administration, work methods, meeting content, reports from the committees, and education. In addition, the Chairman of the Board represents the company in ownership matters and communicates viewpoints from the owners to the Board. The Chairman of the Board is elected by the Annual General Meeting. Carl Bennet has been the Chairman of the Board since 1997.

#### 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

#### 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 <sup>1)</sup>	Independent
<b>Members chosen by the AGM</b>							
Carl Bennet, Chairman	12 (12)	2 (2)	Not member	100	730 + 76	1,814,813 A 15,903,596 B	No, owner
Johan Stern, Vice Chairman	12 (12)	2 (2)	3 (3)	100	365 + 148 + 38	110,000 B	No, owner
Pam Fredman	12 (12)	2 (2)	Not member	100	365 + 38	1,609 B	Yes
Dan Frohm	12 (12)	Not member	3 (3)	100	365 + 74	23,676 B	No, owner
Erik Gabrielson	12 (12)	2 (2)	Not member	100	365 + 38	-	No, owner
Linus Karlsson	11 (12)	2 (2)	Not member	93	365 + 38	-	Yes
Cecilia Lager	11 (12)	Not member	3 (3)	93	365 + 74	37,521 B	Yes
Anne Lenerius	12 (12)	Not member	3 (3)	100	365 + 74	6,892 B	Yes
Magnus Nilsson, CEO	12 (12)	Not member	Not member	100	Employee	82,577 B	No, company
Caroline Sundewall	12 (12)	Not member	3 (3)	100	365 + 74	8,000 B	Yes
<b>Employee representatives</b>							
Martin Afzelius	12 (12)	Not member	Not member	100	Employee	-	No, company
Martin Schubach	12 (12)	Not member	Not member	100	Employee	267 B	No, company
<b>Total</b>				<b>99</b>	<b>4,322</b>		

<sup>1)</sup> Shareholding as of December 31, 2020.

the “grandfather principle”. During the year, the remuneration committee held two meetings during which they adopted their work plan and prepared a proposal for remuneration. During the year the remuneration committee consisted of Carl Bennet, Chairman, Pam Fredman, Erik Gabrielson, Linus Karlsson, and Johan Stern. The guidelines for remuneration to senior officers adopted at the Annual General Meeting 2020 can be found in note 5 in the consolidated financial statements and on the company’s website, [www.elanders.com](http://www.elanders.com) under Corporate Governance. The guidelines for remuneration to senior officers for 2020 and the Board of Director’s proposal for guidelines for 2021 can be found on pages 39–40 in the Annual Report 2020. 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 2020. The auditors reported on the audit of the nine-month report, and the year-end report, the company’s situation with the Code of Corporate Governance and internal control were discussed. The members of the audit committee were Johan Stern, Chairman, Dan Frohm, Cecilia Lager, Anne Lenerius, and Caroline Sundewall.

#### CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is the President of the Group, a member of the Board, and leads the Group’s operations. The Chief Executive Officer’s work is steered by the Companies Act, other laws and regulations, current laws for listed companies including the Code, the articles of association, and the framework established by the Board in, among other things, the CEO instruction. The Chief Executive Officer is authorized to sign for the company in daily management in accordance with the Companies Act as well as sign for all 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 since September 2020 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 118–119.

#### 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

Number of shareholders

3,684

Members of the Board, attendance 2020

99%

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

#### **Risk assessment**

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

#### **Control procedures**

The aim of the control procedures is to ensure that financial reporting is correct and complete and that it is based on the Group's requirements for internal control over financial reporting. Control procedures consist of general and detailed controls and can be both preventive and detective. For instance, the Board continuously follows developments in the operations through monthly reports containing detailed financial information as well as the Chief Executive Officer's comments on operations and result and financial position. Representatives from Group Finance

or Group Internal Control regularly visit the entities within the Group and evaluate internal control and financial reporting. The MD in each subsidiary is responsible for making sure group governance regulations are implemented and followed and that any deviations are reported. Companies in the Elanders Group also make an annual self-assessment of how internal control functions in relation to the Group's goals.

#### **Information and communication**

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

#### **Follow-up**

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

#### **EXTERNAL AUDIT**

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



# SUSTAINABILITY REPORT

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

Sustainability is an integrated part of Elanders' business and strategy and Elanders considers it a responsibility and a business opportunity that provides great opportunities to create value and improve profitability. In 2020 our work was particularly focused on the health and safety of our employees due to the ongoing pandemic, and central guidelines were issued to reduce the spread of COVID-19. At the same time, Elanders invested in Life Cycle Management, including the acquisition of Azalea Global IT AB and collaboration with Universeum.

## SUSTAINABILITY AND OPPORTUNITIES

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

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

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

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

## INTEGRATED SUSTAINABILITY

Elanders' sustainability work covers the Group's entire business model and permeates the company at every level. Sustainability matters are an integrated part of our operations and decision-making with the intent that the Group's impact on the environment is in a positive direction, contribute to positive social development and be a responsible and respectful employer.

## ABOUT THE SUSTAINABILITY REPORT

This Sustainability Report refers to the financial year 2020 and Elanders as the Group appeared at the end of 2020. No acquisitions have occurred during the year that affect the scope of the Sustainability Report.

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

“

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

*Stakeholder dialogue and*

# MATERIALITY ANALYSIS

**STAKEHOLDER DIALOGUE**

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

**MATERIALITY ANALYSIS**

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

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



**ENVIRONMENT AND CLIMATE**

Historically Elanders’ operations have primarily had a direct impact on the environment through noise and solvent emissions into the air, but also lesser emissions into water. As of the acquisition of LGI in 2016 Elanders now has a fleet of around 280 trucks with trailers. This fleet of trucks has a direct impact on the environment through transportation on behalf of customers but how much these trucks are used is largely out of Elanders’ control since customers’ volumes decide how much the fleet of trucks is used. Transportation adds to noise levels, air pollution, acidification, over-fertilization and higher greenhouse effects. Another aspect of Elanders’ climate impact is energy consumption. Energy in facilities is mainly used in manufacturing, heating, lighting and chilling.

**WHAT ELANDERS DOES**

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

Elanders also strives for driving as environmentally conscious as possible, ensuring transportation solutions that are as cost and energy efficient as possible, and to optimize customers transportation. Together with a customer, Elanders also evaluate electric trucks as a potential transport solution.

**The following areas are considered material for Elanders’ environmental work:**

- Materials
- Energy consumption
- Emissions

**The following key ratios have been identified in the area:**

- Percent of renewable electricity
- Carbon dioxide emissions from transportation





**EMPLOYEES**

The Elanders Group has 6,058 employees in some 20 countries. To actively work with human resources is essential since employees that are healthy and motivated contributes to Group development and success on every level.

**WHAT ELANDERS DOES**

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

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

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

**The following key ratios have been identified in the area:**

- Personnel turnover
- Absence due to illness
- Gender distribution



**SOCIAL CONDITIONS AND HUMAN RIGHTS**

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

**WHAT ELANDERS DOES**

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

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

- CSR
- Equal rights



**ETHICS AND ANTI-CORRUPTION**

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

**WHAT ELANDERS DOES**

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

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

- Policies and education

Elanders has zero-tolerance for any type of corruption or bribe, which means the number of incidents concerning corruption is an important key ratio to monitor and the target number is 0.



**ELANDERS’ CODE OF CONDUCT**

Last year Elanders’ updated the Code of Conduct and Anti-Corruption Policy. Elanders’ Code of Conduct stipulates that both Elanders and our employees’ actions and behavior must be characterized by honesty, integrity, personal responsibility, sincerity, loyalty and respect for others and the environment. The Code of Conduct comprises all employees, the Board and other persons that act on Elanders’ behalf. Elanders’ Code of Conduct also comprises suppliers and business partners to ensure that the code has an impact throughout the entire value chain.

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

**ENVIRONMENT AND CLIMATE**

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

During the year we continued to work on reducing our environmental impact, everything from measures to reduce energy consumption and greenhouse gas emissions to generating less hazardous waste. Each company in the Group is responsible for its own environmental and quality work to meet local regulations and the quality and environmental reviews initiated by Elanders’ customers. A previous example that demonstrates good results from this work, and which is still being evaluated, comes from LGI. Together with our customer Porsche, Elanders invested in a completely new electrical truck that daily transports components from our warehouse in Freiberg, Germany to Porsche’s production plant. Changing to an electrical truck reduces emissions by more than 30 tons annually and is a milestone on the road to more environmentally friendly logistics at Elanders.

**Material**

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

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

**Energy consumption**

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

Elanders primarily uses electricity and natural gas. When making new investments, Elanders selects the best possible technique from an energy efficiency perspective. For instance, a large number of forklifts in the Group’s warehouses and printing plants are electric.

Percentage of renewable electricity	2020	2019	2018
All operations	46.2	40.3	41.1

The percentage of electricity consumed by the Group that comes from renewable sources have increased compared to last year. During the year the work to save energy has continued, among other things, through the installation of LED lighting in production space and offices, less energy used in relation to machine hours as well as the implementation of energy efficient electronic equipment and systems for monitoring and controlling energy consumption.



**Elanders’ Code of Conduct and Anti-Corruption Policy**

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

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

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

## Emissions

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

Progress is continually being made in different areas to reduce the negative effects of transportation in Elanders, particularly in business area Supply Chain Solutions with its fleet of around 280 trucks. Utilization of this fleet is to a large extent steered by customer volumes and the kind of transportation a customer need. However, we strive for driving as environmentally friendly as possible, transportation solutions that are as cost and energy-efficient as possible, and to optimize our customers’ transportation. As a result of continuously upgrading the fleet, Elanders has drastically lowered carbon dioxide emissions. In 2020, 99 percent (99 percent) of our trucks complied with the Euro 6 norm of a maximum of 80 mg/km NOx emissions. A consequence of this high standard has been a dramatic reduction in fuel consumption in the past few years. Elanders also works continuously to streamline transportation, thereby reducing environmental impact. Efficient motors, well-developed GPS systems, driver training, and awarding the most fuel-efficient drivers are all activities that contribute to reducing fuel consumption.

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

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

Using solvents also causes emissions of VOC (Volatile Organic Compounds). Elanders continually looks for ways to reduce the environmental impact of these emissions without affecting product quality negatively, for example through more efficient methods that reduce consumption or by switching to less volatile alternatives. An example during 2021, is the investment in a new digital press with new technology that means lower emissions of VOC and ozone as well as significantly lower energy consumption.

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

Emissions	2020	2019	2018
Average carbon dioxide emissions per 100 km, tons	0.073	0.075	0.073
Average fuel consumption per 100 km, liters	32.70	32.55	33.91

Average carbon dioxide emissions per 100 km, tons is a new key ratio compared to last year when average carbon dioxide emissions per truck, tons was presented. This key ratio is believed to provide a better view of average carbon dioxide emissions from operations over time since it is not linked to the number of trucks in use.

Fuel consumption per 100 km has increased slightly compared to 2019 due to factors such as that new trucks were not been run in yet, more traffic with more stops and fewer trucks were replaced than planned due to COVID-19. Measures to reduce fuel consumption were taken in 2019 such as gradual replacement of batteries, individual follow-up and driver training as well as implementing bonus programs connected to fuel consumption. This work is continuous.

## LIFE CYCLE MANAGEMENT

In Life Cycle Management Elanders has taken the initiative to create more climate friendly services. There is a huge sustainability factor in extending the life of, and reusing, equipment before it is finally recycled since most of a product’s environmental impact comes from producing it. In the service area Renewed Tech for IT equipment Elanders annually handles around 70,000 obsolete units like computers, monitors, servers and other computer accessories. IT equipment is picked up from our customers and each unit is inspected, refurbished and all data, for example, company information and personal data are wiped. Then the products are sold on the second-hand market. Equipment and parts that cannot be reused are properly recycled. Refurbishing equipment can double the product’s lifetime, generating considerable carbon dioxide savings.

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

During the year Elanders acquired the Swedish company Azalea Global IT AB which is specialized in recovering IT equipment. They manage the entire chain from purchasing used IT equipment and refurbishing and resetting it, to then selling it to a network of customers. The acquisition of Azalea is a part of Elanders’ investments within sustainable services that contribute to a circular economy.



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

**EMPLOYEES**

Through a number of acquisitions around the world, the number of employees has more than quadrupled in recent years. The majority of the increase in employees came through the acquisitions of Mentor Media in 2014 and LGI in 2016. Elanders’ companies are to a large degree autonomous and follow the valid laws and regulations in their respective countries and regions. Nonetheless, it is important to have a set of common values within the Group in order to achieve a stable value foundation. These values are communicated to the employees through our Code of Conduct, which was updated in 2019. At the end of the year, 6,058 people were employed in some 20 countries on four continents.

Personnel turnover %	2020	2019	2018
All employees	18.5	24.1	39.8

The rate of personnel turnover has decreased compared to the previous year due to fewer temporary and seasonal staff. However, temporary and seasonal staff continue to contribute to a relatively high rate of turnover. The figures for personnel turnover in 2018 also include the staffing operations in our previous subsidiary LOGworks GmbH, which was divested at the end of 2018 and contributed to higher personnel turnover.

**Health and safety**

Employees are Elanders’ greatest asset and health and safety have the highest priority. A healthy and secure work environment leads to healthy employees that work safely, are more productive, and contribute to society at large. Elanders has a zero vision concerning injuries at the workplace and we work continuously on reducing risks that can lead to serious injuries. Elanders’ policy concerning the work environment is

found in the Group’s Code of Conduct, where guidelines concerning the identification, management, and prevention of potential safety risks and emergencies are described in order to promote a good working environment and reduce the risk of injuries and illness. It is the responsibility of each company’s management that these rules are followed by formulating and communicating guidelines and policies adapted to their specific work environment.

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

There are many good examples in Elanders of how the work environment has been prioritized. Midland Information Resources in the USA, which is part of Print & Packaging Solutions, received an award 19 times in the “Best Workplace in the Americas (BWA)” awards competition which was held until 2019. The jury judges companies based on criteria such as the work environment, health programs, safety instructions, and how well employees can create a good balance between work and leisure. In Germany, where most of Elanders’ employees are, the majority of employees have a common company employee policy and all employees are offered risk insurance, Benefit Card with a tax subsidy and annual health checks, among other things.

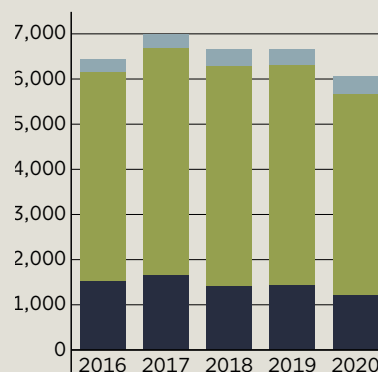
In 2020, our work was particularly focused on the health and safety of our employees due to the ongoing pandemic, and central guidelines were issued to reduce the spread of COVID-19. Preventative measures include working from home when possible, measuring temperatures before allowing entrance to offices and plants for both employees and guests, minimizing trips and holding digitalized meetings. In 2020, Elanders, via the subsidiary Mentor Media, has donated one million surgical masks, and 100,000 face shields and isolation gowns to different hospitals in Singapore. It was part of a joint initiative, SG United Initiative, where Mentor Medias’ role was to provide personal protection equipment to the hospitals and other companies provided the logistics around it.

**LOWER CARBON DIOXIDE EMISSIONS**



As a result of continuously upgrading the fleet, Elanders has drastically lowered carbon dioxide emissions during the last years.

**NUMBER OF EMPLOYEES PER REGION**



● North- and South America ● Europe ● Asia

Absence due to illness %	2020	2019	2018
All employees	5.5	6.2	5.6
Short-term absence	4.0	5.2	4.9
Long-term absence	1.5	1.0	0.7

Absence due to illness has dropped compared to last year, primarily due to COVID-19 since short-term work meant decreased number of absence days due to lower presence at the workplaces. The increase in long-term absence is primarily related to COVID-19.

### Equality, equal opportunity, and diversity

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

Gender division, %	2020 Men/ women	2019 Men/ women	2018 Men/ women
All employees	65/35	66/34	66/34
Middle management	74/26	74/26	71/29
Group Management	100/0	100/0	100/0
Board of Directors	60/40	60/40	60/40

### SOCIAL CONDITIONS AND HUMAN RIGHTS CSR

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

One example is how Elanders in the USA has supported *The United Way of the Quad Cities* for many years. The organization helps city residents through activities that improve their health and increase their financial stability, and by providing education. In 2020, as in previous years, we sponsored a campaign where for a week Elanders employees focused on contributing as much as possible to the organization through diverse activities, events and collections. Another example is support for the program Rede Cultural Beija-Flor for vulnerable children in Brazil through financial aid, printed material and internships to give children a better start and reduce the number of street kids in the area.

### Pratham for better education

Together with around ten other Swedish companies, Elanders initiated a collaboration with the organization *Pratham Education Foundation* in 2017. The innovative education organization was started in 1995 to improve the quality of education in India. Pratham has become one of the largest charitable organizations in the world today. Its founding prin-

ciple is to help as many children as possible to achieve higher levels of knowledge through education programs that take into consideration the gaps in the Indian educational system. Pratham’s educational methods, which are based on the student’s actual level of knowledge, have been formed and developed together with researchers Esther Duflo, Ahijit Banerjee, and Michael Kremer who have carried out several field studies on Pratham’s work. They were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2019 for their work in this area.

The project was severely affected in 2020 by the Coronavirus pandemic, which has affected India hard. Pratham has worked intensively to keep in touch with the children and villages to ensure that the students continued to receive an education. The work has largely been online, where children have had homework sent to their parents’ or siblings’ cell phones and later submitted it, or presented it in a video conversation. During the period July to September, around 3,000 volunteers were recruited in Assam and West Bengal who enabled more than 400 villages to continue participating in Pratham’s activities.

### Fair conditions

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

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

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

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

### Sustainability initiative

One acclaimed initiative in Sweden is *Win Win Gothenburg Sustainability Award* (previously The Gothenburg Award for Sustainable Development) where Elanders is one of thirteen organizations that contribute to the prize sum. Some of the more well-known laureates are Gro Harlem Brundtland (2002), Al Gore (2008), and Kofi Annan (2011). In 2020 it was awarded to IPBES – *The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services*. IPBES is an independent organ that works globally to promote the preservation and sustainable usage of nature, plants, and animals. IPBES has played an important role in identifying, communicating, and driving the work on threats against biodiversity.



**ETHICS AND ANTI-CORRUPTION**

Elanders' reputation, ethical behavior, and trustworthiness are highly valued by the Group and its customers and any kind of corruption could impact the Group's image very negatively. Elanders follows applicable laws and regulations locally and internationally regarding both ethical rules and corruption. The Group's Anti-Corruption Policy "*Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy*", was updated in 2019. The policy, which contains guidelines for handling corruption, fraud and money laundering, describes the way Group employees should relate to customers, suppliers, other stakeholders, and society in general. It clearly states that Elanders has absolutely zero tolerance for any kind of fraud, bribes, or other actions that create unfair advantages, and which transgress against Elanders' policy, local laws and regulations, industry standards, and ethics codes in the countries the Group is active in. Employees may not accept, be promised, demand, or swindle any kind of advantages in connection with their position in the company. The policy also states that all employees are obliged to comport themselves with integrity and ensure that they understand and follow Group guidelines. The policy also contains instructions on how to report any irregularities or deviations from the policy.

The updated Anti-Corruption Policy was communicated at the end of 2019 together with a course via e-learning for Group employees. In 2020, a total of 77 percent of all white-collar workers at Elanders completed the course. Employees will continue the courses during 2021, when classroom training will also be evaluated. This was postponed due to COVID-19. There will be annual follow-ups to ensure that all employees in the Group have completed the anti-corruption course.

No incidents of fraud, corruption, bribes, or money laundering have been reported in 2020.

**THE EU GENERAL DATA PROTECTION REGULATION (GDPR)**

GDPR became law in 2018 and is intended to protect individuals' basic rights, which is a human right. At the end of 2019, Elanders therefore produced a course to ensure that employees are knowledgeable about, and act in accordance with, the stipulations of GDPR. In 2020, a total of 75 percent of all white-collar workers at Elanders completed the course. Employees will continue the courses during 2021, when classroom training will also be evaluated. This was postponed due to COVID-19. Courses will continue in 2021 and there will be annual follow-ups to ensure that all employees have been trained in GDPR.

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

*UN's sustainable*

## DEVELOPMENT GOALS

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



**4** QUALITY EDUCATION

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

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



**8** DECENT WORK AND ECONOMIC GROWTH

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

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



**5** GENDER EQUALITY

**Achieve gender equality and empower all women and girls.**

**Reduce income inequality within and among countries.**

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



**10** REDUCED INEQUALITIES



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

**Ensure sustainable consumption and production patterns.**



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

Solutions for streamlining and consolidating material flows and deliveries contribute significantly to reducing our customers' environmental impact. An important part of our offer is Life Cycle Management where we help our customers in every phase of a product's life cycle.

For instance, we handle returns of worn-out IT-equipment when delivering new products to the customer, recycling computers, monitors and printers and restoring products for reuse on behalf of our customers in a sustainable way.

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



**13** CLIMATE ACTION

**Take urgent action to combat climate change and its impacts.**

Reducing energy consumption is fundamental when Elanders makes new investments.

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

*Elanders creates value through the*

# SUSTAINABLE VALUE CHAIN

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

## ORGANIZATION

### Sustainability aspects:

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

### How Elanders creates value:

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

### Elanders' power to have an impact: HIGH

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

## PROCUREMENT & INBOUND SERVICES

### Sustainability aspects:

- Sustainable resource solutions
- Warehousing efficiency

### How Elanders creates value:

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

### Elanders' power to have an impact: MEDIUM

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

## LIFE CYCLE MANAGEMENT

### Sustainability aspects:

- Waste, recycling and reuse
- Carbon dioxide emissions

### How Elanders creates value:

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

### Elanders' power to have an impact: HIGH

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



**PRODUCTION & ASSEMBLY**

**Sustainability aspects:**

- Materials and chemicals in products
- Energy consumption and energy use
- Social conditions, human rights, ethics, and anti-corruption

**How Elanders creates value:**

- Our goal is to eliminate the use of aromatic solvents and reduce paper waste through print-on-demand.
- Lower energy consumption and using as much renewable electricity as possible.
- Elanders’ Code of Conduct and Anti-corruption Policy comprise all employees, suppliers, and business partners. All business in Elanders is conducted with social responsibility and ethics.

**Elanders’ power to have an impact: MEDIUM**

*Elanders works systematically to reduce our environmental impact and develop products, services, and processes in order to achieve optimal quality without compromising on sustainability aspects.*



**ORDER MANAGEMENT AND DISTRIBUTION & OUTBOUND SERVICES**

**Sustainability aspects:**

- Carbon dioxide emissions
- Transportation efficiency

**How Elanders creates value:**

- Lower fuel consumption through efficient motors, well-developed GPS systems and continuous driver training. Using trucks that comply with the Euro 6 norm of a maximum of 80 mg/km NOx emissions.
- Cost-effective transport solutions that optimize customers’ transportation.

**Elanders’ power to have an impact: MEDIUM**

*Transportation on behalf of customers is out of Elanders’ hands since the utilization of our fleet of trucks is steered by customer volumes and the kind of transportation customers need. However, we strive to ensure driving as environmentally friendly as possible, realize the most cost and energy effective transportation solutions possible and optimize our customers’ transportation. For example, we already help customers with transport by rail instead of by boat from Asia.*

## INCOME STATEMENTS

MSEK	Note	2020	2019
Net sales	2, 3	11,050.1	11,254.1
Cost of products and services sold		-9,478.5	-9,779.9
<b>Gross profit</b>		<b>1,571.6</b>	<b>1,474.2</b>
Selling expenses		-317.4	-350.4
Administrative expenses		-733.0	-794.3
Other operating income	4	68.6	63.2
Other operating expenses	4	-43.9	-34.1
<b>Operating result</b>	5, 6, 7, 27	<b>545.9</b>	<b>358.7</b>
Financial income	8	27.2	31.3
Financial expenses	8	-159.1	-174.4
<b>Result after financial items</b>		<b>414.0</b>	<b>215.6</b>
Taxes	9	-122.2	-62.7
<b>Result for the year</b>		<b>291.9</b>	<b>152.9</b>
Result for the year attributable to			
- parent company shareholders		287.1	148.2
- non-controlling interests		4.8	4.7
Earning per share, SEK <sup>1)</sup>	10	8.12	4.19

<sup>1)</sup> There have been no dilution effects.

## STATEMENTS OF COMPREHENSIVE INCOME

MSEK	2020	2019
<b>Result for the year</b>	<b>291.9</b>	<b>152.9</b>
<i>Items that not will be reclassified to the income statement</i>		
Actuarial gains/losses on defined benefit pensions plans	-8.9	-14.5
Tax effect on actuarial gains/losses on defined benefit pensions plans	2.6	4.4
<i>Items that will be reclassified to the income statement</i>		
Translation differences	-224.9	66.7
Change in fair value of the hedge of the net investment abroad	15.7	-13.7
Tax effect on the change in fair value of the hedge of net investments abroad	-3.2	2.8
<b>Other comprehensive income</b>	<b>-218.7</b>	<b>45.7</b>
<b>Total comprehensive income for the year</b>	<b>73.2</b>	<b>198.6</b>
Total comprehensive income attributable to		
- parent company shareholders	69.5	194.1
- non-controlling interests	3.7	4.5



## STATEMENTS OF CASH FLOW

MSEK	Note	2020	2019
<b>Operating activities</b>			
Result after financial items		414.0	215.6
Adjustments for items not included in cash flow	12	892.3	1,131.0
Paid taxes	9	-41.8	-114.2
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,264.5</b>	<b>1,232.5</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventory		76.8	150.7
Increase (-)/decrease (+) in operating receivables		326.3	116.5
Increase (+)/decrease (-) in operating payables		57.7	-163.0
<b>Cash flow from operating activities</b>		<b>1,725.3</b>	<b>1,336.7</b>
<b>Investing activities</b>			
Investments in intangible and tangible assets	13, 14	-92.7	-142.8
Divestment of tangible assets	14	5.7	9.9
Acquired and divested operations	28	-29.5	-5.0
Change in long-term receivables		0.8	-1.6
<b>Cash flow from investing activities</b>		<b>-115.7</b>	<b>-139.5</b>
<b>Financing activities</b>			
Amortization of borrowing debts	22	-166.8	-139.0
Amortization of lease liabilities	22	-657.9	-680.6
Other changes in interest-bearing liabilities	12, 22	-292.7	-332.9
Dividend to shareholders		-	-104.0
Transactions with shareholders with non-controlling interest		57.6	-25.0
<b>Cash flow from financing activities</b>		<b>-1,059.8</b>	<b>-1,281.5</b>
<b>Cash flow for the year</b>		<b>549.9</b>	<b>-84.4</b>
Cash and cash equivalents at the beginning of the year		655.2	722.4
Translation difference in cash and cash equivalents		-103.7	17.2
<b>Cash and cash equivalents at year-end</b>	19	<b>1,101.4</b>	<b>655.2</b>
<b>Change in net debt</b>			
Net debt at the beginning of the year		3,960.5	2,538.7
Effect of applying IFRS 16 at the beginning of the period		-	2,043.0
Translation difference		-98.4	93.0
Acquired and divested operations		16.9	-
Changes with cash effect		-1,556.4	-1,062.0
Changes with no cash effect		531.5	347.8
<b>Net debt at year-end</b>		<b>2,854.0</b>	<b>3,960.5</b>
<b>Operating cash flow</b>			
Cash flow from operating activities excl. financial items and paid tax		1,899.0	1,594.0
Net investments		-115.7	-139.6
<b>Operating cash flow</b>	11	<b>1,783.3</b>	<b>1,454.4</b>

## STATEMENTS OF FINANCIAL POSITION

MSEK	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	13	3,084.9	3,229.0
Tangible assets	14, 26	518.7	621.1
Right-of-use assets	15	1,736.8	1,864.7
Investments in associated companies	16	-	3.9
Deferred tax assets	9	286.5	294.9
Other financial assets		10.5	12.5
<b>Total fixed assets</b>		<b>5,637.3</b>	<b>6,026.1</b>
<b>Current assets</b>			
Inventory	17	232.9	335.3
Accounts receivable	20	1,343.5	1,740.4
Current tax receivables	9	22.0	88.4
Other receivables		101.2	111.2
Prepaid expenses and accrued income	18	200.8	248.8
Cash and cash equivalents	19	1,101.4	655.2
<b>Total current assets</b>		<b>3,001.8</b>	<b>3,179.3</b>
<b>Total assets</b>		<b>8,639.1</b>	<b>9,205.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity attributable to parent company shareholders	21	2,887.0	2,777.0
Equity attributable to non-controlling interests		20.9	-
<b>Total equity</b>		<b>2,907.8</b>	<b>2,777.0</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Lease liabilities	20, 22	1,180.0	1,258.8
Other interest-bearing liabilities	20, 22, 26	1,980.7	2,214.2
Provisions for post-employment benefits	23	107.7	105.8
Other provisions	24	19.4	29.3
Deferred tax liabilities	9	168.4	185.3
<b>Total long-term liabilities</b>		<b>3,456.2</b>	<b>3,793.4</b>
<b>Short-term liabilities</b>			
Lease liabilities	20, 22	608.7	639.3
Other interest-bearing liabilities	20, 22, 26	78.3	397.7
Accounts payable	20	641.7	677.5
Current tax liabilities	9	71.4	51.1
Other liabilities		118.8	121.3
Accrued expenses and deferred income	25	595.4	591.1
Other provisions	24	160.8	157.0
<b>Total short-term liabilities</b>		<b>2,275.1</b>	<b>2,635.0</b>
<b>Total equity and liabilities</b>		<b>8,639.1</b>	<b>9,205.4</b>

## STATEMENTS OF CHANGES IN EQUITY

MSEK	Equity attributable to parent company shareholders				Equity of non-controlling interest	Total equity
	Share capital	Other contributed capital	Retained earnings	Total		
<b>Opening balance on 1 Jan. 2019</b>	<b>353.6</b>	<b>1,275.6</b>	<b>1,067.8</b>	<b>2,697.0</b>	<b>10.4</b>	<b>2,707.4</b>
Dividend to shareholders	-	-	-102.5	-102.5	-1.4	-104.0
Transactions with shareholders with non-controlling interest	-	-	-11.9	-11.9	-13.0	-25.0
Result for the year	-	-	148.2	148.2	4.7	152.9
Other comprehensive income	-	-	46.0	46.0	-0.2	45.7
<b>Closing balance on 31 Dec. 2019</b>	<b>353.6</b>	<b>1,275.6</b>	<b>1,147.7</b>	<b>2,777.0</b>	<b>-</b>	<b>2,777.0</b>
Transactions with shareholders with non-controlling interest	-	-	40.5	40.5	17.2	57.5
Result for the year	-	-	287.1	287.1	4.8	291.9
Other comprehensive income	-	-	-217.6	-217.6	-1.1	-218.7
<b>Closing balance on 31 Dec. 2020</b>	<b>353.6</b>	<b>1,275.6</b>	<b>1,257.7</b>	<b>2,887.0</b>	<b>20.9</b>	<b>2,907.8</b>

Retained earnings include other reserves amounting to MSEK 56.6 (267.9).

## 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 2020 were approved by the Board and will be presented to the Annual General Meeting on 28 April 2021 for adoption.

### Accounting principles

#### Financial reporting

The Group has prepared the annual accounts according to the Annual Accounts Act, the EU approved International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as of 31 December 2020. In addition, the Group follows the Swedish Financial Reporting Board Recommendation RFR 1 Supplemental Accounting Regulations for Groups, which specifies the additions to IFRSs information that are required according to the provisions in the Annual Accounts Act. In group accounting all items are valued at acquisition value, unless otherwise specified. The Group reports in Swedish krona. All amounts are given in millions of Swedish krona, unless otherwise specified. The following is a description of the accounting principles considered elemental.

#### Consolidation

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

#### Associated companies

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

#### Business combinations

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

### Revenue recognition

Revenue is reported on delivery if ownership has been transferred to the buyer. Net sales represent the sales value less VAT, returns and discounts. Service contracts are normally recognized when final delivery is made, or when contractual partial deliveries are made. Net sales include product and service sales. Since all products are essentially integrated parts of service deliveries to customer, a split of revenues into products and services is not meaningful. Furthermore, there are no significant revenues from interests, royalties, rents or dividends.

### Lease agreements

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

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

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

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

Elanders leases mainly comprise of right-of-use assets for premises, machinery and equipment and vehicles. Short-term leases and leases for which the underlying 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.

### 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

## NOTE 1 - ACCOUNTING PRINCIPLES (CONT.)

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.

**Remuneration to employees**

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

*Defined contribution plans*

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

*Defined benefit plans*

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

**Government grants**

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

**Taxes**

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

**Earnings per share**

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

**Tangible assets**

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

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

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

**Intangible assets***Goodwill*

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

*Other intangible assets*

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



## NOTE 1 - ACCOUNTING PRINCIPLES (CONT.)

**Impairment losses**

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

**Inventory**

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

**Financial instruments**

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

*Calculation of fair value for financial instruments*

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

*Amortized cost*

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

*Offsetting financial assets and liabilities*

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

*Cash and cash equivalents*

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

*Accounts receivable*

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

*Long-term receivables, current receivables and other receivables*

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

*Derivative instruments*

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

**NOTE 1 - ACCOUNTING PRINCIPLES (CONT.)***Accounts payable*

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

*Other financial liabilities*

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

**Provisions**

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

**Reporting on segments**

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

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

**Alternative performance measures**

The Annual report includes alternative performance measures for monitoring the Group's operations. Alternative performance measures are performance measures that not have been defined by IFRS. For reconciliation of the primary alternative performance measures and financial definitions, see pages 112-114.

**Important estimations and assessments**

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

**Goodwill and trademarks**

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

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

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

**Valuation of tax loss carry forwards**

Deferred tax assets concerning tax loss carry forwards reported by the Group amount to MSEK 160 (171) per 31 December 2020. The recorded value of these tax assets have been tested at year-end and it is deemed probable that these can be set off against taxable gains. The tax assets primarily refer to Swedish tax loss carry forwards that can be utilized for an unlimited amount of time. The Group's Swedish operations have historically been profitable and are expected to generate a substantial surplus in the future. Elanders therefore believes it is safe to say that it will be possible to set off the deficit deduction which the tax assets stem from, against future taxable surpluses.

**New standards, amendments and interpretations of existing standards****Standards, amendments and interpretations of existing standards that came into effect during 2020**

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

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

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

## NOTE 2 - SEGMENT REPORTING

The two business areas are reported as reportable operating segments, since this is how the Group is governed and the President has been identified as the highest executive decision-maker. The operations within each reportable 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 are made on market terms.

## REPORTING BY SEGMENT

MSEK	Supply Chain Solutions		Print & Packaging Solutions	
	2020	2019	2020	2019
Net sales	8,408.4	8,774.8	2,727.3	2,563.9
Operating expenses	-7,974.1	-8,555.9	-2,579.9	-2,390.1
<b>Operating result</b>	<b>434.3</b>	<b>218.8</b>	<b>147.4</b>	<b>173.8</b>
Net financial items	-	-	-	-
<b>Result before tax</b>	<b>434.3</b>	<b>218.8</b>	<b>147.4</b>	<b>173.8</b>
Investments	570.7	449.2	69.8	119.5
Depreciation and amortization	-738.4	-770.1	-143.9	-154.9
Goodwill	1,437.3	1,450.2	975.9	1,030.0
Trademarks with indefinite useful life	384.2	399.3	-	-

MSEK	Group functions		Eliminations		The Group	
	2020	2019	2019	2019	2020	2019
Net sales	40.4	37.7	-126.0	-122.4	11,050.1	11,254.1
Operating expenses	-76.2	-71.6	126.0	122.4	-10,504.2	-10,895.3
<b>Operating result</b>	<b>-35.8</b>	<b>-33.9</b>	<b>-</b>	<b>-</b>	<b>545.9</b>	<b>358.7</b>
Net financial items	-131.9	-143.1	-	-	-131.9	-143.1
<b>Result before tax</b>	<b>-167.7</b>	<b>-177.1</b>	<b>-</b>	<b>-</b>	<b>414.0</b>	<b>215.6</b>
Investments	1.0	3.0	-	-	641.4	571.7
Depreciation and amortization	-2.4	-1.6	-	-	-884.7	-926.6
Goodwill	-	-	-	-	2,413.3	2,480.2
Trademarks with indefinite useful life	-	-	-	-	384.2	399.3

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

## NOTE 2 - SEGMENT REPORTING (CONT.)

## SALES BY GEOGRAPHIC AREA

MSEK	2020	2019
Germany	4,565.4	4,947.0
USA	2,172.7	1,213.8
Singapore	1,586.6	1,849.9
China	665.5	682.7
Sweden	333.2	371.2
United Kingdom	314.6	396.2
Hungary	230.4	280.1
Switzerland	207.6	241.7
Poland	162.2	169.0
Netherlands	101.2	182.6
Other countries	710.7	919.9
<b>Total</b>	<b>11,050.1</b>	<b>11,254.1</b>

## FIXED ASSETS BY GEOGRAPHIC AREA

MSEK	2020	2019
Germany	2,025.4	2,093.7
Sweden	204.8	217.3
Czech Republic	106.5	133.8
USA	94.6	151.2
Singapore	81.9	161.9
Poland	77.2	94.5
United Kingdom	65.1	89.5
Hungary	44.9	39.2
China	41.9	48.0
India	28.1	37.8
Other countries	59.1	63.1
<b>Total</b>	<b>2,829.4</b>	<b>3,130.1</b>

Fixed assets above include other intangible assets, tangible fixed assets, right-of-use assets as well as deferred tax assets. Goodwill and trademarks with indefinite useful life of MSEK 2,797 (2,880) have not been divided geographically since they are based on segments.

**Information concerning the Group's largest customers**

In 2020 sales to the Group's largest customer represent 14 (16) percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements. One other customer exceeded

10 percent of total net sales. The three largest customers are mainly attributable to the segment Supply Chain Solutions. The Group's ten largest customers together represents 55 (58) percent of total net sales.

## NOTE 3 - DISAGGREGATION OF REVENUE

Revenue has been divided into geographic markets, main revenue streams and customer segments since these are the categories the Group uses to present and analyze revenue in other contexts. Income for each category is presented per reportable 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 custom-

ers 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.

MSEK	Supply Chain Solutions		Print & Packaging Solutions		Total	
	2020	2019	2020	2019	2020	2019
Total net sales	8,408.4	8,774.8	2,727.3	2,563.9	11,135.7	11,338.7
Less: net sales to group companies	-28.2	-26.0	-57.4	-58.6	-85.6	-84.7
<b>Net sales</b>	<b>8,380.2</b>	<b>8,748.8</b>	<b>2,669.9</b>	<b>2,505.3</b>	<b>11,050.1</b>	<b>11,254.1</b>

MSEK	Supply Chain Solutions		Print & Packaging Solutions		Group	
	2020	2019	2020	2019	2020	2019
<b>Customer segments</b>						
Automotive	1,706.4	2,080.9	318.7	395.6	2,025.1	2,476.5
Electronics	3,183.6	3,715.0	57.2	49.6	3,240.7	3,764.6
Fashion & Lifestyle	1,295.9	1,261.3	1,063.3	750.7	2,359.2	2,012.0
Health Care & Life Science	863.3	244.0	59.6	54.7	922.9	298.7
Industrial	944.9	995.4	620.9	681.5	1,565.8	1,677.0
Other	386.1	452.1	550.2	573.2	936.3	1,025.3
<b>Net sales</b>	<b>8,380.2</b>	<b>8,748.8</b>	<b>2,669.9</b>	<b>2,505.3</b>	<b>11,050.1</b>	<b>11,254.1</b>
<b>Main revenue streams</b>						
Sourcing and procurement services	2,757.3	2,679.3	-	-	2,757.3	2,679.3
Freight and transportation services	2,116.4	2,388.4	735.9	419.6	2,852.3	2,808.0
Other contract logistics services	3,249.0	3,400.7	351.0	360.6	3,600.0	3,761.3
Other work/services	257.4	280.4	1,583.0	1,725.1	1,840.4	2,005.5
<b>Net sales</b>	<b>8,380.2</b>	<b>8,748.8</b>	<b>2,669.9</b>	<b>2,505.3</b>	<b>11,050.1</b>	<b>11,254.1</b>



## NOTE 3 - DISAGGREGATION OF REVENUE (CONT.)

MSEK	Supply Chain Solutions		Print & Packaging Solutions		Group	
	2020	2019	2020	2019	2020	2019
<b>Geographic markets</b>						
<i>Europe</i>						
Germany	3,772.7	4,104.1	792.7	842.9	4,565.4	4,947.0
Sweden	324.4	360.8	8.9	10.4	333.2	371.2
United Kingdom	60.1	86.1	254.5	310.1	314.6	396.2
Hungary	188.8	249.5	41.6	30.6	230.4	280.1
Switzerland	160.2	172.1	47.4	69.6	207.6	241.7
Poland	40.0	30.1	122.2	138.9	162.2	169.0
Netherlands	80.3	163.5	20.9	19.1	101.2	182.6
Other countries	228.4	249.3	193.7	220.4	422.0	469.7
<b>Europe total</b>	<b>4,854.7</b>	<b>5,415.4</b>	<b>1,481.9</b>	<b>1,642.1</b>	<b>6,336.6</b>	<b>7,057.4</b>
<i>Asia</i>						
Singapore	1,586.3	1,849.3	0.3	0.6	1,586.6	1,849.9
China	662.8	679.6	2.7	3.1	665.5	682.7
India	74.6	113.0	0.4	0.6	74.9	113.7
Other countries	101.2	244.3	21.1	7.4	122.3	251.8
<b>Asia total</b>	<b>2,424.9</b>	<b>2,886.3</b>	<b>24.4</b>	<b>11.8</b>	<b>2,449.3</b>	<b>2,898.0</b>
<i>North and South America</i>						
USA	1,022.2	377.7	1,150.6	836.1	2,172.7	1,213.8
Other countries	71.0	60.8	8.0	8.8	78.9	69.6
<b>North and South America total</b>	<b>1,093.1</b>	<b>438.5</b>	<b>1,158.5</b>	<b>844.9</b>	<b>2,251.6</b>	<b>1,283.4</b>
<b>Other</b>	<b>7.5</b>	<b>8.6</b>	<b>5.0</b>	<b>6.6</b>	<b>12.5</b>	<b>15.2</b>
<b>Net sales</b>	<b>8,380.2</b>	<b>8,748.8</b>	<b>2,669.9</b>	<b>2,505.3</b>	<b>11,050.1</b>	<b>11,254.1</b>

## NOTE 4 - OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

## OTHER OPERATING INCOME

MSEK	2020	2019
Exchange rate gains	15.6	12.3
Gains from the sales of fixed assets	4.1	1.9
Insurance compensations	8.0	12.3
Income from sales of coupons	0.0	3.6
Other	40.8	33.2
<b>Total</b>	<b>68.6</b>	<b>63.2</b>

## OTHER OPERATING EXPENSES

MSEK	2020	2019
Result from investments in associated companies	-3.8	-3.0
Exchange rate losses	-30.1	-9.8
Losses from the sales of fixed assets	-5.3	-8.1
Other	-4.7	-13.1
<b>Total</b>	<b>-43.9</b>	<b>-34.1</b>

## NOTE 5 - PERSONNEL

## AVERAGE NUMBER OF EMPLOYEES

	Women		Men		Total	
	2020	2019	2020	2019	2020	2019
<b>Parent company</b>						
Sweden	4	5	6	6	10	11
<b>Subsidiaries</b>						
Germany	842	887	2,309	2,532	3,151	3,419
China	435	481	153	181	588	661
Singapore	237	254	298	329	536	583
Hungary	129	123	203	204	332	327
Czech Republic	143	138	179	188	322	326
Poland	64	60	246	272	310	332
USA	162	155	146	148	308	303
India	23	25	170	183	193	208
United Kingdom	46	48	140	152	186	199
Sweden	36	42	96	99	133	141
Netherlands	6	5	45	42	50	46
Brazil	21	24	25	25	46	49
Austria	10	12	34	32	43	44
Italy	14	11	8	9	22	20
Mexico	10	10	9	9	19	19
Taiwan	4	4	1	1	5	5
Romania	3	1	1	-	4	1
Russia	-	-	2	2	2	2
France	-	-	1	-	1	-
<b>Total</b>	<b>2,189</b>	<b>2,284</b>	<b>4,072</b>	<b>4,412</b>	<b>6,260</b>	<b>6,696</b>

## SALARIES AND OTHER REMUNERATION

	Board and CEO					
	Basic wage incl. other benefits		Variable remuneration		Other employees	
	2020	2019	2020	2019	2020	2019
<b>MSEK</b>						
Parent company	13.9	13.3	5.6	1.5	13.6	11.3
Subsidiaries	25.5	32.2	9.6	14.9	1,988.1	2,253.6
<b>Total</b>	<b>39.3</b>	<b>45.5</b>	<b>15.2</b>	<b>16.4</b>	<b>2,001.7</b>	<b>2,264.8</b>
	Salaries and remuneration		Social security contributions		Pension contributions	
	2020	2019	2020	2019	2020	2019
<b>MSEK</b>						
Parent company	33.0	26.1	12.1	9.8	5.5	6.7
Subsidiaries	2,023.2	2,300.6	379.2	404.3	29.3	32.8
<b>Total</b>	<b>2,056.2</b>	<b>2,326.7</b>	<b>391.3</b>	<b>414.1</b>	<b>34.8</b>	<b>39.5</b>

## NOTE 5 - PERSONNEL (CONT.)

## GENDER DISTRIBUTION IN MANAGEMENT

	Women		Men		Total	
	2020	2019	2020	2019	2020	2019
Board members	4	4	6	6	10	10
Group Management	-	-	7	7	7	7
Supervisors	88	77	253	219	341	296

The Board also includes two employee representatives.

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

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

For allocation of the remuneration to the board members see page 46. In the amount for Other senior officers the remuneration to one of the persons refers to 9 months.

## REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2019

SEK '000s	Basic wage/ Board remuneration	Variable remuneration	Other benefits	Pension contributions	Total
Chairman of the Board	784	-	-	-	784
Board members (8 persons)	3,420	-	-	-	3,420
Chief Executive Officer	8,996	1,470	117	3,120	13,703
Other senior officers (6 persons)	32,670	12,333	1,047	1,342	47,392
<b>Total remuneration to the Board, CEO and senior officers</b>	<b>45,870</b>	<b>13,803</b>	<b>1,164</b>	<b>4,462</b>	<b>65,299</b>

## NOTE 5 - PERSONNEL (CONT.)

**Basic wage/Board remuneration**

The Chairman of the Board and Board members receive compensation for their participation on the Board and committee work from the total remuneration sum for the Board determined by the Annual General Meeting. Board members and deputies employed in the Group did not receive any fees or benefits in addition to those pertaining to their employment. The Chairman of the Board has not received any compensation other than Board and committee remuneration. Remuneration to the Chief Executive Officer, the former Chief Executive Officer and other senior officers consists of a basic salary, variable remuneration, other benefits and pension. Senior officers are the persons who, together with the Chief Executive Officer, comprised Group Management in 2020.

**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 60 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. Variable remuneration is carried as an expense for the financial year 2020 and is normally paid out in 2021.

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

**Other benefits**

Other benefits refers to housing, company cars etc.

**Pensions**

The Group has both defined benefit and defined contribution pension plans. Pension cost is the cost that affects the result for the year. One former employee and member of Group Management had defined benefit and defined contribution pension plans. The present value of the defined benefit obligation under those plans 31 December 2020 was MSEK 2.2 (2.2) on the balance sheet date. All pensions are fully vested, i.e. there is no dependency on future employment.

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

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

**Financial instruments**

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

**Other remuneration**

No other remunerations have been distributed.

**Severance pay**

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 is 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 2020 based on the remuneration committee's proposals. The Chief Executive Officer has determined the remuneration for other senior officers after consultation with the chairman of the remuneration committee.

Members of the remuneration committee during the year were Carl Bennet, Chairman, Pam Fredman, Erik Gabrielson, Linus Karlsson and Johan Stern. The remuneration committee meets when necessary but at least once a year to prepare proposals for the remuneration of the Chief Executive Officer and agree or disagree to his proposal for remuneration and conditions for senior officers who report directly to him. In addition, the remuneration committee draws up principles for salary levels and employment terms for Group Management. The remuneration committee proposes remuneration, terms and principles to the Board that then decides on these matters. The remuneration committee has met twice in 2020. The committee has been supported by external expertise in matters concerning compensation levels and structures.

## NOTE 6 - FEES TO THE AUDITORS

MSEK	2020	2019
<b>PwC</b>		
Audit assignment	5.5	5.4
Audit-related services	-	0.4
Tax advisory services	-	0.1
Other services	-	-
<b>Other</b>		
Audit assignment	0.8	1.1
Audit-related services	0.0	0.0
Tax advisory services	0.6	0.7
Other services	0.3	0.4
<b>Total</b>	<b>7.2</b>	<b>8.1</b>

Audit assignment is defined as the statutory audit, i.e. the work necessary to produce the auditors' report as well as so called audit consultation given in connection with the audit. The total fee to PwC and its network is MSEK 5.5 (5.9). During the financial year 2020 MSEK 1.3 (1.9) was paid in remuneration to the audit firm PricewaterhouseCoopers AB for the audit assignment and MSEK 0.0 (0.0) for other services.

## NOTE 7 - COSTS CLASSIFIED BY NATURE

MSEK	2020	2019
Costs for goods for resale and other production material	2,736.8	2,893.0
Personnel costs	2,600.1	2,888.3
Freight costs	2,437.5	2,113.6
Other production costs	1,549.5	1,736.0
Costs for depreciation and write-downs	884.7	926.6
Cost for advertising and other selling expenses	74.7	82.9
Other costs	245.4	284.2
<b>Total</b>	<b>10,528.9</b>	<b>10,924.6</b>

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	2020	2019
Interest income	1.6	4.6
Exchange rate gains	25.4	26.4
Other	0.2	0.3
<b>Total</b>	<b>27.2</b>	<b>31.3</b>

## FINANCIAL EXPENSES

MSEK	2020	2019
Interest expenses leasing liabilities	-56.1	-66.7
Interest expenses other liabilities	-53.4	-68.6
Exchange rate losses	-38.5	-30.6
Other	-11.1	-8.5
<b>Total</b>	<b>-159.1</b>	<b>-174.4</b>

## NOTE 9 - TAXES

## RECORDED TAX

MSEK	2020	2019
Current tax on the result for the year	-115.8	-96.7
Withholding tax on dividends and other taxes	-10.5	-11.9
Correction of previous years' current tax expense	-6.6	-2.7
Deferred tax	10.7	48.6
<b>Recorded tax</b>	<b>-122.2</b>	<b>-62.7</b>

## RECONCILIATION OF RECORDED TAX

MSEK	2020	2019
Result before taxes	414.0	215.6
Tax according to Swedish tax rate of 21.4 (22.0)%	-88.6	-46.1
Tax effect of:		
Differences in tax rates for foreign subsidiaries	-0.4	8.1
Non-deductible costs	-10.3	-7.0
Revaluation of deferred taxes	-3.5	-1.3
Correction of previous years' tax expense	-6.6	-2.7
Withholding tax on dividends and other taxes	-10.5	-11.9
Other	-2.2	-1.6
<b>Recorded tax</b>	<b>-122.2</b>	<b>-62.7</b>

## NOTE 9 - TAXES (CONT.)

## DEFERRED TAX ASSETS AND LIABILITIES BY NATURE, NET

MSEK	2020	2019
Tax loss carryforwards	184.8	198.7
Fixed assets	-143.1	-161.6
Other items	101.2	100.0
	<b>142.9</b>	<b>137.1</b>
Less:		
Tax losses carried forward not valued	-24.9	-27.5
<b>Closing value, net</b>	<b>118.1</b>	<b>109.6</b>

Unrecorded deferred tax assets refer to not valued tax loss carryforwards. For information concerning the valuation of the tax loss carryforwards please see note 1, section Important estimations and assessments on page 67.

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

MSEK	2020	2019
Deferred tax assets	286.5	294.9
Deferred tax liabilities	-168.4	-185.3
<b>Closing value, net</b>	<b>118.1</b>	<b>109.6</b>

## CHANGE IN DEFERRED TAX

MSEK	2020	2019
Opening value, net	109.6	59.6
Acquisition of operations	-2.4	-
Recorded deferred tax on the result for the year	10.7	48.6
Tax items charged directly against other comprehensive income	-0.6	7.2
Translation differences	0.8	-5.8
<b>Closing value, net</b>	<b>118.1</b>	<b>109.6</b>

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	2020	2019
Due within one year	0.4	0.3
Due after 10 years	3.5	13.3
No due date	156.0	157.6
<b>Closing value</b>	<b>159.9</b>	<b>171.2</b>

## NOTE 10 - EARNINGS PER SHARE

	2020	2019
Result for the year attributable to parent company shareholders, MSEK	287.1	148.1
Average number of outstanding shares, in thousands	35,358	35,358
<b>Earnings per share, SEK</b>	<b>8.12</b>	<b>4.19</b>

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	2020	2019
Cash flow from operating activities	1,725.3	1,336.7
Financial items	131.9	143.1
Paid taxes	41.8	114.2
Acquired and divested operations	-29.5	-5.0
Other items included in cash flow from investing activities	-86.2	-134.5
<b>Operating cash flow</b>	<b>1,783.3</b>	<b>1,454.4</b>

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

## NOTE 12 - SUPPLEMENTARY INFORMATION TO CASH FLOW STATEMENTS

## ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

MSEK	2020	2019
Depreciation, amortization and write-downs of intangible and tangible assets	884.7	926.6
Changes in provisions that affect cash flow	1.3	104.5
Historical errors in customer projects	-	86.9
Result from disposal of tangible assets	1.2	6.3
Unrealized exchange rate gains and losses	-6.9	-8.2
Other changes	12.0	14.9
<b>Total</b>	<b>892.3</b>	<b>1,131.0</b>

## PAID AND RECEIVED INTEREST

MSEK	2020	2019
Paid interest	-109.6	-135.8
Received interest	1.6	4.6
<b>Total</b>	<b>-108.0</b>	<b>-131.2</b>

**Cash and cash equivalents**

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

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

**Other changes in interest-bearing liabilities**

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

## NOTE 13 - INTANGIBLE ASSETS

MSEK	Goodwill		Trademarks <sup>1)</sup>	
	2020	2019	2020	2019
Opening acquisition value	2,480.9	2,439.3	399.4	393.3
Investments	-	-	-	-
Acquired and divested operations	41.0	-	-	-
Disposals	-	-	-	-
Reclassification	-	-	-	-
Translation difference	-108.0	41.6	-15.2	6.1
<b>Closing acquisition value</b>	<b>2,413.9</b>	<b>2,480.9</b>	<b>384.2</b>	<b>399.4</b>
Opening accumulated amortization and write-downs	-0.7	-0.7	-	-
Acquired and divested operations	-	-	-	-
Amortization for the year	-	-	-	-
Disposals	-	-	-	-
Translation difference	-	-	-	-
<b>Closing accumulated amortization and write-downs</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-</b>	<b>-</b>
<b>Net residual value</b>	<b>2,413.3</b>	<b>2,480.2</b>	<b>384.2</b>	<b>399.4</b>

MSEK	Other intangible assets <sup>2)</sup>		Total	
	2020	2019	2020	2019
Opening acquisition value	804.2	769.6	3,684.5	3,602.2
Investments	7.9	21.5	7.9	21.5
Acquired and divested operations	11.7	-	52.7	-
Disposals	-3.1	-6.4	-3.1	-6.4
Reclassification	0.1	5.0	0.1	5.0
Translation difference	-39.8	14.5	-163.1	62.2
<b>Closing acquisition value</b>	<b>781.0</b>	<b>804.2</b>	<b>3,579.1</b>	<b>3,684.5</b>
Opening accumulated amortization and write-downs	-454.9	-383.4	-455.5	-384.0
Acquired and divested operations	-	-	-	-
Amortization for the year	-69.7	-70.2	-69.7	-70.2
Disposals	2.9	5.6	2.9	5.6
Translation difference	28.1	-6.9	28.1	-6.9
<b>Closing accumulated amortization and write-downs</b>	<b>-493.6</b>	<b>-454.9</b>	<b>-494.2</b>	<b>-455.5</b>
<b>Net residual value</b>	<b>287.4</b>	<b>349.4</b>	<b>3,084.9</b>	<b>3,229.0</b>

<sup>1)</sup> Trademarks with indefinite useful life.

<sup>2)</sup> Customer relations, trademarks with defined useful life, software and leasehold.

## NOTE 13 - INTANGIBLE ASSETS (CONT.)

## AMORTIZATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

MSEK	2020	2019
Cost of products and services sold	-54.9	-54.8
Selling expenses	-8.2	-10.2
Administrative expenses	-6.6	-5.2
<b>Total</b>	<b>-69.7</b>	<b>-70.2</b>

**Impairment test**

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

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

The value in use attributable to different cash generating units is based on discounted endless cash flows. Cash flows for the first three years are based on budgets and strategic plans. Significant

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

## INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE DIVIDED BY CASH GENERATING UNIT

MSEK	2020	2019
Supply Chain Solutions	1,821.5	1,849.5
Print & Packaging Solutions	975.9	1,030.0
<b>Total</b>	<b>2,797.4</b>	<b>2,879.5</b>

**Sensitivity analysis**

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

The analyses have not shown any need for impairment and the recoverable value exceeds the book value for both business area Print & Packaging Solutions and Supply Chain Solutions.

## NOTE 14 – TANGIBLE ASSETS

MSEK	Buildings and land <sup>1)</sup>		Plant and machinery		Equipment, tools, fixtures and fittings	
	2020	2019	2020	2019	2020	2019
Opening acquisition value	363.2	349.0	946.7	924.8	758.9	1,025.8
Reclassification to right-of-use assets <sup>3)</sup>	-	-	-	-11.9	-	-260.2
Investments	1.4	7.9	18.3	24.2	53.2	55.0
Acquired and divested operations	-	-	-	-	0.2	-
Disposals	-0.2	-3.2	-16.0	-76.3	-47.5	-87.3
Reclassification	0.0	1.3	9.9	59.8	1.7	10.3
Translation difference	-27.3	8.2	-74.8	26.1	-43.7	15.2
<b>Closing acquisition value</b>	<b>337.2</b>	<b>363.2</b>	<b>884.0</b>	<b>946.7</b>	<b>722.9</b>	<b>758.8</b>
Opening accumulated depreciation and write-downs	-200.3	-182.0	-696.5	-701.6	-561.5	-678.2
Reclassification to right-of-use assets <sup>3)</sup>	-	-	-	8.8	-	121.6
Depreciation for the year	-15.0	-16.4	-57.1	-57.4	-69.6	-70.3
Disposals	0.0	2.2	15.4	73.3	42.1	76.1
Reclassification	-	0.0	0.0	-0.2	0.0	0.1
Translation difference	14.6	-4.1	58.4	-19.3	34.2	-10.8
<b>Closing accumulated depreciation and write-downs</b>	<b>-200.6</b>	<b>-200.3</b>	<b>-679.8</b>	<b>-696.5</b>	<b>-554.9</b>	<b>-561.5</b>
<b>Net residual value</b>	<b>136.5</b>	<b>162.9</b>	<b>204.2</b>	<b>250.1</b>	<b>168.0</b>	<b>197.3</b>

MSEK	Fixed assets under construction <sup>2)</sup>		Total	
	2020	2019	2020	2019
Opening acquisition value	10.6	51.4	2,079.4	2,351.0
Reclassification to right-of-use assets <sup>3)</sup>	-	-	0.0	-272.1
Investments	11.9	34.2	84.8	121.3
Acquired and divested operations	-	-	0.2	-
Disposals	-0.4	-	-64.1	-166.8
Reclassification	-11.8	-76.4	-0.1	-5.0
Translation difference	-0.5	1.4	-146.3	51.0
<b>Closing acquisition value</b>	<b>9.9</b>	<b>10.6</b>	<b>1,953.9</b>	<b>2,079.3</b>
Opening accumulated depreciation and write-downs	-	-	-1,458.3	-1,561.8
Reclassification to right-of-use assets <sup>3)</sup>	-	-	0.0	130.4
Depreciation for the year	-	-	-141.6	-144.1
Disposals	-	-	57.5	151.6
Reclassification	-	-	-	-0.1
Translation difference	-	-	107.2	-34.2
<b>Closing accumulated depreciation and write-downs</b>	<b>-</b>	<b>-</b>	<b>-1,435.2</b>	<b>-1,458.2</b>
<b>Net residual value</b>	<b>9.9</b>	<b>10.6</b>	<b>518.7</b>	<b>621.1</b>

<sup>1)</sup> Buildings and land include land with a book value of MSEK 16.2 (18.1).

<sup>2)</sup> Fixed assets under construction include advances related to tangible assets of MSEK 9.9 (10.4).

<sup>3)</sup> Lease agreements are reported as rights of use in the balance sheet from 2019 when IFRS 16 came into force, see note 15.

There were no significant investment obligations per 31 December 2020 or 2019.



## NOTE 14 – TANGIBLE ASSETS (CONT.)

## DEPRECIATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

MSEK	2020	2019
Cost of products and services sold	-119.4	-116.6
Selling expenses	-1.2	-1.5
Administrative expenses	-21.0	-26.0
<b>Total</b>	<b>-141.6</b>	<b>-144.1</b>

## NOTE 15 – RIGHT-OF-USE ASSETS

MSEK	Buildings and land		Plant and machinery	
	2020	2019	2020	2019
<b>Opening acquisition value</b>	<b>2,021.2</b>	<b>1,740.1</b>	<b>196.6</b>	<b>151.8</b>
whereof reclassification from tangible assets <sup>1)</sup>	-	-	-	11.9
Investments	540.0	301.7	40.4	45.7
Disposals	-119.7	-50.0	-35.4	-7.6
Translation difference	-121.0	29.4	-10.9	6.7
<b>Closing acquisition value</b>	<b>2,320.6</b>	<b>2,021.2</b>	<b>190.6</b>	<b>196.6</b>
<b>Opening accumulated depreciation and write-downs</b>	<b>-526.3</b>	<b>-</b>	<b>-64.7</b>	<b>-8.8</b>
whereof reclassification from tangible assets <sup>1)</sup>	-	-	-	-8.8
Depreciation for the year	-523.4	-545.2	-51.0	-63.8
Disposals	119.7	11.0	27.8	7.6
Translation difference	48.5	7.9	4.8	0.3
<b>Closing accumulated depreciations and write-downs</b>	<b>-881.4</b>	<b>-526.3</b>	<b>-83.0</b>	<b>-64.7</b>
<b>Net residual value</b>	<b>1,439.1</b>	<b>1,494.9</b>	<b>107.6</b>	<b>131.9</b>

<sup>1)</sup> Leases previously classified as finance leases have been reclassified to right-of-use asset from 1 January 2019 when IFRS 16 became effective.

## NOTE 15 - RIGHT-OF-USE ASSETS (CONT.)

MSEK	Equipment, tools, fixtures and fittings		Total	
	2020	2019	2020	2019
<b>Opening acquisition value</b>	<b>397.0</b>	<b>423.2</b>	<b>2,614.8</b>	<b>2,315.1</b>
whereof reclassification from tangible assets <sup>1)</sup>	-	260.2	-	272.1
Investments	61.4	72.9	641.8	420.3
Disposals	-46.6	-102.3	-201.7	-160.0
Translation difference	-17.0	3.3	-148.9	39.4
<b>Closing acquisition value</b>	<b>394.7</b>	<b>397.0</b>	<b>2,905.9</b>	<b>2,614.8</b>
<b>Opening accumulated depreciation and write-downs</b>	<b>-159.1</b>	<b>-121.6</b>	<b>-750.1</b>	<b>-130.4</b>
whereof reclassification from tangible assets <sup>1)</sup>	-	-121.6	-	-130.4
Depreciation for the year	-99.1	-103.3	-673.5	-712.3
Disposals	44.4	67.0	191.9	85.6
Translation difference	9.2	-1.2	62.6	7.0
<b>Closing accumulated depreciations and write-downs</b>	<b>-204.6</b>	<b>-159.1</b>	<b>-1,169.1</b>	<b>-750.1</b>
<b>Net residual value</b>	<b>190.1</b>	<b>237.9</b>	<b>1,736.8</b>	<b>1,864.7</b>

<sup>1)</sup> Leases previously classified as finance leases have been reclassified to right-of-use asset from 1 January 2019 when IFRS 16 became effective.

## DEPRECIATION SPECIFIED BY FUNCTION IN THE INCOME STATEMENT

MSEK	2020	2019
Cost of products and services sold	-655.7	-694.0
Selling expenses	-6.3	-6.0
Administrative expenses	-11.6	-12.3
<b>Total</b>	<b>-673.5</b>	<b>-712.3</b>

## EXPENSES RECOGNIZED IN THE INCOME STATEMENT

MSEK	2020	2019
Depreciation right-of-use assets	-673.5	-712.3
Interest expenses lease liability	-56.1	-66.7
Expenses related to short-term leases and leases with low value	-93.8	-93.4
Expenses related to variable leasing fees that is not included in the valuation of the lease liability	-24.8	-18.2
<b>Total</b>	<b>-848.2</b>	<b>-890.6</b>

The total cash flow for leasing contracts amounted to MSEK 833 (859).

## NOTE 16 - SHARES IN ASSOCIATED COMPANIES

Shares in associated companies	Percentage holding	Carrying value, MSEK
LOGworks GmbH	49	-

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

MSEK	2020	2019
Net sales	112.6	124.4
Operating result	1.2	-5.7
Result for the year	1.1	-5.6

MSEK	2020	2019
Fixed assets	0.1	0.1
Current assets	36.6	18.6
<b>Total assets</b>	<b>36.7</b>	<b>18.7</b>
Equity	0.0	-5.0
Short-term liabilities	36.7	23.7
<b>Total equity and liabilities</b>	<b>36.7</b>	<b>18.7</b>

## NOTE 17 - INVENTORY

MSEK	2020	2019
Raw materials and consumables	111.7	176.0
Work in process	19.9	33.8
Finished goods	101.3	125.5
<b>Total</b>	<b>232.9</b>	<b>335.3</b>

Costs relating to obsolescence expensed during the year amounted to MSEK 7.9 (8.4) and at year-end the obsolescence reserve was MSEK 13.5 (11.8).

## NOTE 18 - PREPAID EXPENSES AND ACCRUED INCOME

MSEK	2020	2019
Machine rent paid in advance	1.7	3.7
Premise rent paid in advance	5.2	4.5
Other prepaid expenses	43.2	47.7
Services performed, not invoiced	112.4	139.5
Other accrued income	38.3	53.4
<b>Total</b>	<b>200.8</b>	<b>248.8</b>

## NOTE 19 - CASH AND CASH EQUIVALENTS

MSEK	2020	2019
Cash and bank	1,101.4	655.2
<b>Cash and cash equivalents</b>	<b>1,101.4</b>	<b>655.2</b>

Translation differences in cash and cash equivalents for the year were MSEK -103.7 (17.2).

## NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Financial goals regarding capital structure**

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

Elanders has the goal of net debt in relation to EBITDA as a maximum of 2.5 times. In 2020 this quota was 2.0 (3.1) 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 companies local currency (transaction exposure) and when converting net profit and net assets from foreign subsidiaries (translation exposure).

*Transaction exposure*

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

The Group uses forward exchange contracts to handle exchange risk exposure and hedge accounting for contracted future payment flows as well as translation of financial assets and liabilities. The hedge reserve for forward exchange contracts per 31 December 2020 amounted to MSEK -0.1 (0.2) and will be returned to the income statements in 2021.

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

*Translation exposure*

Elanders' results from foreign subsidiaries in foreign currency consist primarily of USD and EUR and the Group result is sensitive to fluctuation in these currencies. Below is an analysis of how a positive or negative change of 10 percent of the average exchange rates on these currencies should have affected the Group net sales and operating result in 2020:

MSEK	Estimated effect from changes in exchange rates by 10%		
	Net sales	Operating result	Result before tax
EUR	+/- 610	+/- 24	-/+ 18
USD	+/- 430	+/- 32	+/- 30
EUR & USD	+/- 1,040	+/- 56	+/- 23

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 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 181 (173), including the above described hedging.

*Currency hedges*

The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2020. 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	174.7	10.04
EUR/PLN	2.8	4.52
SEK/GBP	29.6	12.24
USD/EUR	5.1	0.81

## NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

**Interest risk**

Interest risk is defined as the risk of lower profits caused by a change in interest rates. The Group strives to achieve a balance between cost efficient borrowing and the risk exposure if a sudden, substantial interest rate change should occur and negatively influence profits and cash flow. A change in market interest rates by one percentage unit affects group profit after tax by MSEK 23 (21). The following table presents the allocation of interest-bearing and noninterest-bearing financial assets and liabilities. Reserves for pensions have been included in interest-bearing liabilities. In the table regarding dividing financial instruments into categories further down in this note they are included in non-financial liabilities.

MSEK	Floating interest	Non-interest-bearing
Current receivables	-	1,784.7
Cash and bank	655.2	-
Long-term liabilities	-3,578.8	-
Current liabilities	-1,037.0	-719.8
<b>Total</b>	<b>-3,960.6</b>	<b>1,064.9</b>

**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. Currently the Group has a credit agreement with two Swedish banks that cover operational financing and runs until January 2022. 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 2020 all covenants were fulfilled with a good margin. See page 87 concerning due date structure regarding financial liabilities.

**Credit risk**

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

*Financial credit risk*

The most crucial financial credit risk for the Group arises when trading exchange derivative instruments and investing surplus liquidity. Hence, in order to reduce the risk, the financial policy stipulates that only counterparts that have been approved by Group Finance should be used. On 31 December 2020 total exposure regarding financial credit risks was MSEK 1,154 (700). The exposure is based on the recorded value of all financial assets except shareholdings and accounts receivable.

*Commercial credit risk*

The commercial credit risk consists of the payment ability of customers and is handled by the subsidiaries through careful monitoring of payment ability, follow up of customers' financial reports and good communication. The Group's total credit risk is spread out over many different companies. However, in actuality a few customers represent a large part of the Group's accounts receivable. These customers are for the most part large, listed companies that have been thoroughly investigated. The total commercial credit exposure is equivalent to the book value of accounts receivable and amounted to MSEK 1,344 (1,740) per 31 December 2020.

In 2020 credit losses amounted to MSEK 2 (2), of which MSEK 1 (1) were previously reserved.

**Operational risks**

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

**Sensitivity analysis**

The table below presents how group results after tax would have been affected by a change of one percentage in the variables connected to Elanders various operational risks. Each variable has been treated individually under the condition that the others remain constant. It is assumed that a change in net sales will affect the value added on the margin which thereafter will presumably fall straight through the income statement. A change in personnel costs is multiplied with total personnel costs. A change in transportation costs is multiplied with costs for transportations 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	+/- 44
• Personnel cost	+/- 21
• Cost of material	+/- 19

## NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

**DUE DATE STRUCTURE REGARDING FINANCIAL LIABILITIES**

Due date structure regarding financial liabilities including interest expenses, excluding utilized bank overdrafts, is presented in the table below. The amounts are future undiscounted cash flows. The credit agreement with the Group's main banks expires in January 2022.

MSEK	Jan.-Mar. 2021	Apr.-Dec. 2021	2022-2025	2026-
Borrowing debts	19.3	59.0	1,980.7	-
Finance lease liabilities	175.1	456.2	1,065.6	92.0
Accounts payable	641.7	-	-	-
Other financial liabilities	41.9	-	-	-
Interest	21.8	59.2	64.9	4.6
<b>Total</b>	<b>899.8</b>	<b>574.4</b>	<b>3,111.2</b>	<b>96.6</b>

**Financial instruments - initial assessment**

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

**RECEIVABLES OVERDUE BUT NOT WRITTEN-DOWN**

MSEK	2020	2019
1-30 days overdue	111.7	253.7
31-60 days overdue	28.5	32.7
61-90 days overdue	17.2	22.3
91-120 days overdue	5.4	17.3
More than 120 days overdue	4.3	27.4
<b>Total</b>	<b>167.1</b>	<b>353.4</b>

Only accounts receivables are included in the table above. No other overdue receivables existed as of 31 December 2020 or 2019. Accounts receivable amounting to MSEK 10 (45) are overdue with more than 90 days without any identified need for write-down. The receivables refers to customers without any history of payment difficulties.

**CHANGE IN PROVISION FOR DOUBTFUL RECEIVABLES**

MSEK	2020	2019
Opening provision for doubtful receivables	-24.2	-11.9
Reversal of provision from previous year	12.5	7.9
Utilized provisions for confirmed losses	0.6	0.2
Provisions during the year	-18.1	-9.8
Reclassification	-	-10.6
Translation difference	1.2	0.0
<b>Closing provision for doubtful receivables</b>	<b>-28.0</b>	<b>-24.2</b>

**INTEREST INCOME AND EXPENSES STEMMING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

MSEK	2020	2019
Interest income from financial assets	1.6	4.6
Interest expenses due to financial liabilities	-108.4	-133.5
<b>Total</b>	<b>-106.8</b>	<b>-128.9</b>

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

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

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

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

MSEK	2020	2019
Loans and receivables	-111.5	64.2
Other financial liabilities	88.0	-65.5
<b>Total</b>	<b>-23.5</b>	<b>-1.3</b>



## NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

**Financial assets and liabilities measured at fair value**

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

MSEK	2020	2019
Other current assets - Derivative instruments in hedge accounting relationships	-	0.2
Short-term non-interest-bearing liabilities - Derivative instruments in hedge accounting relationships	0.1	-

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

**Hedge accounting**

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

**CATEGORIZATION OF FINANCIAL INSTRUMENTS**

The categorization of financial assets and liabilities and their book value in the balance sheets for 2020 and 2019 are presented in the tables below. For information regarding financial assets and liabilities valued at fair value see previous page. For other assets and liabilities shown below the fair value is estimated to be equivalent to their book value.

**FINANCIAL ASSETS AT AMORTIZED COST**

MSEK	2020	2019
Accounts receivable	1,343.5	1,740.2
Other financial assets	52.3	44.5
Cash and cash equivalents	1,101.4	655.2
<b>Total</b>	<b>2,497.2</b>	<b>2,439.9</b>

**LIABILITIES AT AMORTIZED COST**

MSEK	2020	2019
Trade payables and other financial liabilities	683.6	719.8
Borrowings	3,847.7	4,510.0
<b>Total</b>	<b>4,531.3</b>	<b>5,229.8</b>

## NOTE 21 - SHARE CAPITAL

Number of registered shares in the parent company	2020	2019
Issued per 1 January	35,357,751	35,357,751
<b>Issued per 31 December</b>	<b>35,357,751</b>	<b>35,357,751</b>

2020	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
<b>Total</b>	<b>35,357,751</b>	<b>51,691,068</b>	<b>353,577,510</b>

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

## NOTE 22 - INTEREST-BEARING LIABILITIES

The Group had a total of MSEK 3,201 (3,508) per 31 December 2020 in credit facilities including factoring of which MSEK 976 (692) were unutilized.

The financing cost is priced according to a fixed interest term and an agreed margin. The Group's average effective interest rate during the year was 3.1 (3.0) percent. A fee is charged for granted credit facilities, this is recognized within other financial expenses.

## CHANGES IN INTEREST-BEARING LIABILITIES

MSEK	2020	2019
Opening liabilities	4,510.0	3,168.5
Effect of applying IFRS 16 at the beginning of the period	-	2,043.0
Reported liabilities relating to lease agreements entered into during the year	550.6	423.8
Amortization of lease liabilities	-657.9	-680.6
Other changes in lease liabilities	83.2	-82.0
Amortization of borrowing debts	-166.8	-139.0
Other changes in borrowing debts	-273.4	-332.9
Translation difference	-198.0	109.2
<b>Closing liabilities</b>	<b>3,847.7</b>	<b>4,510.0</b>

**Pledged assets**

See note 26 for information on pledged assets.

## NOTE 23 - PROVISIONS FOR POST-EMPLOYMENT BENEFITS

**Defined benefit pension plans**

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

The fair value of the plan assets in the Elanders' defined benefit pension plans amounted to MSEK 23.0 (24.4) as of 31 December 2020 and the present value of the pension obligations amounted to MSEK 130.7 (130.2). 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	2020	2019
Discount rate <sup>1)</sup>	0.45	0.95
Expected return on plan assets	0.45	0.95

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

**PROVISION FOR POST-EMPLOYMENT OBLIGATIONS**

MSEK	Funded plans	Unfunded plans	Total
Present value of post-employment obligations	114.8	15.9	130.7
The fair value of plan assets	-23.0	-	-23.0
<b>Total</b>	<b>91.8</b>	<b>15.9</b>	<b>107.7</b>

**CHANGE IN CURRENT VALUE OF THE POST-EMPLOYMENT OBLIGATIONS**

MSEK	2020	2019
Opening balance	130.2	115.9
Interest expense	1.0	1.7
Actuarial gains(-)/losses(+), net	6.5	13.8
Current year service cost	0.3	0.3
Pensions paid out	-2.8	-2.7
Translation difference	-4.7	1.2
<b>Closing balance</b>	<b>130.7</b>	<b>130.2</b>

**CHANGE IN PLAN ASSETS FAIR VALUE**

MSEK	2020	2019
Opening balance	24.4	23.4
Interest income	0.2	0.4
Actuarial gains(-)/losses(+), net	-0.9	0.4
Translation difference	-0.8	0.2
<b>Closing balance</b>	<b>23.0</b>	<b>24.4</b>

## NOTE 23 - PROVISIONS FOR POST-EMPLOYMENT BENEFITS (CONT.)

## NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT REGARDING DEFINED BENEFIT PLANS

MSEK	2020	2019
Current year service cost	0.3	0.3
Interest expense	1.0	1.7
Interest income	-0.2	-0.4
<b>Pension costs for defined benefit plans</b>	<b>1.2</b>	<b>1.6</b>

**Defined contribution pension plans**

These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by individual group companies to different insurance companies. The size of the premiums is based on wages. Pension costs for the period are included in the income statement and amount to MSEK 34.8 (40.8).

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

defined benefit multi-employer plan. The Group has not had access to the information necessary to report these plans as defined benefit pension plans for the financial year 2020 since at the moment Alecta cannot provide specific defined benefit pension for those insured. Pension plans that are safeguarded through insurance in Alecta are therefore reported as a defined contribution plan. Fees for 2019 for pension insurance from Alecta totaled MSEK 1.8 (2,2). For 2020 no significant changes are expected regarding the total costs for pension insurance from Alecta.

## NOTE 24 - OTHER PROVISIONS

MSEK	2020	Translation difference	Provided for during the year	Utilized during the year	Reversal of unutilized amounts	2019
Restructuring measures	32.7	-1.1	17.8	-69.5	-0.3	85.8
Guarantee commitments	65.8	-2.5	33.8	-12.7	-4.6	51.8
Restoration costs	47.1	-2.4	34.4	-13.6	-0.6	29.3
Other	34.6	-2.4	30.5	-12.7	-0.2	19.4
<b>Total</b>	<b>180.2</b>	<b>-8.4</b>	<b>116.5</b>	<b>-108.5</b>	<b>-5.7</b>	<b>186.3</b>
Of which current	160.8					157.0

**NOTE 25 - ACCRUED EXPENSES AND DEFERRED INCOME**

MSEK	2020	2019
Holiday pay liability	51.1	54.0
Social security contributions	37.0	38.2
Accrued salaries and remuneration	124.4	111.3
Accrued expenses for services and goods received	287.1	275.3
Other accrued expenses and deferred income	95.8	112.3
<b>Total</b>	<b>595.4</b>	<b>591.1</b>

**NOTE 26 - PLEDGED ASSETS AND CONTINGENT LIABILITIES****PLEDGED ASSETS**

MSEK	2020	2019
Floating charges	119.3	119.3
Other pledged assets	239.9	254.3
<b>Total</b>	<b>359.2</b>	<b>373.6</b>
Pledged to:		
Credit institutions	359.2	373.6

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	2020	2019
Other contingent liabilities	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

**NOTE 27 - TRANSACTIONS WITH RELATED PARTIES**

The transactions between subsidiaries have taken place with normal business terms and at market prices. During the year intra-group sales of products and services amounted to MSEK 4,751 (4,773). Intra-group transactions and balances have been eliminated and are therefore not included in the figures below concerning the Group.

**Sales of products and services**

During 2020 and 2019 there have not been any sales of products and services to related parties.

**Purchase of products and Services**

Related parties to Peter Sommer, previously a member of Group Management and MD of Elanders GmbH, own the property where Elanders GmbH runs most of its operations. During the year Elanders GmbH has paid MSEK 14.4 (14.5) in rent for this property, which is on par with the market.

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 1.0 (1.2).

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

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

**NOTE 28 - ACQUIRED AND DIVESTED OPERATIONS****Acquisition of operations in 2020**

In October 2020 Elanders signed a contract to acquire 70 percent of the shares in Azalea Global IT AB. Azalea has net sales of around MSEK 30 annually, good profitability and is specialized in Value Recovery Services. They manage the entire chain from purchasing used IT equipment and restoring and resetting it to then selling it to a network of customers. The acquisition of Azalea is a part of Elanders' investments within sustainable services that contribute to a circular economy. The acquisition did not have any material effect on net sales or profit during the period. In connection with the acquisition, intangible assets in the form of customer relationships amounting to MSEK 12 and goodwill amounting to MSEK 41 were identified. The agreement contains a mandatory call & put option that gives Elanders the right to acquire the remaining shares in the company in 2024. The option also gives the sellers the right to sell the remaining shares at a defined purchase price. The acquisition costs, i.e. the costs for advisors in connection with the acquisition, amounted to MSEK 0.4.

**Acquisition of operations in 2019**

In January 2019, the acquisition of Spreckley Ltd was finalized, with an additional purchase price of MSEK 5 being paid. The purchase price was previously reserved for.

In December 2019, the remaining 20 percent of the shares in Asiapack Ltd. were acquired. The purchase price amounted to MSEK 25 and has been reported as a transaction with shareholders non-controlling interests.

**NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE**

No significant events have taken place between the balance sheet date and the date this report was signed.



## INCOME STATEMENTS

MSEK	Note	2020	2019
Net sales		40.4	37.7
Selling expenses		-14.9	-11.6
Administrative expenses	2	-66.9	-66.8
Other operating income	3	5.4	5.2
<b>Operating result</b>	4, 7	<b>-36.0</b>	<b>-35.5</b>
Result from shares in subsidiaries		108.6	162.1
Interest income		119.7	132.7
Other financial income		127.0	59.0
Interest expenses		-49.0	-64.0
Other financial expenses		-117.8	-78.3
<b>Result after financial items</b>	5	<b>152.6</b>	<b>176.0</b>
Taxes	6	-7.6	-5.0
<b>Result for the year</b>		<b>145.0</b>	<b>171.0</b>

## STATEMENTS OF COMPREHENSIVE INCOME

MSEK	2020	2019
<b>Result for the year</b>	<b>145.0</b>	<b>171.0</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>145.0</b>	<b>171.0</b>

## CASH FLOW STATEMENTS

MSEK	Note	2020	2019
<b>Operating activities</b>			
Result after financial items		152.6	175.9
Adjustments for items not included in cash flow from operating activities	15	-261.3	-175.1
Paid taxes		-0.1	-1.5
<b>Cash flow from operating activities before changes in working capital</b>		<b>-108.8</b>	<b>-0.7</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		15.5	14.0
Increase (+)/decrease (-) in operating liabilities		7.6	-3.9
<b>Cash flow from operating activities</b>		<b>-85.6</b>	<b>9.3</b>
<b>Investing activities</b>			
Acquisition of tangible assets and intangible assets	10, 11	0.0	-2.8
Acquisition of subsidiaries	9	-34.3	-
Received dividends from subsidiaries	15	117.6	162.1
Lending to and from subsidiaries		506.4	98.1
<b>Cash flow from investing activities</b>		<b>589.8</b>	<b>257.5</b>
<b>Financing activities</b>			
Amortization of loans	13	-166.8	-133.5
Other changes in interest-bearing liabilities	13	-294.5	-177.6
Dividend to parent company shareholders		-	-102.5
<b>Cash flow from financing activities</b>		<b>-461.3</b>	<b>-413.6</b>
<b>Cash flow for the year</b>		<b>42.9</b>	<b>-146.8</b>
Cash and cash equivalents at the beginning of the year		72.3	219.0
<b>Cash and cash equivalents at year-end</b>		<b>115.2</b>	<b>72.3</b>

## BALANCE SHEETS

MSEK	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	10	2.4	3.6
Tangible fixed assets	11	0.8	1.0
Shares in subsidiaries	9	1,433.5	1,377.6
Receivables from group companies		2,459.7	2,954.2
Deferred tax assets	6	106.1	113.5
<b>Total fixed assets</b>		<b>4,002.2</b>	<b>4,449.9</b>
<b>Current assets</b>			
Receivables from group companies		103.8	111.2
Other receivables		1.2	0.6
Prepaid expenses and accrued income		6.9	13.7
Cash and bank balances		115.1	72.3
<b>Total current assets</b>		<b>227.1</b>	<b>197.8</b>
<b>Total assets</b>		<b>4,229.2</b>	<b>4,647.8</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>EQUITY</b>			
Restricted equity		686.0	686.0
Unrestricted equity	8	1,176.1	1,031.1
<b>Total equity</b>		<b>1,862.1</b>	<b>1,717.1</b>
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations		-	1.4
Other provisions		7.0	7.0
<b>Total provisions</b>		<b>7.0</b>	<b>8.4</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Liabilities to credit institutions	13, 14	1,959.5	2,213.6
Liabilities to group companies		6.1	6.7
Other liabilities		20.7	0.1
<b>Total long-term liabilities</b>		<b>1,986.2</b>	<b>2,220.3</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	13, 14	77.3	397.6
Accounts payable		1.7	2.3
Liabilities to group companies		259.7	275.8
Other liabilities		2.6	1.8
Accrued expenses and deferred income	12	32.8	24.4
<b>Total current liabilities</b>		<b>374.2</b>	<b>701.9</b>
<b>Equity, provisions and liabilities</b>		<b>4,229.2</b>	<b>4,647.8</b>

## STATEMENTS OF CHANGES IN EQUITY

MSEK	Share capital	Statutory reserve	Unrestricted equity	Total
<b>Opening balance on 1 Jan. 2019</b>	<b>353.6</b>	<b>332.4</b>	<b>962.7</b>	<b>1,648.6</b>
Dividend	-	-	-102.5	-102.5
Result for the year	-	-	171.0	171.0
Other comprehensive income	-	-	-	-
<b>Closing balance on 31 Dec. 2019</b>	<b>353.6</b>	<b>332.4</b>	<b>1,031.1</b>	<b>1,717.1</b>
Result for the year	-	-	145.0	145.0
Other comprehensive income	-	-	-	-
<b>Closing balance on 31 Dec. 2020</b>	<b>353.6</b>	<b>332.4</b>	<b>1,176.1</b>	<b>1,862.1</b>

## NOTE 1 - ACCOUNTING PRINCIPLES

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

### Taxes

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

### Intangible assets

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

### Shares in associated companies and jointly controlled entities

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

### Pensions

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

### Financial guarantee contracts

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

### Group and shareholder contributions

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

### Financial instruments and hedge accounting

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

In the parent company, financial assets are valued at cost, less any impairment and financial current assets at the lower value of cost or net realizable value.

### Lease agreements

IFRS 16 Leases are not applied in the parent company as exemption is allowed for application in legal entities. This means that the leasing fees are expensed on a straight-line basis in the income statement.

### Standards, amendments and interpretations of existing standards that have taken effect in 2020

No new standards, amendments or interpretations that have had significant effect on the company's financial reports have come into effect during 2020.

**NOTE 2 - FEES TO THE AUDITORS**

MSEK	2020	2019
<b>PwC</b>		
Audit assignment	1.2	1.4
Audit-related services	-	-
Tax advisory services	-	-
Other services	-	-
<b>Total</b>	<b>1.2</b>	<b>1.4</b>

No fees were paid to other auditing firms.

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

**NOTE 3 - OTHER OPERATING INCOME**

MSEK	2020	2019
Exchange rate gains	0.0	0.0
Other	5.4	5.2
<b>Total</b>	<b>5.4</b>	<b>5.2</b>

**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	2020	2019
Write-downs of shares in subsidiaries	-8.9	-
Dividends from subsidiaries	117.6	162.1
<b>Total</b>	<b>108.6</b>	<b>162.1</b>

**INTEREST INCOME**

MSEK	2020	2019
Interest income, external	0.1	0.8
Interest income, subsidiaries	119.6	131.9
<b>Total</b>	<b>119.7</b>	<b>132.7</b>

**OTHER FINANCIAL INCOME**

MSEK	2020	2019
Exchange rate gains	127.0	59.0
<b>Total</b>	<b>127.0</b>	<b>59.0</b>

**INTEREST EXPENSES**

MSEK	2020	2019
Interest expenses, external	-47.9	-63.7
Interest expenses, subsidiaries	-1.1	-0.3
<b>Total</b>	<b>-49.0</b>	<b>-64.0</b>

**OTHER FINANCIAL EXPENSES**

MSEK	2020	2019
Exchange rate losses	-107.2	-70.3
Other financial expenses	-10.6	-8.0
<b>Total</b>	<b>-117.8</b>	<b>-78.3</b>



## NOTE 6 - TAXES

## TAX ON THE RESULT FOR THE YEAR

MSEK	2020	2019
Withholding tax on income from foreign subsidiaries	-0.1	-1.5
Deferred tax	-7.4	-3.5
<b>Total</b>	<b>-7.6</b>	<b>-5.0</b>

## DEFERRED TAX RECEIVABLES

MSEK	2020	2019
Tax loss carry forwards	96.5	104.5
Other	9.6	9.0
<b>Total</b>	<b>106.1</b>	<b>113.5</b>

## RECONCILIATION OF RECORDED TAX

MSEK	2020	2019
Result before taxes	152.6	175.9
Tax according to Swedish tax rate of 21.4 (21,4)%	-32.7	-37.7
Tax effect of:		
Non-taxable dividends from subsidiaries	25.2	34.7
Write-downs of shares in subsidiaries	-1.9	-
Effect from change in tax rate	0.3	0.1
Withholding tax on income from foreign subsidiaries	-0.1	-1.5
Contribution, representation and association costs	-0.2	-0.2
Other	1.9	-0.4
<b>Total</b>	<b>-7.6</b>	<b>-5.0</b>

## 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 5.5 (4.5).

Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 1.0 (1.2).

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	2020	2019
Retained earnings	1,031.1	860.1
Net result for the year	145.0	171.0
<b>Total</b>	<b>1,176.1</b>	<b>1,031.1</b>

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

MSEK	2020	2019
SEK 3.10 (0) per share is distributed to the shareholders	109.6	-
Remaining balance to be carried forward	1,066.5	1,031.1
<b>Total</b>	<b>1,176.1</b>	<b>1,031.1</b>

## NOTE 9 - SHARES IN SUBSIDIARIES

MSEK	2020	2019
Opening book value	1,377.6	1,377.6
Investments	64.8	-
Write-downs	-8.9	-
<b>Closing book value</b>	<b>1,433.5</b>	<b>1,377.6</b>

## SPECIFICATION OF SHARES IN SUBSIDIARIES

	Identity no.	Registered office	Number of shares	Book value of holding, MSEK
Azalea Global IT AB	556757-5229	Gothenburg, Sweden	700	55.9
d o m Deutsche Online Medien GmbH	HRB265124	Waiblingen, Germany	-	23.0
myphotobook GmbH	HRB94377	Berlin, Germany	-	-
Elanders do Brasil Representações Ltda	08.789.936/0001-55	São Paulo, Brazil	-	12.2
Mentor Gerenciamento de Supply Chain (Brasil) Ltda	51.959.310/0001-79	São Paulo, Brazil	-	9.4
Elanders France SARL	828035394	Paris, France	-	0.0
Elanders GmbH	HRB722349	Waiblingen, Germany	-	108.6
Elanders International AB	556058-0622	Kungsbacka, Sweden	-	-
Mentor Media Ltd	199302450H	Singapore	-	-
Asiapack Limited	626139	Hong Kong, China	-	-
Asiapack (Shenzhen) Co., Ltd	91440300734155669E	Shenzhen, China	-	-
Chengdu Mentor Media Co., Ltd	91510100597273959A	Chengdu, China	-	-
Mentor Internet Solution Pte Ltd	199508226M	Singapore	-	-
Mentor Media (Chongqing) Co., Ltd	915000006939331000	Chongqing, China	-	-
Mentor Media (Chongqing) Co., Ltd - Wuhan Branch	91420100MA4KYTDK3K	Wuhan, China	-	-
Mentor Media (Kunshan) Co., Ltd	913205837584821000	Kunshan, China	-	-
Mentor Media Ltd, Taiwan Branch	70777068	Taoyuan, Taiwan	-	-
Mentor Media (Shenzhen) Co., Ltd	91440300726187433D	Shenzhen, China	-	-
Mentor Media (USA) Supply Chain Management Inc	C3095841	Eastvale, USA	-	-
Mentor Media (Xiamen) Co., Ltd	91350200612051108M	Xiamen, China	-	-
Mentor Media CBZ (Chongqing) Co., Ltd	915000005814642000	Chongqing, China	-	-
Mentor Media Juárez S.A. de C.V.	MMJ0810145N1	Juárez, Mexico	-	-
Mentor Media (Shenzhen) Logistics Ltd	91440300793899377C	Shenzhen, China	-	-
Mentor Printing and Logistics Private Limited	U72900TN2006PTC061596	Chennai, India	-	-
Mentor Shanghai Trading Co., Ltd	91310115329537946A	Shanghai, China	-	-
Mentor Supply Chain (Chongqing-CBZ) Co., Ltd	91500106MA5YR1XH62	Chongqing, China	-	-
Mentor Supply Chain (Netherlands) BV	858777265	Rotterdam, Netherlands	-	-
Mentor Media Czech s.r.o.	CZ27742270	Brno, Czech Republic	-	-
Mentor Supply Chain Mexico S.A. de C.V.	MSC191028QH1	Juárez, Mexico	-	-
Shanghai Mentor Media Co., Ltd	91310115703003515D	Shanghai, China	-	-
Tristellar Graphic Sdn. Bhd.	64775T	Johor, Malaysia	-	-

## NOTE 9 – SHARES IN SUBSIDIARIES (CONT.)

## SPECIFICATION OF SHARES IN SUBSIDIARIES (CONT.)

	Identity no.	Registered office	Number of shares	Book value of holding, MSEK
Elanders Holding GmbH	HRB105591	Herrenberg, Germany	-	380.5
LGI Logistics Group International GmbH	HRB243806	Herrenberg, Germany	-	-
Helix Software + Support GmbH	HRB226056	Herrenberg, Germany	-	-
ITG GmbH Internationale Spedition und Logistik	HRB66157	Munich, Germany	-	-
ITG Air & Sea GmbH	HRB250422	Munich, Germany	-	-
ITG Global Logistics BV	34083373	Amsterdam, Netherlands	-	-
ITG Internationale Spedition Ges.mbH.	FN 139388h	Wien, Austria	-	-
ITG International Transports Inc.	43240627	Boston, USA	-	-
OOO ITG International Transports + Logistics	OGRN 1127746350720	Moscow, Russia	-	-
LGI Austria GmbH	FN 349601 w	Laxenburg, Austria	-	-
LGI Espana s.l.	B19274901	Cabanillas del Campo, Spain	-	-
LGI Hungaria Logisztikal Kft	13-09-140503	Páty, Hungary	-	-
LGI Logistics Group International AB	556727-7990	Arlöv, Sweden	-	-
LGI Logistics Group International Ltd	GB 07251732	Milton Keynes, UK	-	-
LGI Polska Sp. z o.o.	KRS 0000246814	Wroclaw, Poland	-	-
LGI Romania s.r.l.	J02/1032/2019	Arad, Romania	-	-
LGI Czechia s.r.o.	CZ25204581	Zákupy, Czech Republic	-	-
LGI Deutschland GmbH	HRB354685	Herrenberg, Germany	-	-
LGI FreightLog GmbH	HRB761526	Freiberg am Neckar, Germany	-	-
LGI Logistics Solution GmbH	HRB32410	Duisburg, Germany	-	-
LGI TechLog GmbH	HRB513968	Herrenberg, Germany	-	-
Logistics Worksolution Sp. z o.o.	KRS 0000735255	Starachowice, Poland	-	-
Logistik Lernzentrum GmbH	HRB246072	Böblingen, Germany	-	-
Elanders Hungary Kft	20-09-065122	Zalalövő, Hungary	-	146.1
Elanders Infologistics AB	556121-8891	Gothenburg, Sweden	314,330	286.8
Elanders Sverige AB	556262-1689	Härryda, Sweden	-	-
Elanders Italy S.r.l.	5686620963	Ponzano Veneto, Italy	-	2.7
Elanders Ltd	GB 3788582	Newcastle, UK	-	31.4
Elanders McNaughtan's Ltd	SC 135425	Glasgow, UK	-	-
Spreckley Ltd	4179929	Newcastle, UK	-	-
Elanders Polska Sp. z o.o.	KRS 0000101815	Płońsk, Poland	-	89.9
Elanders UK Ltd	GB 2209256	Harrogate, UK	-	0.9
fotokasten GmbH	HRB24050	Waiblingen, Germany	-	57.6
Midland Information Resources Company	42-1468885	Davenport, USA	10,000	223.0
ElandersUSA, LLC	58-1448183	Atlanta, USA	-	-
Schmid Druck + Medien GmbH	HRB18350	Kaisheim, Germany	-	5.5
<b>Total</b>				<b>1,433.5</b>

The parent company's ownership amounts to 100%, except for Azalea Global IT AB which is 70% owned. The book value of Azalea Global IT AB also includes a call option for the remaining 30% of the shares. No book value is stated for the companies not directly owned by the parent company.

## NOTE 10 - INTANGIBLE ASSETS

MSEK	Goodwill		Other intangible assets		Total	
	2020	2019	2020		2020	2019
Opening acquisition value	2.0	2.0	6.2	3.4	8.1	5.4
Acquisitions	-	-	-	2.7	-	2.7
<b>Closing acquisition value</b>	<b>2.0</b>	<b>2.0</b>	<b>6.2</b>	<b>6.2</b>	<b>8.1</b>	<b>8.1</b>
Opening accumulated amortization and write-downs	-1.6	-1.5	-3.0	-2.9	-4.6	-4.4
Amortization of the year	-0.1	-0.1	-1.0	-0.1	-1.1	-0.2
<b>Closing accumulated amortization and write-downs</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-4.1</b>	<b>-3.0</b>	<b>-5.7</b>	<b>-4.6</b>
<b>Net residual value</b>	<b>0.3</b>	<b>0.4</b>	<b>2.1</b>	<b>3.2</b>	<b>2.4</b>	<b>3.6</b>

Other intangible assets refer to software.

## AMORTIZATION SPECIFIED PER FUNCTION IN THE INCOME STATEMENT

MSEK	2020	2019
Selling expenses	-0.9	-
Administrative expenses	-0.1	-0.1
<b>Total</b>	<b>-1.0</b>	<b>-0.1</b>

## NOTE 11 - TANGIBLE FIXED ASSETS

MSEK	Equipment, tools, fixtures and fittings	
	2020	2019
Opening acquisition value	1.2	1.4
Acquisitions	0.0	0.0
Disposals	-	-0.2
<b>Closing acquisition value</b>	<b>1.2</b>	<b>1.2</b>
Opening accumulated depreciation	-0.3	-0.1
Depreciation for the year	-0.2	-0.2
Depreciation for the year	-	0.0
<b>Closing accumulated depreciation</b>	<b>-0.5</b>	<b>-0.3</b>
<b>Net residual value</b>	<b>0.8</b>	<b>1.0</b>

Depreciation has been charged entirely to administrative expenses.

There has been no financial leasing.

**NOTE 12 - ACCRUED EXPENSES AND DEFERRED INCOME**

MSEK	2020	2019
Salaries and holiday pay	12.2	3.6
Social security contributions	12.1	8.6
Interest	0.1	0.1
Other accrued expenses and deferred income	8.3	12.0
<b>Total</b>	<b>32.8</b>	<b>24.4</b>

**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 January 2022. Elanders AB has loans in USD and EUR. The interest rate on the loans per 31 December 2020 was in the interval 1.50-2.04 (2.00-4.00) percent.

Please see note 20 to the consolidated financial statements for information regarding financial risk management.

**CHANGES IN INTEREST-BEARING LIABILITIES**

MSEK	2020	2019
Opening liabilities	2,611.0	2,860.7
Amortization of loans	-166.8	-133.5
Other changes in interest-bearing liabilities	-294.5	-177.6
Translation difference	-113.0	61.4
<b>Closing liabilities</b>	<b>2,036.8</b>	<b>2,611.0</b>

**BANK OVERDRAFT FACILITIES**

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

MSEK	2020	2019
Bank overdraft facilities, utilized amount	-	-
Bank overdraft facilities, granted amount	70.0	70.0
<b>Not utilized overdraft</b>	<b>70.0</b>	<b>70.0</b>

## NOTE 14 - PLEDGED ASSETS AND CONTINGENT LIABILITIES

## PLEDGED ASSETS

MSEK	2020	2019
Floating charges	3.3	3.3
Other pledged assets	286.8	286.8
<b>Total</b>	<b>290.1</b>	<b>290.1</b>
Given to:		
Credit institutions	290.1	290.1
<b>Total</b>	<b>290.1</b>	<b>290.1</b>

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

## CONTINGENT LIABILITIES

MSEK	2020	2019
Surety and contingent liabilities given for subsidiaries	81.1	101.6
<b>Total</b>	<b>81.1</b>	<b>101.6</b>

## 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 2020 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 at 31 December 2020, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from audit by virtue of Section 479(A) of the Companies Act 2006.

The parent company has issued a guarantee to the subsidiaries Schmid Druck + Medien GmbH, Elanders GmbH and Elanders Holding GmbH, all registered in Germany. The parent company guarantees for all obligations of Schmid Druck + Medien GmbH, Elanders GmbH and Elanders Holding GmbH existing as of 31 December 2020 until the end of the following financial year. As a consequence of this, Schmid Druck + Medien GmbH, Elanders GmbH and Elanders Holding GmbH including its German subsidiaries LGI Logistics Group International GmbH, LGI Deutschland GmbH, LGI FreightLOG GmbH, LGI TechLog GmbH, Helix Software + Support GmbH, Logistik Lernzentrum GmbH, LGI Logistics Solution GmbH, ITG GmbH Internationale Spedition und Logistik, ITG Fulfillment GmbH and ITG Air & Sea GmbH, listed in note 9, apply the exemption rules set out in sec. 264 (3) German Commercial Code (HGB). Those rules exempt from legal audit and publishing and allows preparation reliefs of the financial statements. Furthermore, according to sec. 291 (1) and (2) German Commercial Code (HGB) Elanders Holding GmbH, LGI Logistics Group International GmbH, ITG GmbH Internationale Spedition und Logistik, ITG Air & Sea GmbH and Elanders GmbH are exempted from the preparation of consolidated financial statements and the management commentary as they are included in the consolidated financial statements of Elanders AB.



## NOTE 15 – SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOW

**Cash and cash equivalents**

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

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

**ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW FROM OPERATING ACTIVITIES**

MSEK	2020	2019
Depreciation, amortization and write-downs of intangible and tangible assets	1.3	0.4
Dividends from subsidiaries	-117.6	-162.1
Unrealized exchange rates gains and losses	-152.9	-20.1
Other items	7.9	6.7
<b>Total</b>	<b>-261.3</b>	<b>-175.1</b>

**PAID AND RECEIVED INTEREST**

MSEK	2020	2019
Paid interest	-48.3	-63.8
Received interest	126.6	132.6
<b>Total</b>	<b>78.3</b>	<b>68.8</b>

**DIVIDENDS RECEIVED FROM SUBSIDIARIES**

MSEK	2020	2019
Elanders GmbH	67.1	83.5
Elanders Hungary Kft	26.5	21.3
Elanders Polska Sp. z o.o.	15.0	10.8
Midland Information Resources Company	8.9	46.6
<b>Total</b>	<b>117.6</b>	<b>162.1</b>

*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 1,175,869,655 in the parent

company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 3.10 per share, a total of SEK 109,609,028 is distributed to the shareholders
- the remaining balance of SEK 1,066,260,627 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 28 April 2021 for adoption.

## MÖLNDAL 5 MARCH 2021

**Carl Bennet**  
Chairman of the Board

**Johan Stern**  
Vice Chairman of the Board

**Pam Fredman**

**Dan Frohm**

**Erik Gabrielson**

**Linus Karlsson**

**Cecilia Lager**

**Anne Lenerius**

**Caroline Sundewall**

**Martin Schubach**

**Martin Afzelius**

**Magnus Nilsson**  
Chief Executive Officer

## OUR AUDITOR'S REPORT WAS ISSUED ON 5 MARCH 2021 PRICEWATERHOUSECOOPERS AB

**Magnus Willfors**  
Authorized Public Accountant  
Auditor in Charge

**Tomas Hilmarsson**  
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 2020 except for the corporate governance statement and the statutory sustainability report on pages 44–48 and 49–59 respectively. The annual accounts and consolidated accounts of the company are included on pages 37–107 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 2020 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 44–48 and 49–59 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Our audit approach

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; 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.

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**KEY AUDIT MATTER**
**HOW THE KEY AUDIT MATTER WAS  
ADDRESSED IN OUR AUDIT**
**VALUATION OF INTANGIBLE ASSETS**


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*Reference to Note 1 and Note 13.*

Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Elanders. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported.

This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Notes 1 and 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.

In our audit, we have evaluated the calculation model applied by management.

We have reconciled and critically tested essential variables against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors.

We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment.

We have also assessed the correctness of the disclosures included in the financial statements.

**VALUATION OF DEFERRED TAX ASSETS**


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*Reference to Note 1 and Note 9.*

As per year end the group recognizes deferred tax assets of SEK 286.5 million whereof SEK 159.9 million are related to taxable losses. The recognition of deferred tax assets for taxable losses are only allowed under the circumstances that it is more likely than not that they will be offset against future taxable profits. The taxable losses that stand as a base for the deferred tax assets are mainly related to the Swedish business.

The assessment of the probability that future taxable profits will occur in the Swedish business to be offset against the taxable losses is highly based on management's estimates and judgments on future budgets and forecasts.

In our audit we have focused on the risk that the valuation of deferred tax assets is overstated and could consequently be subject to impairment requirements.

We have challenged management's estimates and audited the supporting documentation that form the basis for the assessment. Analysis has been made of the taxable profits that has been generated during the year and compared these to future profits needed to offset recognized taxable losses. In accordance with Swedish tax law there is currently no definite useful live of taxable losses. We have involved our tax specialists in these assessments. In addition to this we have assessed the completeness and accuracy in the disclosure described in Notes 1 and 9.

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### **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 1–36 and 112–122.

The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors and the Chief Executive Officer**

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](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor’s report.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director’s and the Managing Director of Elanders AB (publ) for the year 2020 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 Directors and the Chief Executive Officer**

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s and the group’s type of operations, size and risks place on the size of the parent company’s and the group’ equity, consolidation requirements, liquidity and position in general.

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

**Auditor’s responsibility**

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen’s website: [www.revisorsinspektionen.se/revisornsansvar](http://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 44–48 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 auditor’s opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the statutory sustainability report on pages 49–59, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion. A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB was appointed auditor of Elanders AB (publ) by the general meeting of the shareholders on the 25 June 2020 and has been the company’s auditor since the 21 April 2008.

Mölnadal, 5 March 2021

PricewaterhouseCoopers AB

Magnus Willfors  
*Authorized Public Accountant  
Auditor in charge*

Tomas Hilmarsson  
*Authorized Public Accountant*

Reconciliation

# ALTERNATIVE PERFORMANCE MEASURES

MSEK	2020	2019	2018	2017	2016
Average total assets	9,198	9,677	7,792	7,154	5,132
Average cash and cash equivalents	-944	-749	-595	-639	-573
Average non-interest-bearing liabilities	-1,912	-1,808	-1,799	-1,532	-1,131
<b>Average capital employed</b>	<b>6,342</b>	<b>7,120</b>	<b>5,398</b>	<b>4,983</b>	<b>3,428</b>
Operating result	546	359	459	308	344
<b>Return on capital employed %</b>	<b>8.6</b>	<b>5.0</b>	<b>8.5</b>	<b>6.2</b>	<b>10.0</b>
Interest-bearing long-term liabilities	3,268	3,579	2,442	2,504	2,647
Interest-bearing short-term liabilities	687	1,037	819	840	228
Cash and cash equivalents	-1,101	-655	-722	-679	-651
<b>Net debt</b>	<b>2,854</b>	<b>3,961</b>	<b>2,539</b>	<b>2,665</b>	<b>2,224</b>
Interest-bearing long-term liabilities excl. IFRS 16	2,124	2,374	2,442	2,504	2,647
Interest-bearing short-term liabilities excl. IFRS 16	100	423	819	840	228
Cash and cash equivalents	-1,101	-655	-722	-679	-651
<b>Net debt excl. IFRS 16</b>	<b>1,123</b>	<b>2,142</b>	<b>2,539</b>	<b>2,665</b>	<b>2,224</b>
Operating result	546	359	459	308	344
Depreciation and write-downs	885	927	266	255	172
<b>EBITDA</b>	<b>1,431</b>	<b>1,286</b>	<b>725</b>	<b>563</b>	<b>516</b>
Adjustments for one-off items	-	150	-	-	-
<b>EBITDA adjusted</b>	<b>1,431</b>	<b>1,436</b>	<b>725</b>	<b>563</b>	<b>516</b>
Operating result excl. IFRS 16	506	323	459	308	344
Depreciation and write-downs excl. IFRS 16	231	250	266	255	172
<b>EBITDA excl. IFRS 16</b>	<b>737</b>	<b>573</b>	<b>725</b>	<b>563</b>	<b>516</b>
<b>Net debt/EBITDA ratio, times</b>	<b>2.0</b>	<b>3.1</b>	<b>3.5</b>	<b>4.7</b>	<b>4.3</b>
<b>Net debt/EBITDA adjusted ratio, times</b>	<b>2.0</b>	<b>2.8</b>	<b>3.5</b>	<b>4.7</b>	<b>4.3</b>
<b>Net debt/EBITDA ratio excl. IFRS 16, times</b>	<b>1.5</b>	<b>3.7</b>	<b>3.5</b>	<b>4.7</b>	<b>4.3</b>
Operating result	546	359	459	308	344
Amortization of assets identified in conjunction with acquisitions	52	54	64	63	40
<b>EBITA</b>	<b>598</b>	<b>413</b>	<b>523</b>	<b>371</b>	<b>384</b>
Adjustments for one-off items	-	150	-	-	-
<b>EBITA adjusted</b>	<b>598</b>	<b>563</b>	<b>523</b>	<b>371</b>	<b>384</b>
Net sales	11,050	11,254	10,742	9,342	6,284
<b>EBITA-margin, %</b>	<b>5.4</b>	<b>3.7</b>	<b>4.9</b>	<b>4.0</b>	<b>6.1</b>
<b>EBITA-margin adjusted, %</b>	<b>5.4</b>	<b>5.0</b>	<b>4.9</b>	<b>4.0</b>	<b>6.1</b>



MSEK	2020	2019	2018	2017	2016
Share price at year-end, SEK <sup>1)</sup>	119.60	87.20	87.20	82.00	106.25
Number of shares as per balance sheet date, in thousands <sup>1)</sup>	35,358	35,358	35,358	35,358	35,358
Net debt	2,854	3,961	2,539	2,665	2,224
Equity attributable to non-controlling interests	21	-	10	6	-
<b>Enterprise value, MSEK</b>	<b>7,104</b>	<b>7,044</b>	<b>5,633</b>	<b>5,570</b>	<b>5,981</b>
Total assets	8,639	9,205	7,737	7,409	6,782
Cash and cash equivalents	-1,101	-655	-722	-679	-651
Non-interest-bearing liabilities	1,776	-1,812	-1,769	-1,612	-1,496
<b>Capital employed, MSEK</b>	<b>9,314</b>	<b>6,738</b>	<b>5,246</b>	<b>5,118</b>	<b>4,635</b>
Average share price <sup>1)</sup>	66.68	84.45	80.82	98.82	82.78
Dividends per share, SEK <sup>1) 2)</sup>	3.10	-	2.90	2.60	2.60
<b>Dividend yield %</b>	<b>4.6</b>	<b>-</b>	<b>3.6</b>	<b>2.6</b>	<b>3.1</b>
Share capital	2,887	2,777	2,697	2,447	2,411
<b>Share capital per share, SEK<sup>1)</sup></b>	<b>81.65</b>	<b>78.54</b>	<b>76.28</b>	<b>69.21</b>	<b>68.19</b>
Cash flow from operating activities	1,725	1,337	455	-64	331
Net financial items	132	143	93	78	44
Paid tax	42	114	127	134	104
Net investments	-116	-140	-138	-262	-1,907
<b>Operating cash flow</b>	<b>1,783</b>	<b>1,454</b>	<b>538</b>	<b>-115</b>	<b>-1,428</b>
Average number of shares, in thousands <sup>1)</sup>	35,358	35,358	35,358	35,358	29,555
<b>Operating cash flow per share, SEK<sup>1)</sup></b>	<b>50.43</b>	<b>41.12</b>	<b>15.22</b>	<b>-3.24</b>	<b>-48.32</b>
Volume on the stock market, in thousands <sup>1)</sup>	5,848	5,824	3,829	8,592	13,025
<b>Turnover rate</b>	<b>0.17</b>	<b>0.16</b>	<b>0.11</b>	<b>0.24</b>	<b>0.44</b>

<sup>1)</sup> Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2016.

<sup>2)</sup> Proposed by the board for the year 2020.

*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.

**EBITDA**

Earnings before interest, taxes, depreciation and amortization; operating result plus depreciation, amortization and write-downs of intangible assets and tangible fixed assets.

**Enterprise value**

Market value plus net debt and non-controlling interests.

**Equity per share**

Equity divided by the number of outstanding shares at balance sheet date.

**Equity ratio**

Equity, including non-controlling interests, in relation to total assets.

**Interest coverage ratio**

Operating result plus interest income divided by interest costs.

**Net debt**

Interest bearing liabilities less liquid funds.

**Operating cash flow**

Cash flow from operating activities and investing activities, adjusted for paid taxes and financial items.

**Operating cash flow per share**

Operating cash flow divided by the average number of shares.

**Operating margin**

Operating result in relation to net sales.

**Operating result**

Earnings before financial items; EBIT.

**P/E ratio**

Share price at year-end in relation to earnings per share.

**Profit margin**

Result after financial items in relation to net turnover.

**Proportion of risk capital**

Risk capital in relation to total assets.

**P/S ratio**

Share price at year-end in relation to net turnover per share.

**Return on capital employed (ROCE)**

Operating result in relation to average capital employed.

**Return on equity**

Result for the year in relation to average equity.

**Return on total assets**

Operating result plus financial income in relation to average total assets.

**Risk capital**

Equity plus deferred tax liabilities.

**Turnover rate**

Volume on the stock market divided by the average number of shares.

## Specific

# TERMS

### After sales

Provision of services, support and spare parts after making an initial sale. This occurs for example in the provision of products which requires regular upgrades.

### Block-chain technology

A block-chain is a growing list of records, called blocks, which are linked using cryptography. Each block contains a cryptographic hash of the previous block, a time-stamp and transaction data. By design, a blockchain is resistant to modification of the data. It is "an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way". By using block-chain technology the user can ascertain that the product is genuine, as the whole supply chain for the product can be verified.

### Business-to-business (B2B)

Sale of goods and services between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

### Contract Logistics

Contract logistics is a business model within the framework of supply chain management, which is based on a long-term cooperation between a manufacturer or a dealer of goods and a logistics service provider. The model is normally regulated by a service contract, comprises a considerable business volume and is individually formed.

### Cross-docking

Unloading materials from incoming transports and loading these directly into outbound transports, with little or no storage in between. This may be done to change the type of package, to sort material intended for different destinations, or to combine material from different origins into transports with the same or similar destinations.

### Digital print

The transfer of information to paper via a digital file that is then printed out with the help of a high-speed printer. This technique is a prerequisite for print-on-demand and makes quick deliveries in small editions possible. Offset technique is still more efficient for larger editions.

### e-commerce

Online sales, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions.

### End-to-end solution

An end-to-end solution refers to a comprehensive solution, where all the middle layers or steps are eliminated to optimize performance and efficiency in a process.

### Fulfillment

This term used to describe a number of steps in the process between production and distribution. They can include assembly, configuration, bar-coding, packaging for end customers.

### Just-in-time (JIT)

Delivery precision - delivery exactly when the need arises. The concept also entails that customers do not need to store their products.

### Life Cycle Management

Services that are carried out during the whole or parts of a product's life cycle, from when the product is manufactured to it is recycled. Examples of services are delivery, installation, training, maintenance, wiping of data, upgrade of software, refurbishment and reselling or recycling. The service aims to maximize the product's life and optimize logistics flow in order to reduce the environmental impact.

### Offset print

A printing method in which ink and water are spread out on a printing plate that is then pressed against a rubber blanket. This absorbs the ink and transfers it to the paper. The expression offset comes from the fact that the printing plate never touches the paper.

### Omni-channels

An integrated way of thinking about people's relationships with organizations. Rather than working in parallel, communication channels are designed to cooperate and build a coherent, evolving, cross-channel experience. The approach includes channels such as physical locations, FAQ web pages, social media, mobile applications and telephone communication. Companies that use omni-channels give their customers the ability to be in contact with them through multiple avenues at the same time.

### Outsourcing

Companies or organizations choose to let an external party handle an activity or a process. This activity or process is then said to be outsourced.

### Packaging

A product manufactured to protect, handle, deliver and present an item.

### Reverse logistics

Normally, logistics deal with events that bring the product towards the customer. In the case of reverse logistics, the product goes back in the supply chain. For instance, goods move from the customer back to the distributor or to the manufacturer. The reverse logistics process includes the management of surplus equipment, returns as well as defective products including testing, dismantling, repairing, recycling or disposing the product.

### Supply chain

The movement and storage of goods and or information from point of origin to end-users. Supply chain management can be defined as the design, planning, execution, control and monitoring of activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally.

### Value Recovery

The process of maximizing the value of unused or end-of-life assets through effective reuse, recycling or divestment.

Board of  
**DIRECTORS**



**CARL BENNET**

**Chairman of the Board.**

**Born:** 1951.

B.Sc. (Econ.), Ph.D. h.c. (Med.),  
Ph.D. h.c. (Tech.)

**Elected in:** 1997.

**Appointments on the Elanders Board:**

Chairman of the nomination committee and remuneration committee.

**Other appointments:** Chairman and CEO of Carl Bennet AB. Chairman of the board of Lifco AB. Deputy Chairman of the board of Arjo AB and Getinge AB. Member of the board of Holmen AB and L E Lundberg-företagen AB.

**Previous appointments:** President and CEO of Getinge AB.

**Shareholding through companies:**

1,814,813 class A shares and  
15,903,596 class B shares.



**JOHAN STERN**

**Deputy Chairman of the Board.**

**Born:** 1951.

Bachelor of Science (Econ.).

**Elected in:** 1998.

**Appointments on the Elanders Board:**

Chairman of the audit committee and member of the remuneration committee.

**Other appointments:** Chairman of the board of HealthInvest Partners AB, Fädriften Invest AB, Harry Cullbergs Fund Foundation, Rolling Optics AB and Skanör Falsterbo Kallbadhus AB. Member of the board of Carl Bennet AB, Getinge AB, Lifco AB, RP Ventures AB and Estea AB.

**Previous appointments:** Active within SEB's operations in Sweden and the USA.

**Shareholding:** 110,000 class B shares.



**MAGNUS NILSSON**

**Member of the Board.**

**President and Chief Executive Officer of Elanders AB.**

**Born:** 1966.

Education in Graphic Technology, Design, Business Administration and Marketing.

**Elected in:** 2010.

Employed in Elanders since 1999.

**Shareholding:** 82,577 class B shares.



**ERIK GABRIELSON**

**Member of the Board.**

**Born:** 1962.

Master of Laws.

**Elected in:** 2012.

**Appointments on the Elanders Board:**

Member of the remuneration committee.

**Other appointments:** Lawyer and partner of the law firm Vinge. Chairman of the board of Eldan Recycling A/S. Member of the board of Carl Bennet AB and Lifco AB.

**Shareholding:** None.



**LINUS KARLSSON**

**Member of the Board.**

**Born:** 1968.

Berghs School of Communication.

**Elected in:** 2014.

**Appointments on the Elanders Board:**

Member of the remuneration committee.

**Other appointments:** Strategic/creative advisor. Member of the board of the World Childhood Foundation USA. Member of Facebook Creative Council.

**Previous appointments:** Creative Chairman at McCann Global brands.

**Shareholding:** None.



**ANNE LENERIUS**

**Member of the Board.**

**Born:** 1956.

Business Administration.

**Elected in:** 2014.

**Appointments on the Elanders Board:**

Member of the audit committee.

**Other appointments:** Member of the board and CEO of Arado AB.

**Previous appointments:** Chief Financial Officer of Carl Bennet AB. Group Controller at Ernström Holding AB. Finance Manager at JMS/Q Systemhydraulik AB. Chairman of the Board of Entercircle Konfektion AB.

**Shareholding:** 6,892 class B shares.



**CAROLINE SUNDEWALL**

Member of the Board.

Born: 1958.

Master of Science in Business Administration, Stockholm School of Economics.

Elected in: 2015.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Member of the board and CEO of Caroline Sundewall AB. Member of the board of BSÖ Holding AB and Mertzig Asset Management. Chairman of the board of the Streber Cup Foundation.

**Previous appointments in selection:** Chairman of the board of Cloetta and Svolder. Member of the Board of Cramo (Finland), Hemfosa, TeliaSonera, Electrolux, Lifco, Haldex, Pågen, Ahlsell, SinterCast and Södra Skogsägarna.

**Shareholding:** 8,000 class B shares.



**CECILIA LAGER**

Member of the Board.

Born: 1963.

Business Administration.

Elected in: 2009.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Chairman of the board of Navigera AB. Member of the board of Altor Fund Manager AB, Capacent Holding AB, Clemondo Group AB, Mobilaris 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, Eniro AB, Evolution Gaming AB, Greengold Group AB, Intellecta AB, Knowit AB, Oniva Online Group AB and Vardia Insurance Group ASA.

**Shareholding:** 37,521 class B shares.



**DAN FROHM**

Member of the Board.

Born: 1981.

M.Sc. in Industrial Engineering and Management.

Elected in: 2017.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Member of the board of Carl Bennet AB, Arjo 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):** 23,676 class B shares.



**PAM FREDMAN**

Member of the Board.

Born: 1950.

M.Sc. in Engineering. PhD., professor emerita.

Elected in: 2016.

**Appointments on the Elanders Board:** Member of the remuneration committee.

**Other appointments:** President International Association of Universities (IAU). Member of the board of Knut and Alice Wallenberg Foundation. Chairman of the board of the Swedish Higher Education Appeals Board. Chairman/member of miscellaneous research networks.

**Previous appointments:** State investigator. Vice-Chancellor Gothenburg University. Member of the board of Sahlgrenska Science Park AB and for the project "Attractiveness for Sustainable Growth" within the Swedish Academy of Engineering Sciences (IVA).

**Shareholding (own and related parties):** 1,609 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:** Prepare/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:** 82,577 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 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:

### Magnus Willfors

**Born:** 1963.

Company Auditor in Charge since 2015.

### Other appointments:

Carl Bennet AB, Arjo AB, Arise AB and Haldex AB.

### Tomas Hilmarsson

**Born:** 1981.

Company Auditor since 2018.

### Other appointments:

Lifco AB and Getinge AB.

## THE NOMINATION COMMITTEE

### Carl Bennet

Chairman and contact, represents Carl Bennet AB.

### Hans Hedström

Carnegie Funds.

### Carl Gustafsson

Didner & Gerge Funds.

### Fredrik Carlsson

Svolder.

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### Elanders AB

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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, optimising workflow and effective leadership. Joined Elanders in connection with the acquisition of Hindson Print in 1999, where he was digital print manager.

**Shareholding:** None.



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Calendar and

# ANNUAL GENERAL MEETING

*Shareholders in Elanders AB (publ) are welcomed to the company's Annual General Meeting Wednesday 28 April 2021.*

Considering the ongoing pandemic, this year's Annual General Meeting will be held digitally. 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](http://www.elanders.com).



## Calendar

**Annual General Meeting** 28 April 2021

**Quarterly Report Q1, 2021** 28 April 2021

**Quarterly Report Q2, 2021** 13 July 2021

**Quarterly Report Q3, 2021** 14 October 2021

**Year-end Report 2021** 20 January 2022

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**PHOTO**

Globalgoals.org: page 57.

Elanders: page 29.

Esther Lau: pages 20–21.

ITG: page 23.

Johannes Wosilat Fotografie: pages 24–25.

Marcus Vetter: pages 18–19, 23, 26–28.

Mikael Göthage: pages 6, 8, 116–119.

**DISTRIBUTION POLICY**

Elanders' Annual Report is distributed to those shareholders who have actively ordered a printed version, certain customers and other interested parties.

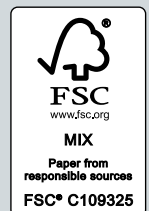
It is possible to download the Annual Report both in Swedish and English from Elanders' website. Those interested can via the website read Elanders' Annual Reports from the last ten years.

**TRANSLATION**

Elanders and Camille Forslund. This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

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